



CONNECTING REGIONS
FOR 9 YEARS
Annual Report

2024



YEARLY PROJECT REPORT OF JSC “QAZAQ AIR” FOR YEAR 2024

The main strategic goal of JSC QAZAQ AIR (later referred as - Airline) is to establish domestic regional routes for the development of air service, especially in those areas where there is active demand and the market lacks or has insufficient supply.

The airline fosters economics growth by connecting regions that are drivers of growth in cities with affordable domestic flights, providing connections to international and longer routes from these cities.

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Dear shareholders, partners and colleagues!

I am pleased to present you the annual report of QAZAQ AIR for 2024, which was a year of significant achievements and important changes for our company.

In 2024, QAZAQ AIR demonstrated sustainable growth and improved operational efficiency. The Company achieved record passenger traffic, optimised its route network, and returned to profitability through the implementation of a restructuring programme launched in June 2024, which incorporated key elements of the low-cost carrier (LCC) business model.

One of the most significant milestones for the Company in the past year was the successful conclusion of negotiations for the sale of a 51% stake in Qazaq Air JSC, and the legal completion of the Sale and Purchase Agreement signed between JSC “Samruk-Kazyna” and a consortium comprising Central Asia Aviation Holdings Limited (a part of Vietnam’s Sovico Group JSC) and Kazasia Holdings Limited, on 24 December 2024. The transaction was finalised in May 2025 during the official state visit of H.E. Mr. To Lam, General Secretary of the Communist Party of Vietnam, to Kazakhstan. The shares were transferred to the investors upon fulfilment of all agreed pre-conditions.

Safety remains our top priority. This year, we invested significant financial resources to improve aircraft maintenance. We also continued to introduce advanced technologies and best practices to ensure the highest standards of safety and quality of service for our passengers. The success of our company is impossible without highly qualified and motivated team. This year, we continued to invest in the development of our employees, through training and professional growth programs. We strive to create a corporate culture that promotes innovation, collaboration and continuous improvement.

I express my sincere gratitude to the Sole shareholder and all partners and employees for their invaluable contribution to the success of QAZAQ AIR. We are confident that 2025 will bring new opportunities and achievements for our company. Together, we will continue to build on our successes and strive for new heights.

Chairman of the Board of Directors

A. Cowen



In 2024, QAZAQ AIR carried a record 601 thousand passengers. Passenger load factor reached 83%. During 2024, route network was significantly optimised in accordance with smooth transition of Company's business model to LCC. The route network also included socially important subsidized routes to Turkestan, Zhezkazgan, Shymkent, Kokshetau and Petropavlovsk.

In 2024, QAZAQ AIR once again entered the top three regional airlines in Central Asia and CIS according to the international aviation rating Skytrax. The Airline's Aviation Training Center demonstrated successful results, including expanding the scope of the certificate and coordinating new training programs in the areas of initial training, retraining and maintaining the professional level of aviation personnel.

The technical base for aircraft maintenance has been expanded, the Airline's engineers have been certified for the type of fleet in operation and have received permits for independent aircraft maintenance.

We are confident that the successful completion of the privatisation process in May 2025, carried out within the framework of the Government of Kazakhstan's Decree "On Certain Privatisation Issues for 2021–2025" (dated 29 December 2020, No. 908), and in full accordance with the decisions of the State Commission on Economic Modernisation (dated 20 December 2024) and the Board of Directors of the Fund (dated 24 December 2024), will provide strong impetus for the further development of our Company.

This will support the development of new aircraft types, the expansion of our fleet and route network, the growth in volume, the enhancement of service quality, and the strengthening of our market position. We also believe it will make a meaningful contribution to the broader development of civil aviation in Kazakhstan in the years to come.

We thank our partners and passengers for their continued trust and look forward to further successful cooperation.

Acting Chairman of the Board of Directors

A. Umraliyev



COMPANY PROFILE






Kazakhstan regional airline JSC QAZAQ AIR (later referred as – Airline) was established in 2015 to improve the availability of interregional and cross-border air traffic in accordance with international quality and safety standards.

The main objective of the Airline is to organize and provide sustainable air service between the regions of the country to promote their socio-economic development.

100% of the Airline's shares belong to JSC National Welfare Fund Samruk-Kazyna.



OUR VALUES

-  Safety
-  Reliability
-  Efficiency
-  Continuous Growth
-  Hard Work and Professionalism



IOSA SAFETY COMPLIANCE

In 2024, the Airline once again passed the certification audit for compliance with the international standard IOSA (IATA Operational Safety Audit) and continues to be an official member of IATA. The certificate is valid until November 17, 2026.

Accredited independent auditors conducted an audit for compliance with IOSA standards and recommended practices in all areas of the airline's operational and production activities: organization and flight safety management system, flight operations, flight support and flight dispatch support, aircraft engineering and technical support, crew work, ground handling, cargo transportation and aviation security. IOSA is an airline operational safety audit program developed within the International Air Transport Association, which is designed to assess the operational management and control systems of air carriers. The IOSA Standards Guide includes approximately 1,000 standards and recommendations, compliance with which the airline must confirm during the audit.



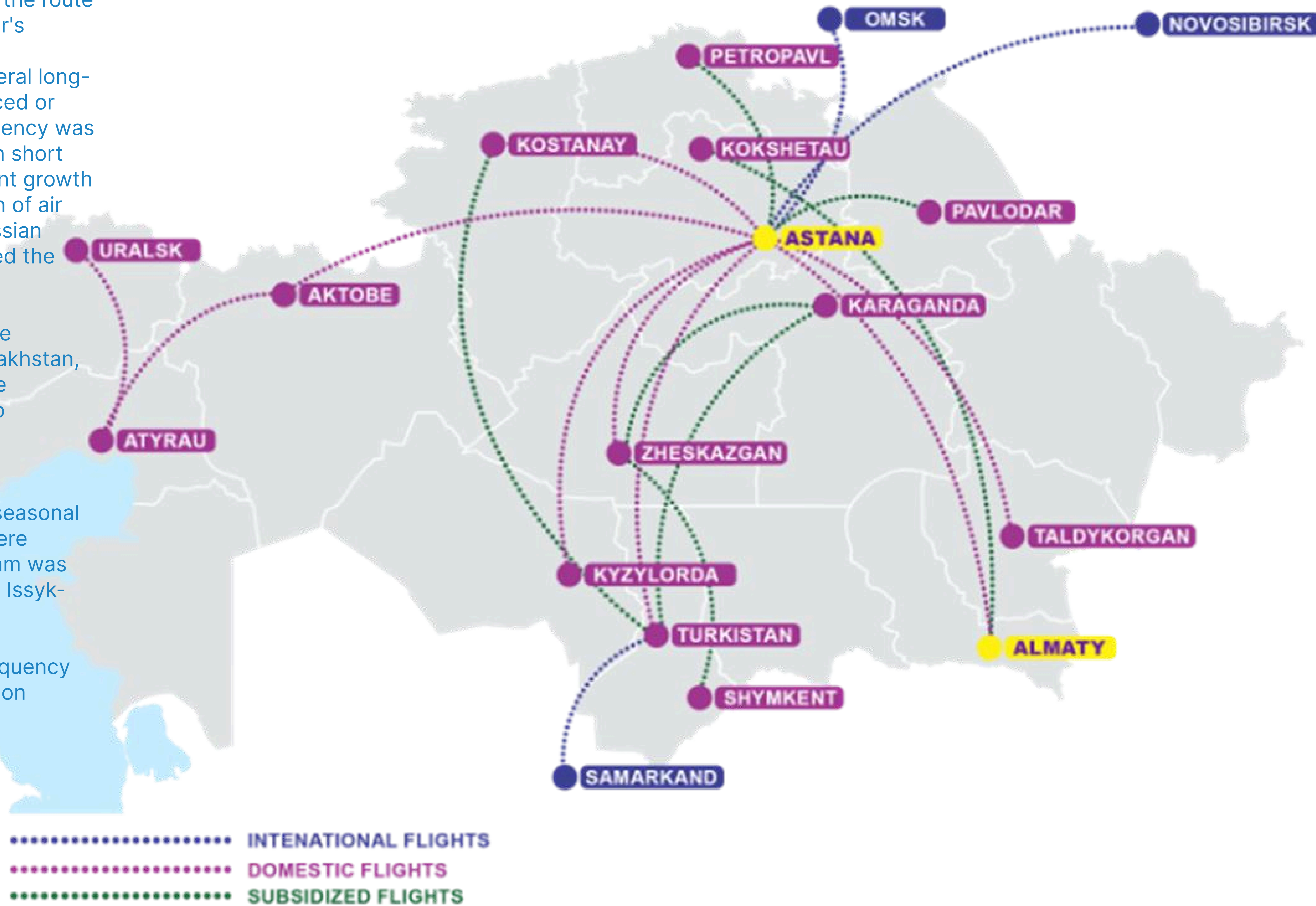
ROUTE NETWORK

In 2024, the Airline demonstrated growth in key performance indicators. Optimization of the route network allowed to exceed previous year's results in terms of the number of flights performed and passengers carried. Several long-haul routes with low margins were reduced or completely cancelled. Instead, the frequency was increased on more profitable routes with short and medium flight distances. A significant growth factor was approved and the resumption of air service with the city of Novosibirsk (Russian Federation), which significantly expanded the volume of international traffic.

The Airline continued to develop its route network with a hub in the capital of Kazakhstan, providing convenient and regular service between the regions of the country, also significantly increased the number of international flights.

In order to stimulate domestic tourism, seasonal summer flights to Urzhar and Usharal were organized, and a summer charter program was carried out on the Almaty-Tamchy (Lake Issyk-Kul) route.

The airline strengthened its status as an interregional carrier by increasing its frequency of flights on domestic routes, as well as on international border routes - to Omsk, Novosibirsk and Yekaterinburg.



30

DESTINATIONS

6

SUBSIDIZED

5

INTERNATIONAL

QAZAQ AIR fleet consists of 5 modern De Havilland Dash-8-Q400NG turboprop aircraft (formerly known as Bombardier Q400) of Canadian manufacture. The advantages of these aircraft are high reliability, low operating costs, comfortable, brightly lit cabin and low noise levels.

GLOBAL COMMERCIAL AIR TRANSPORTATION MARKET

The global air passenger market reached an all-time high in passenger traffic in 2024, recovering to exceed pre-pandemic levels. According to the International Air Transport Association (IATA), total passenger traffic in 2024 increased by 10.4% compared to 2023 and by 3.8% compared to 2019, a new record for the industry. IATA

8,7%
EUROPE

Passenger traffic increased by 8.7%, capacity by 8.1%, and load factor was 84.8%.

4,6%
NORTH AMERICA

Passenger traffic increased by 4.6%, capacity by 4.6%, and load factor was 84.3%.

13,2%
AFRICA

Passenger traffic increased by 13.2%, capacity by 9.9%, load factor by 74.9%.

16,9%
ASIA PACIFIC REGION

Showed the largest growth, with passenger traffic increasing by 16.9% compared to 2023. Capacity increased by 12.3%, and load factor was 83.4%.

7,8%
LATIN AMERICA

Passenger traffic increased by 7.8%, capacity by 7.1%, and load factor was 83.7%.

9,5%
MIDDLE EAST

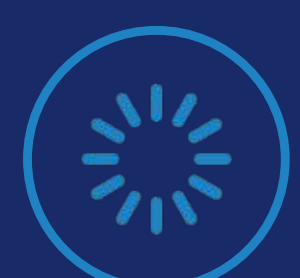
Passenger traffic increased by 9.5%, capacity by 8.4%, and load factor was 80.8%.



Total traffic (RPK): increased by 10.4% compared to 2023, up 3.8% from 2019.



Capacity (ASK): increased by 8.7% year-on-year.



Load Factor (PLF): Reached a record high of 83.5% for the year, up 1.3 percentage points from 2023.

KAZAKHSTAN'S AVIATION MARKET

According to the results of 2024, Kazakhstan's air carriers transported 14.7 million passengers, which is 11% more than the 2023 (13.3 million passengers), domestic airports served 29.7 million people, which is 14% more than the 2023 (26.1 million people).

The stable growth of passenger traffic is correlated with growing trust around the world in the level of aviation security and flight safety of aviation in Kazakhstan from the general public. As part of the modernization of air transport infrastructure in 2024, 3 new passenger terminals were built in Almaty, Kyzylorda and Shymkent airports, and 8 airports underwent repair work on airfield pavements in Kazakhstan.

The level of Kazakhstan's compliance with the standards of the International Civil Aviation Organization ICAO has reached 82%, which is comparable to the level of leading European countries. Kazakh airlines have no restrictions on flights to the EU countries.

CONTRIBUTION TO THE DEVELOPMENT OF THE DOMESTIC AIR TRANSPORTATION MARKET

In Kazakhstan, there are still regional routes that are insufficiently covered by convenient and affordable air transportation. At the same time, the development of regional air connectivity contributes to unlocking the socio-economic potential of the country's regions. Today, majority of our passengers use unique routes that are not offered by other airlines. The Airline continues its intensive efforts to develop domestic air transportation and will work toward expanding cross-border routes to support the sustainable growth of Kazakhstan's economy and improve the quality of life for its population.

FACTORS THAT INFLUENCED THE RESULTS

2024 results confirmed Airline's completion of achievements and its contribution to development of commercial aviation of Kazakhstan.

In 2024, the Airline's revenues increased by 8% mainly due to the optimization of the route network on domestic routes, the restoration of the international flight program after receiving permission from the aviation authorities of the Russian Federation and the resumption of flights to border cities of the Russian Federation.

At the same time, it is also necessary to highlight several factors that negatively affected the indicators of on-time performance of flights in 2024:

- infrastructure of local airports: limited amount of maintenance equipment and weather conditions;
- lack of aircraft parking for engine checks and difficulties with their organization and lack of personnel.

KEY EVENTS OF THE YEAR

INDICATORS	2024	2025
Performance indicators:		
Passenger flow, thousands of passengers	601	588
Cargo transportation, tons	60.2	26.9
Aircraft load factor, %	83	84
On-time performance indicator, %	75.9	76.8
Financial indicators, billion KZT:		
Revenue	21.1	19.6
Net loss	3.9	-7.6
Operational expenses	21.9	20.8
Operating profit/loss	-0.8	-2.9
Taxes paid amount	0.7	0.8

- More than 601 thousand passengers were transported, 8,924 flights were performed on 29 routes;
- Aircraft load factor was 83% (2023 - 84%);
- With the support of the Ministry of Industry and Infrastructure Development of the Republic of Kazakhstan, subsidized flights were performed to Turkestan, Shymkent, Zhezkazgan, Kokshetau and Petropavlovsk;
- The Aviation Training Center demonstrated successful results, including passing the inspection check of JSC Aviation Administration of Kazakhstan, expanding the scope of the certificate and agreeing on new training programs in the areas of initial training, retraining and maintaining the professional level of aviation personnel. This confirms the company's commitment to the development and training of its personnel according to high standards;
- Ground equipment for aircraft maintenance was purchased;
- The Airline's engineers have successfully completed aircraft type training, 9 of them have received permits for independent aircraft maintenance;
- In order to improve business efficiency, the Company has introduced a job grading system with the assistance of Samruk Business Academy.

21 110
Total revenue
(billion tenge)

600 816
Passengers
carried

8 924
Takeoffs
performed

MISSION

Increasing the availability of safe interregional air transportation within the Republic of Kazakhstan and to border regions.

VISION

An interregional airline with an optimal fleet, its own staff of pilots and technical service, providing a high level of flight safety and quality of service with mutually beneficial partnerships with long-haul air carriers.

STRATEGIC GOALS

- Optimization of cost structure and reduction of the share of foreign currency expenses
- Optimal fleet ownership structure and acquisition financing scheme (purchase of aircraft on preferential terms)
- Development of additional services (paid baggage, insurance, food, etc.)
- Increase in distribution
- International IOSA safety certification
- Development of the hub in Astana
- Development of our own maintenance and technical service
- Training of local pilots and engineers
- Compliance with international standards of airworthiness and operation of aircraft

STRATEGIC GOALS

- Safety and operational efficiency
- Development of interregional air transportation
- Stable growth

DEVELOPMENT OF INTERREGIONAL AIR TRANSPORTATION IN THE REPUBLIC OF KAZAKHSTAN

Increase fleet size

- Route network optimization
- Initiate the start of international routes and expand regional route network
- Development of partnerships with long-haul airlines

STABLE GROWTH

- Implementation of corporate governance principles
- Apply advanced human resource management practices
- Responsibility for the environment



REVIEW OF FINANCIAL RESULTS

	2024	2023	2022	2021
Main income	21,110,232	19,609,146	20,415,161	12,753,160
Change%	8%	-4%	60%	-67%
EBITDA	2,295,409	1,252,971	3,871,479	472,493
Change%	83%	-68%	719%	124%
Operating profit (loss)	-820,444	-2,922,536	3,193,836	-2,800,499
Change%	72%	-192%	214%	73%
Total income (loss)	3,947,629	-7,592,255	-6,598,778	-6,461,796
Change%	152%	-15%	-2%	52

REVENUE FROM AIR TRANSPORTATION, thousands KZT	2024	2023	Change%
Regular commercial transportation, including:	20,664,566	19,280,716	7%
- fuel fees	17,577	1,870,727	-99%
- airport taxes	1,101,207	956,649	15%
- excess baggage	191,051	131,009	46%
Charter flights	123,914	133,026	-7%
Total revenue from contracts with customers	20,788,480	19,413,742	7%
Other income	321,752	195,404	68%
	21,110,232	19,609,146	8%

OPERATIONAL RESULTS	2024	2023	2022	2024/2023
Pax transported	600,816	588,407	561,053	2%
Flights completed	8,924	8,822	8,564	1%
Pax load coefficient	83%	84%	82%	-1%

OPERATIONAL EXPENSES in thousands KZT	2024	2023	Change%
Personnel expenses	3,962,290	3,947,780	0%
Fuel	4,656,056	4,683,652	-1%
Depreciation and amortization	2,975,408	2,417,496	23%
Engineering and technical maintenance	2,783,199	3,222,438	-14%
Ground handling expenses, take-off and landing charges, and route charges	2,943,895	2,541,602	16%
Passenger service	1,805,777	1,414,899	28%
Transportation expenses, accommodation expenses, and per diem payments	599,253	387,328	55%
Insurance	566,736	664,348	-16%
Information technology	430,796	414,281	4%
Other	291,266	340,079	-14%
Total operating expenses	21,943,681	20,773,671	6%

As a result of the optimization of the route network and increased efficiency in the use of the existing fleet's carrying capacity, and the restoration of the international flight program in 2024, there was a significant improvement in key financial indicators compared to the previous year.

In 2024, the Airline's route network ensured the highest possible flight efficiency under the current conditions with the existing fleet and the previously established interregional hub in Astana. The number of regular domestic air routes, including subsidized destinations, was significantly increased, and the international flight program to the Russian Federation was restored, which allowed the Airline to substantially increase its revenue.

Passenger traffic of QAZAQ AIR in 2024 amounted to 601 thousand people, which is 5% higher than the indicators of the previous year. The number of flights performed by the Airline in 2023 amounted to 8,924, which is 3% higher than in 2022.

PROGRAM FOR SERVICING UNDERDEVELOPED REGIONS AND OPERATING SUBSIDIZED ROUTES

The Airline continues to make its contribution to the development of mobility and accessibility of regions by operating socially significant subsidized routes.

The Airline annually participates on a competitive basis in the state program for subsidizing regional and interregional routes.

With the acquisition of aircraft into ownership, the Airline obtained the right to participate in the servicing of subsidized routes without negative financial consequences. National legislation provides compensation only for the use of owned aircraft or aircraft obtained through financial leasing.



The interregional route network of the Airline with a base in Astana contributes to:

1. The development of the capital cluster of Kazakhstan: a stable year-round air connection CAPITAL – REGION is created;



2. Interregional air transport connection – a combination of direct air service and the possibility of convenient connection at the Airline's base airport;



3. The servicing of seasonal regional tourist clusters of Lake Alakol and the new center Turkestan. Accessible interregional air transportation in Kazakhstan, the ninth-largest country in the world by territory, is an indispensable infrastructure for expanding the opportunities of small and medium-sized businesses in various sectors.

SERVICE PROVIDERS – AIRPORTS WERE ALSO SUBJECT TO MANDATORY INSPECTION:



QAZAQ AIR pays special attention to the implementation of the Airline's Aviation Safety policy. On July 24, 2024, the Airline, together with the NSC of Astana city, conducted an internal inspection of the level of Aviation Security regarding the carrying/ transportation of prohibited items and access of unauthorized persons to the controlled area. The inspection noted a good level of Aviation Security. Also, to maintain a high level of aviation security, internal aviation security auditor inspections are conducted on a regular basis in accordance with ICAO standards and the requirements of the Civil Aviation Authorities of the Republic of Kazakhstan.

- From April 2 to 5, 2024, JSC “Aviation Administration of Kazakhstan” conducted a scheduled inspection audit, during which 3 non-conformities were identified and eliminated according to regulations on May 2, 2024.
- In 2024, the Airline’s aviation security quality control auditor inspected the engineering and flight departments, and corrective actions were taken by the responsible structural units.

In 2024, as part of the scheduled audit, the Aviation Administration of Kazakhstan noted a high level of Aviation Security, with no remarks made during the inspection. Moreover, the aviation policy on Aviation Security implemented by QAZAQ AIR ensures the achievement of a standardized level of aviation security by taking measures in accordance with IOSA standards and the legislation of the Republic of Kazakhstan. Thus, in 2024, the Airline successfully passed the international IOSA Audit. The Aviation Security Service received five observations in the area of auditing external providers with the aim of improving the quality of services provided within the framework of Aviation Security.

The Airline successfully updated all legislative requirements (adding mandatory requirements for external providers regarding conditions and frequency of inspections) in accordance with national legislation within the framework of aviation security.

ENVIRONMENTAL SAFETY

The Airline strives to minimize the negative impact of its operational activities on the population and the environment, prevent industrial accidents that harm the environment, and supports the rational use and reproduction of natural resources.

The Airline advocates for increased energy efficiency, resource savings, and the use of alternative energy sources.

The Airline's management undertakes to comply with legislative and other applicable requirements related to the environmental aspects of the Airline's activities. The Airline adheres to the principles of causing no harm to people and protecting the environment in the course of its work and in achieving the goals set before us.

The Airline evaluates the environmental impact of any new type of activity.

The Airline's environmental policy is aimed at increasing the energy and environmental efficiency of transporting passengers, baggage, mail, and cargo.

To achieve the goals of the environmental policy, the Airline implements:



Monitoring and analysis of operational activities and technological processes in order to identify new opportunities for improving environmental performance;



Maintenance of the functioning of the environmental management system;



Waste management with a focus on recycling as the most effective method of waste disposal;



Optimization of the route network, contributing to noise reduction and the reduction of engine pollutant emissions into the atmosphere;



Selection of suppliers based on environmental efficiency performance;



Informing the Airline's employees about the Airline's achievements in the field of environmental protection and fostering a culture of waste recycling.

THE AIRLINE'S AIRCRAFT MAINTENANCE SYSTEM IS AIMED AT ENSURING A HIGH LEVEL OF FLIGHT SAFETY, TECHNICAL SERVICEABILITY OF OPERATED EQUIPMENT, AND TIMELY DEPARTURES.

In 2024, certification inspections were successfully carried out by the authorized organization JSC "Aviation Administration of Kazakhstan" (hereinafter – AAK) for the extension of the operator certificate, as well as for the continuation of technical division activities related to line maintenance of aircraft.

Three aircraft of the Airline underwent periodic maintenance at the certified aircraft maintenance and repair organization ADA (Abu Dhabi, UAE), which is recognized by the authorized body (AAK).

Five PW150A engines were overhauled at engine repair organizations Pratt & Whitney Canada (Canada), Lufthansa Technik (Germany), and Standard Aero Singapore (Singapore), all recognized by the authorized body (AAK).

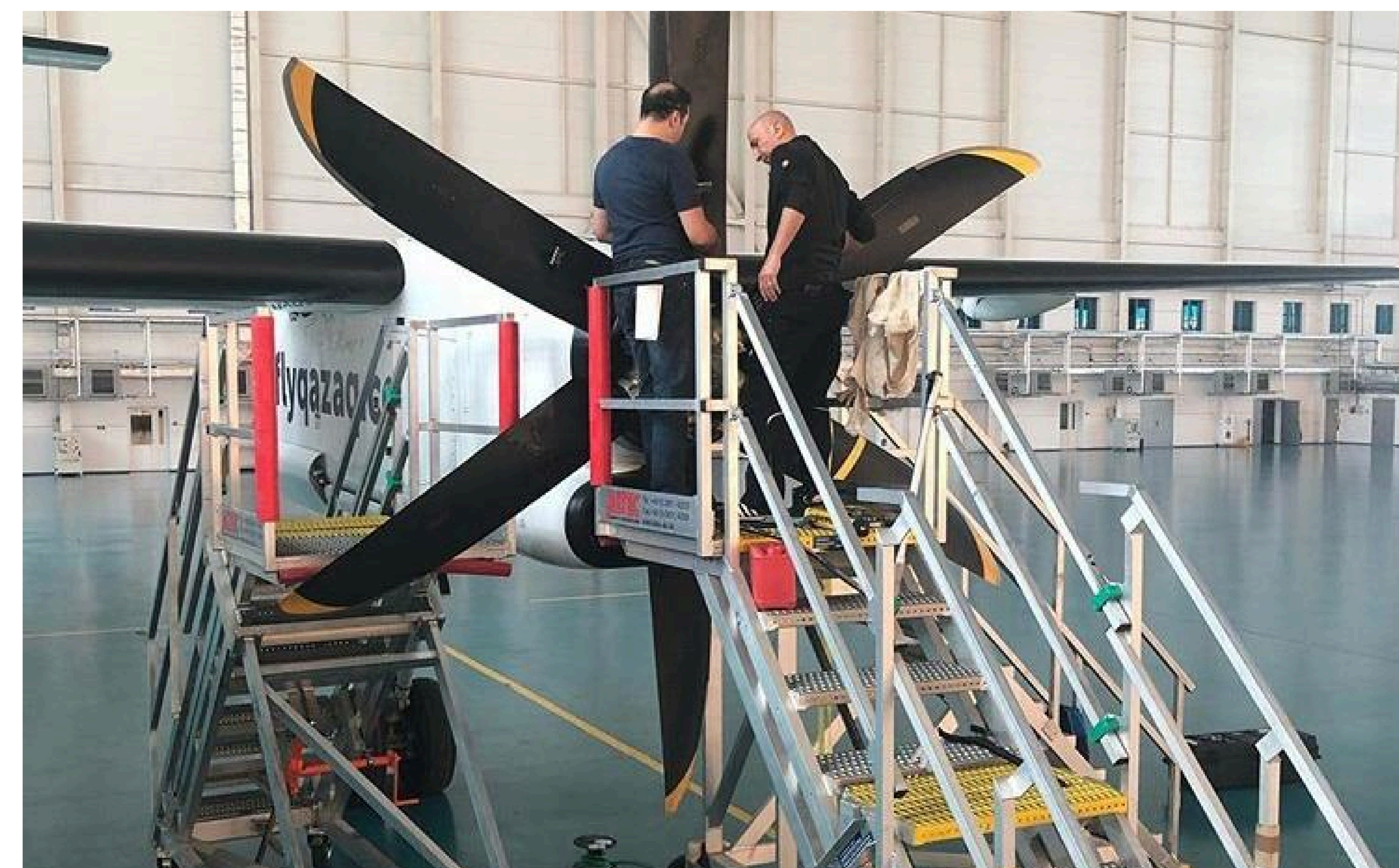
To ensure timely maintenance and the safe preparation of aircraft for flights, additional ground support equipment and tools were purchased for operating aircraft in winter conditions.

The technical division consists of 3 departments. The staffing of the Airline's technical division has been optimized following certification inspections.

AIRWORTHINESS MAINTENANCE DEPARTMENT: Maintenance of airworthiness, modifications, development and implementation of a scheduled maintenance strategy for the aircraft fleet and components in accordance with the maintenance program and upon request from aircraft and engine manufacturers to ensure flight safety.

LOGISTICS DEPARTMENT: Global logistics (procurement of spare parts, consumables, equipment, and tools, as well as their storage for aircraft maintenance and repair) to ensure timely technical servicing of aircraft and their components.

LINE MAINTENANCE DEPARTMENT: Ongoing technical servicing of the Airline's aircraft to ensure timely line maintenance and defect rectification on aircraft.



GROUND HANDLING

The Ground Handling Service continuously works on improving the quality of interaction with passengers at airports. The main goal of this division is to ensure flight safety, provide high-quality service, and create a comfortable atmosphere at all stages of passenger service at the airport. The service also ensures the timely and quality servicing of aircraft.

In 2024, the Airline operated passenger flights to 21 airports, including 3 regular flights to the Russian Federation: Omsk, Novosibirsk, and Yekaterinburg, as well as seasonal destinations Usharal and Urzhar. The Airline has its own employees in key cities such as Astana, Aktobe, Atyrau, Shymkent, and Zhezkazgan, which serve as main flight directions and where transit passenger flow is successfully organized. In other cities, outsourcing companies are effectively used to optimize costs.

In 2024, the Airline performed 8,924 flights. The total number of passengers served amounted to 601,816 people. The core activity of the Service is focused on handling passengers, baggage, and mail, as well as meeting increasing demands and needs.

The Airline offers a wide range of services to passengers. However, a significant part of the division's work is also related to ensuring and controlling aircraft handling during flight preparation. This includes timely aircraft servicing during parking, passenger boarding/disembarkation, baggage/cargo/mail loading and unloading, as well as compliance with aviation safety rules and occupational safety both in the terminal and on the apron.

The Airline continuously strives to develop and improve the quality of services provided to passengers.

SALES ORGANIZATION

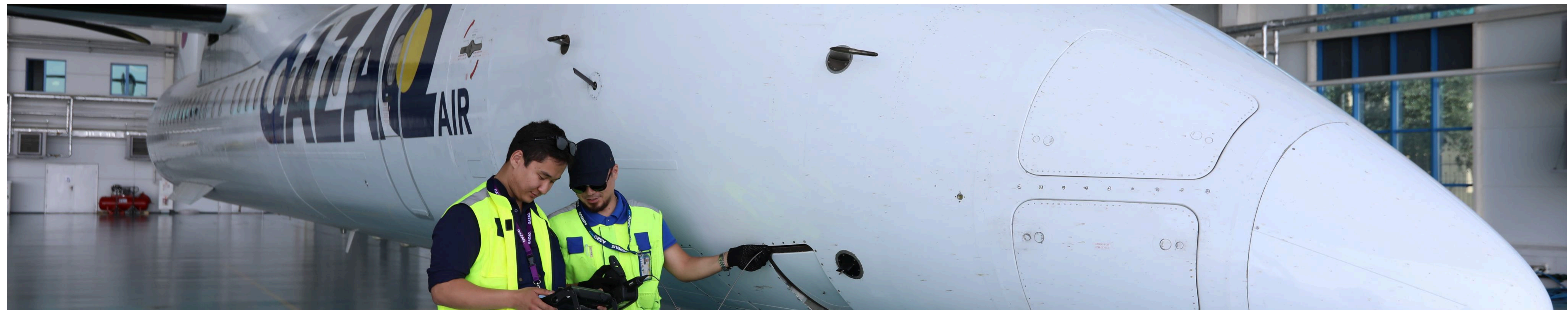
In 2024, the Airline signed a contract and launched ticket sales in TCH Central Asia. Joining the TCH CA organization contributes to increasing the Airline's operational efficiency and expanding the availability of its services in the Central Asian market.

In 2024, various initiatives were implemented to stimulate airline ticket sales. These included offering seasonal discounts during periods of low demand, conducting joint campaigns with the country's leading online agencies (Kaspi Travel, Aviata.kz), as well as with Russian online agencies (tutu.ru, kupibilet.ru).

In addition, promotions were actively conducted to promote the loyalty program IQ Bonus.

WORK WITH SUPPLIERS

The procurement of goods and services by the Airline in 2024 was carried out in accordance with the regulatory document of the Sole Shareholder – the "Procurement Procedure of the Joint-Stock Company 'Samruk-Kazyna' Sovereign Wealth Fund and legal entities, fifty or more percent of the voting shares (participation interests) of which are directly or indirectly owned by JSC 'Samruk-Kazyna' by ownership or trust management," approved by the Fund's Board of Directors (Minutes No. 193 dated March 3, 2022). The specific procedures for the Airline's procurement of goods, works, and services for maintaining the airworthiness of aircraft, including repairs at specialized enterprises, are regulated by the Procurement Management Rules approved by the Airline's Management Board (Order No. 29–2022 dated December 27, 2022). When conducting procurement, the Airline is guided by the principles of ensuring openness and transparency, avoiding unjustified restrictions, and maximizing the number of procurement participants to achieve a positive economic effect, minimize costs, and ensure timely delivery of high-quality goods, works, and services. In 2024, procurement processes were conducted electronically via the electronic procurement system on the web portal zakup.sk.kz, through open tenders, tenders by means of competitive negotiations, price quote requests, and using a special procedure. In accordance with anti-corruption measures, an anti-corruption clause is included in procurement contracts. Additionally, due to the destabilization of the global situation and the strengthening of sanctions, a sanctions clause is also included. In 2024, a total of 769 contracts were concluded with more than 316 suppliers for a total amount of 19,082 million tenge.





External and internal communications play an important role in shaping the company's business reputation.

Information and communication work is carried out to strengthen and develop existing tools of interaction with target audiences.

The Airline actively covers the launch of new destinations and participates in resolving conflict situations with passengers.

The PR and Advertising Department promptly provides information in response to media inquiries, including questions regarding ticket refunds, schedule changes, flight launches, and the main rules for ensuring passenger safety.

To strengthen the position of the regional air carrier and increase the loyalty of passengers and partners, the Airline implements image-building and event-related activities:




The internal media resource — the electronic corporate publication "QAZAQ AIR Bulletin" — is one of the most important tools of internal communication, an instrument and integral part of the company's image.

It contributes not only to the formation of corporate culture and a unified information space of the company but also to a cohesive corporate spirit, employee loyalty, and commitment.

The Airline continues to carry out events and PR campaigns aimed at strengthening its image and increasing the level of trust from passengers and partners, and also actively participates in social initiatives reflecting its commitment to social responsibility.

We are confident that these efforts will not only strengthen our position in the market but also contribute to the development of civil aviation in Kazakhstan.

TO ENHANCE ITS IMAGE, STIMULATE TICKET SALES, AND INCREASE PASSENGER LOYALTY, THE AIRLINE IMPLEMENTED A NUMBER OF MARKETING INITIATIVES:

-  Throughout the entire winter season, the Airline organized a campaign offering free carriage of sports equipment for passengers on all routes.
-  To stimulate sales, ticket promotions were held jointly with online booking services (Aviata.kz and Kaspi Travel), as well as on the Airline's official website.
-  To expand the loyal customer base, promotional campaigns were conducted for awarding additional and welcome bonuses under the IQ BONUS program, which offers passengers the option to choose between an instant discount on tickets (up to 3%) or the accumulation of bonus points for flights on the Airline's routes.

FINANCIAL PERFORMANCE RESULTS

Indicators in thousand KZT	2024	2023	2022	2024/2023
Income	21,110,232	19,609,146	20,415,161	8%
Operational expenses	-21,943,681	-20,773,67	-18,941,781	6%
Profit/Loss from current operating activities	-833,449	-1,164,525	1,473,380	28%
Gain from revaluation / Loss from impairment of fixed assets	13,005	-1,758,011	1,720,455	101%
Profit/Loss from operating activities	-820,444	-2,922,536	3,193,835	72%
Other income and expenses	-1,355,894	-10,461,53	-5,097,381	87%
Loss before tax	-2,176,338	-7,539,003	-1,903,546	71%
Income tax expense/ Savings	6, 123,967	-53,252	-4,695,231	X116
Loss for the period	3,947,629	-7,592,255	-6,598,777	152%
Total comprehensive loss for the reporting year	3,947,629	-7,592,255	-6,598,777	152%

INDICATORS IN THOUSAND, KZT	2024	2023	2022	2024/2023
Assets	31,455,675	31,292,681	34,047,398	0,5%
Liabilities	13,104,231	40,891,791	36,263,509	68%
Equity	18,351,444	-9,599,116	-2,216,111	291%

REVENUE IN 2024

The 8% increase in core operating revenue was achieved through the optimization of the route network and improved efficiency in the use of the existing fleet's capacity, as well as the restoration of the international flight program to the Russian Federation.

CURRENT OPERATING EXPENSES

The increase in operating expenses was driven by higher costs for aircraft engine maintenance and repair, engine leasing, aviation fuel, and airport and navigation services. By the end of 2024, the Airline recorded a loss from current operating activities of -833 million tenge (in 2023: profit of 1,165 million tenge).

The operating loss for 2024 amounted to 820 million tenge (in 2023: profit of 2,922 million tenge). A positive effect was achieved through the fair value revaluation of fixed assets (aircraft).

In 2024, restructuring was carried out on existing loans previously provided by the Fund for the acquisition of aircraft, resulting in the recognition of a discount in the amount of 30.6 billion tenge and deferred CIT savings in the amount of 6.1 billion tenge.

As a result, net income totaled 3,948 million tenge (in 2023: net loss of 7,592 million tenge).

Due to the non-monetary nature of the net income received, the Sole Shareholder decided not to pay dividends for the 2024 financial year.

In 2024, there were no appeals from the Sole Shareholder regarding the actions of the Airline or its officials.

As of the end of 2024, the Airline's assets amounted to 31.5 billion tenge, having increased by 0.2 billion tenge compared to the previous year.

The growth is associated with an increase in fixed assets by 1.5 billion tenge due to the increase in the value of aircraft by 1.4 billion tenge based on the fair value assessment conducted by the independent appraiser LLP "Independent Expert Evaluation."

The fair market value appraisal of five DHC-8 400 aircraft was based on global indicators from the analytical agencies IBE and Ascend.

The Airline's liabilities decreased by 27.7 billion tenge, mainly due to the recognition of a discount in the amount of 30.6 billion tenge on loans from the Parent Company as a result of their restructuring under the terms of additional agreements in February and March 2024.

The Airline's financial performance is disclosed in detail in the audited annual financial statements for 2024, which form an integral part of the Airline's Annual Report for 2024.

In 2024, the Airline was among the top three in the nomination "Best Regional Airlines in Central Asia and the CIS 2024" according to the prestigious international rating Skytrax.

The airline confirmed its hospitality and high quality of service, which it continues to provide to its passengers. Skytrax is a guarantee of reliability and excellent quality, as well as evidence of recognition in the international arena.

The results of the Skytrax 2024 surveys included more than 300 airlines. Survey pool consisted of passengers with more than 100 nationalities and aviation experts assessed the airline's website, check-in and boarding, cleanliness of the aircraft cabin, on-board entertainment, appearance of flight attendants and service, quality of food, seat comfort and more.

KEY EVENTS

The EBITDA indicator increased compared to 2023 and amounted to 2.3 billion tenge (in 2023: 1.3 billion tenge);

The route network was expanded to include socially significant subsidized routes to Turkestan, Shymkent, Zhezkazgan, Kostanay, Kokshetau, and Petropavlovsk;

A record number of passengers in the Airline's history was transported (about 601 thousand passengers) across 26 routes;

Revenue for 2024 decreased by 8% compared to 2023 and amounted to 21.1 billion tenge;

The Airline resumed regular international flights to the Russian Federation

In 2024, scheduled base maintenance (C-checks) was performed on 3 aircraft, and major repairs were completed on 3 engines and 4 auxiliary power units;

Indicators in thousand KZT	2024	2023	2022
Cash flows from operating activities	2,602	665	1,937
Cash flows from investing activities	(3,966)	(2,756)	(1,210)
Cash flows from financing activities	256	209	47
Net increase/decrease) in cash and cash equivalents	(1,108)	(1,881)	773
Cash and cash equivalents as of January 1	3,264	5,232	(1,968)
Effect of exchange rate difference	14	(86)	100
Cash and cash equivalents as of December 31	2,170	3,264	(1,094)

On December 24, 2024, within the framework of implementing the Government of Kazakhstan Decree "On certain privatization issues for 2021–2025" dated December 29, 2020 No. 908, and in full accordance with the decisions of the State Commission on Economic Modernization (dated December 20, 2024) and the Board of Directors of the Fund (dated December 24, 2024), a package of binding transactional documents, including a Sale and Purchase Agreement, was signed between JSC "Samruk-Kazyna" and a consortium consisting of Central Asia Aviation Holdings Limited (part of Vietnam's Sovico Group JSC) and Kazasia Holdings Limited. The transaction was closed in May 2025 during the official state visit of H.E. Mr. To Lam, General Secretary of the Communist Party of Vietnam, to Kazakhstan. The shares were transferred to the investors upon fulfilment of all agreed pre-conditions.

In December 2024, the Fund made a decision on a targeted increase in the authorized capital of the Airline to finance payments under the consulting services agreement with LLP "KPMG Tax and Advisory" (Fund Management Board decision No. 62/24 dated December 5, 2024). The capitalization was carried out by the Fund through the purchase of 11 ordinary shares of the Airline at a placement price of 23,250,000 tenge per ordinary share in accordance with the preemptive purchase right.



CORPORATE GOVERNANCE SYSTEM

The main strategic goal of the Airline is the growth of long-term value and sustainable development. To achieve this goal, an effective corporate governance system is being established to support strategy implementation. The foundation of corporate governance rests on the principles of efficiency, responsiveness, and transparency.

KEY PROVISIONS OF CORPORATE GOVERNANCE:

· Sustainable Development

The Company recognizes its impact on the economy, environment, and society. In striving for long-term value growth, it must ensure sustainable development in the long term, maintaining a balance of stakeholder interests. Sustainability is achieved through thoughtful and rational engagement with stakeholders.

· Effectiveness of the Board of Directors and the Executive Body

The Board of Directors is a governance body accountable to the Sole Shareholder, providing strategic leadership for the organization and overseeing the performance of the executive body. The Executive Body is accountable to the Board of Directors, manages the daily operations of the organization, and ensures alignment with the strategy, development plan, and decisions adopted by the Sole Shareholder and the Board of Directors.

· Risk Management, Internal Control, and Audit

The Company has implemented a risk management and internal control system aimed at providing reasonable assurance in achieving its strategic and operational objectives. This system includes a set of organizational policies, procedures, behavior norms and actions, methods, and control mechanisms established by the Board of Directors and the Executive Body.

· Transparency

To safeguard stakeholder interests, the Company timely and accurately discloses information on all significant aspects of its operations, including financial status, performance results, ownership structure, and management.

STRUCTURE OF THE CORPORATE GOVERNANCE SYSTEM

100% of the Airline's shares are owned by JSC "SWF Samruk-Kazyna."

The Fund's main purpose is to manage the shareholdings (participation interests) of national development institutions, national companies, and other legal entities it owns, in order to maximize their long-term value and enhance their competitiveness in global markets.

More information about the Fund is available on the official website: www.sk.kz

The Sole Shareholder participates in governance through the exercise of shareholder functions and through the Board of Directors, in accordance with the Airline's Charter and Corporate Governance Code.

The Board of Directors is a management body accountable to the Sole Shareholder, providing strategic leadership of the Company and oversight of the Management Board's activities.

The Board performs its duties in accordance with the legislation of the Republic of Kazakhstan, the Charter of the Company, the Corporate Governance Code, the Regulations on the Board of Directors, and other internal documents.

Within its authority, the Board approves the development plan, supervises the effective functioning of the risk management, internal control, and audit systems, and monitors the implementation of key strategic projects.

COMPOSITION OF THE BOARD OF DIRECTORS:



ANDREW COWEN
Chairman of the Board of Directors,
Independent Director

By decision of the Management Board of JSC “Sovereign Wealth Fund Samruk-Kazyna” dated June 14, 2024, No. 33/24, elected as Independent Director and Chairman of the Board of Directors of JSC “QAZAQ AIR.”

Date of birth: 02.08.1967

Citizenship: United Kingdom

Education: City University, London, United Kingdom — Bachelor’s degree with honors in Banking and International Finance. British Airways Plc, certified manager and accountant

Professional experience: November 2021 – present: Executive Chairman, Managing Partner, Director at Threeps Investments. October 2018 – present: Executive Chairman, Managing Partner, Director at Genki International Partners Ltd, Hong Kong.



SALTANAT ERBOLKYZY SATZHAN
Member of the Board of Directors,
Representative of the interests of
JSC “Samruk-Kazyna”

By decision of the Management Board of JSC “Sovereign Wealth Fund Samruk-Kazyna” dated December 7, 2023, No. 58/23, elected as a Member of the Board of Directors of JSC “QAZAQ AIR,” representing the interests of JSC “Samruk-Kazyna.”

Date of birth: 24.04.1989

Citizenship: Kazakhstan

Education: Australian National University under the “Bolashak” program, Bachelor of Economics; Honorary Member of the Association of Chartered and Certified Accountants (ACCA); Holder of CFA Level II; MBA Candidate.

Professional experience: 2023 – present: Managing Director for Development and Privatization at JSC “Samruk-Kazyna”; 2021–2023: Head of the Consolidated Analytics and Control Department at JSC “Samruk-Kazyna.”



ALMA SERIKOVNA ALIGUZHINOVA
Member of the Board of Directors,
Representative of the interests of
JSC “Samruk-Kazyna”

By decision of the Management Board of JSC “Sovereign Wealth Fund Samruk-Kazyna” dated April 18, 2024, No. 21/24, elected as a Member of the Board of Directors of the Company, representing the interests of JSC “Samruk-Kazyna.”

Date of birth: 03.09.1976

Citizenship: Kazakhstan

Education: 2015–2016: Master’s degree in Aerospace Management, Toulouse Business School, France

1998–1999: Master of Business

Administration, East Carolina University, USA

1993–1997: Bachelor of Science in Finance, Almaty State University

Professional experience: 2001–2024: Executive Director of Planning at JSC “Air Astana



ADYLGAZY SADVOKASOVICH BERGENYEV
Independent Director

By decision of the Management Board of JSC “Sovereign Wealth Fund Samruk-Kazyna” dated December 2, 2022, No. 66/22, elected as an Independent Director of JSC “QAZAQ AIR.”

Date of birth: 15.05.1958

Citizenship: Kazakhstan

Education: Higher education

Professional experience: Member of the Accounts Committee for Control over Execution of the Republican Budget

COMPOSITION OF THE BOARD OF DIRECTORS:

CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS IN 2024

In accordance with the decision of the Management Board of JSC “Samruk-Kazyna” dated March 6, 2024, No. 13/24, the powers of the current Board of Directors of the Company were terminated early, and a new composition was established.

In accordance with the decision of the Management Board of JSC “Samruk-Kazyna” dated April 18, 2024, No. 21/24, A.S. Aliguzhinova was elected as a Member of the Board of Directors of the Company, representing the interests of JSC “Samruk-Kazyna.”

In accordance with the decision of the Management Board of JSC “Samruk-Kazyna” dated June 14, 2024, No. 33/24, A. Cowen was elected as an Independent Director and Chairman of the Board of Directors of the Company.

RESULTS OF THE BOARD OF DIRECTORS' WORK IN 2024

Meetings of the Board of Directors in 2024 were held on a regular basis in accordance with the Company's Board of Directors Work Plan. Additionally, the Board held extraordinary meetings as necessary. In total, 12 meetings of the Board of Directors were held during the reporting period, including 8 in-person meetings and 4 remote (absentee) meetings. A total of 69 agenda items were reviewed.

ISSUES REVIEWED BY THE BOARD OF DIRECTORS IN 2024

In 2024, there were no matters submitted for consideration by the Board of Directors and/or the Sole Shareholder for which a decision was refused by the Board of Directors and/or the Sole Shareholder due to non-compliance of the submitted materials with the requirements of the legislation, the Articles of Association, or the internal regulatory documents of the Company.

EVALUATION OF THE BOARD OF DIRECTORS

In 2024, no evaluation of the Board of Directors was conducted.

COMMITTEES OF THE BOARD OF DIRECTORS

In 2024, all business historically delegated to Board Committees was addressed during main Board of Director meetings.

REMUNERATION OF BOARD MEMBERS

In accordance with the Charter of the Airline, the Sole Shareholder determines the amount and terms of remuneration and reimbursement of expenses to members of the Board of Directors for the performance of their duties. Independent directors receive remuneration and are reimbursed for expenses related to the duties they perform within the scope of their functions according to their contracts.

INTERNAL AUDIT SERVICE

The main purpose of the Internal Audit Service is to provide the Board of Directors with independent and objective assurance and advisory services aimed at improving the Company's risk management, internal control, and corporate governance systems. The Service is the body responsible for organizing and carrying out internal audits, and it is organizationally subordinated and functionally accountable to the Board of Directors.

The Service performs internal audits of the Company's business processes in accordance with the Annual Audit Plan, developed based on the Company's risk analysis and approved by the Board of Directors. In its work, the Service is guided by the Regulation on the Service, the Internal Audit Manual, the International Professional Standards of Internal Auditing of the Institute of Internal Auditors, and their practical guidelines.

The Service regularly monitored the implementation of issued recommendations.

#	Full name	% Participation in Meetings of the Board of Directors	Period of Membership on the Board of Directors
1	Andrew Cowen	80%	14.06.2024 - 31.12.2024
2	Satzhan S.E.	100%	01.01.2024 - 31.12.2024
3	Aliguzhinova A.S.	100%	18.04.2024 - 31.12.2024
4	Bergenyev A.S.	100%	01.01.2024 - 31.12.2024

#	Meeting Number and Date	Form of the Meeting	Duration
1	Meeting of BoD № 94 from 27.02.2024	In-person	30 min
2	Meeting of BoD № 95 from 19.03.2024	In-person	10 min
3	Meeting of BoD № 96 from 30.04.2024	In-person	2 h
4	Meeting of BoD № 97 from 24.05.2024	Online	-
5	Meeting of BoD № 98 from 03.06.2024	In-person	1 h
6	Meeting of BoD № 99 from 21.06.2024	Online	-
7	Meeting of BoD № 100 from 03.07.2024	Online	-
8	Meeting of BoD № 101 from 30.07.2024	In-person	3 h. 20 min
9	Meeting of BoD № 102 from 19.09.2024	In-person	4 h. 30 min
10	Meeting of BoD № 103 from 23.10.2024	Online	-
11	Meeting of BoD № 104 from 28.11.2024	In-person	4 h. 30 min
12	Meeting of BoD № 105 from 24.12.2024	In-person	30 min

MANAGEMENT BOARD

REPORT ON THE WORK OF THE MANAGEMENT BOARD OF THE AIRLINE FOR 2024

The Management Board of the Airline operates in accordance with the Charter of the Airline, addresses matters of the Airline's current activities, and implements the decisions of the Sole Shareholder – JSC “Samruk-Kazyna” and the Board of Directors of the Airline.

In 2024, 37 meetings of the Management Board were held, of which 23 were in-person and 14 absentee. A total of 91 items were reviewed. In 2024, the Management Board of the Company made decisions and considered key issues such as:

- conclusion of transactions by JSC “QAZAQ AIR”;
- changes to the terms of loans provided to JSC “QAZAQ AIR”;
- approval of the salary structure scheme for certain employees of the cabin crew department of JSC “QAZAQ AIR”;
- approval of the Rules of Remuneration;
- approval of the Procurement Plans for goods, works, and services of JSC “QAZAQ AIR” for 2025;
- approval of the application for subsidized routes for 2025;
- approval of the budget of JSC “QAZAQ AIR” for 2025;
- amendments to the Rules for Managing Procurement Activities of JSC “QAZAQ AIR”;
- additions to the List of Daily/Weekly Essential Goods, Works, and Services Procurement of JSC “QAZAQ AIR” (for the period from announcement until the conclusion of the contract following the tender).

THE FOLLOWING ISSUES WERE PRELIMINARILY APPROVED AND SUBMITTED FOR CONSIDERATION BY THE BOARD OF DIRECTORS OF THE COMPANY:

- preliminary approval of the Risk Report of JSC “QAZAQ AIR”;
- preliminary approval of the Flight Safety Report;
- preliminary approval of the Compliance with Standards Report of JSC “QAZAQ AIR”;
- preliminary approval of the total number of employees and the organizational structure of JSC “QAZAQ AIR”;
- preliminary approval of the 2023 annual financial statements;
- preliminary approval of the Reports on the implementation of the Business Plan of JSC “QAZAQ AIR” for 2023–2027;
- preliminary approval of the issue regarding the selection of the audit organization for auditing JSC “QAZAQ AIR” for 2024–2026;
- preliminary approval of the risk register, risk map, key risk indicators, risk owners, risk management action plan, and risk appetite of JSC “QAZAQ AIR”;
- preliminary approval of information on JSC “QAZAQ AIR's” liquidity matters;
- approval of the supplementary agreement to the Service Procurement Agreement dated April 19, 2023 No. 828910/2023/1, concluded between JSC “QAZAQ AIR” and LLP “KPMG Tax and Advisory” as part of the transfer of JSC “QAZAQ AIR” to a competitive environment;
- preliminary approval of the List of Information Constituting Official and Commercial Secrets of JSC “QAZAQ AIR”;
- preliminary approval of the IOSA Audit Report;
- submission of the issue on approval of the KPI Map for the Chairman and members of the Management Board of JSC “QAZAQ AIR” for 2025 for consideration by the Board of Directors;
- approval of technical documentation on information security;
- approval of the Business Plan of JSC “QAZAQ AIR” for 2025–2029 with the inclusion of a new aircraft type — Boeing 737.

In 2024, meetings of the Company's Management Board were held on a regular basis. However, from May 21 to July 30, the Management Board did not meet due to a lack of quorum.



UMRALIEV ADILBEK JUMABAEVICH
Chairman of the Management Board

By decision of the Sole Shareholder dated May 20, 2024 (minutes of the Management Board of JSC “Samruk-Kazyna” No. 27/24), the temporary assignment of duties to Zhakupov Nurlan Muratuly was terminated early, and the appointment of Umraliev Adilbek Zhumabayevich as Acting Chairman of the Management Board was approved, effective May 21, 2024.

Date of birth: 29.01.1985

Citizenship: Kazakhstan

Education: Moscow State University - Computational Mathematics and Cybernetics, T. Ryskulov Kazakh University of Economics - Finance, and International Trade, Finance, European University Business School - MBA Program, International Air Transport Association (IATA) Training Center - Airline Management Diploma

Professional experience: 2010–2019: Senior Manager, Asset Development Department and Transport & Logistics Sector “Samruk-Kazyna” JSC.

2009–2010: “National Infocommunication Holding Zerde” JSC, Chief Expert, Information and Communication Technology Development Department.



SULEIMAN MIRZAYEV
Member of the Management Board

By decision of the Board of Directors dated July 30, 2024 (minutes No. 101), Commercial Director Mirzaev Suleyman Usenovich was elected as a member of the Management Board of JSC “QAZAQ AIR.”

Date of birth: 24.04.1989

Citizenship: Kazakhstan

Education: Bachelor in Information Systems, Karaganda University, 2011
Bachelor in Economics, Karaganda University, 2023

Professional experience: Since 2012 in the aviation industry. 2012–2019: SCAT Airlines – Operation and network section. Since 2019 in Qazaq Air.

COMPLIANCE SERVICE

The main goal of the Compliance Service is to implement a compliance program, define anti-corruption policies, and monitor the implementation of anticorruption measures, including the assessment of corruption risks and the formation of an internal corporate culture based on the principles of transparency and integrity in accordance with legislation and best international practices.

The existence of a dedicated structure contributes to developing a systematic approach to implementing various elements of the Anti-Corruption Policy of JSC "QAZAQ AIR." During the reporting period, consistent work was carried out to establish and build a compliance system in accordance with the requirements of the current legislation of the Republic of Kazakhstan and the recommendations of international standards.

Measures were implemented regarding the development and approval of documents in the field of compliance regulation, ethics, anti-corruption, conflict of interest resolution, and identification and management of compliance risks, including those arising from engagement with third parties.

The Company approved amendments and additions to the Charter including provisions on the operation of the compliance function, the Regulation on the Compliance Service, the Code of Conduct, the Anti-Corruption and Fraud Policy, the Whistleblower Policy, the Conflict of Interest Resolution Policy, and the Due Diligence Rules for counterparties.

The main documents governing anti-corruption requirements within the Company are the Code of Conduct and the Anti-Corruption and Fraud Policy. These documents declare the Company's rejection of corruption in any form and its commitment to promoting an anti-corruption culture within the organization.

To maintain a high level of corporate governance and a culture of compliance, and to reinforce zero tolerance for violations among employees, a new edition of the Code of Conduct was approved, including new elements related to anti-corruption and business ethics standards.

The policies are accessible in languages that are easy for users to understand. Key compliance documents are published on the Company's corporate website.

Special attention was given to strengthening corporate communication through informational bulletins covering the Company's anti-corruption requirements, regulatory changes, gift policy, operation of the whistleblower hotline, and recommendations for eliminating deficiencies and preventing violations (as part of compliance risk management).

To support ethical business practices and rejection of corruption, a meeting was held with employees of the Anti-Corruption Agency of the Republic of Kazakhstan. The Agency presented key aspects of national anti-corruption policy, preventive tools, and answered employee questions. The Compliance Service conducted training on the Company's anti-corruption system and changes in legislation. Detailed explanations were provided on conflict-of-interest resolution procedures with practical examples.

Information boards with hotline contacts were placed in office premises. A dedicated compliance section was added to the Company's website with core compliance documents and direct contact information for the Compliance Service Head. These efforts help various stakeholders understand the Company's compliance system.

In line with global best practices, the Compliance Service continuously strives to improve existing compliance documents and procedures to maintain their relevance and alignment with the Company's goals.





CORPORATE ETHICS

The Company has adopted a Code of Conduct that defines the Company's values, core principles, and standards of behavior to protect the interests of all stakeholders. The Code is aimed at developing corporate culture and strengthening the Company's reputation as an open and honest market participant.

The provisions of the Code apply to all employees, officers, and directors of the Airline.

The standards and principles outlined in the Code are prioritized by every employee in their daily work.

For advice or questions about the Code, employees may contact their immediate supervisor or the Head of the Company's Compliance Service.

Violations of the Code or other compliance procedures and internal controls can be reported via the hotline. Reports can be made anonymously with guaranteed protection against retaliation. Hotline contacts are published on the Company's website.

HR POLICY

In 2024, JSC "QAZAQ AIR" continued its efforts to develop and improve internal processes in human resource management.

As part of the company's transformation, including transition to a new business model and adoption of international practices, key documents regulating employee compensation and performance evaluation were revised.

Updated Rules on remuneration and performance evaluation were approved. For the first time, a comprehensive process of goal setting and subsequent employee performance evaluation was implemented.

Based on 2024 evaluation results, employees were rewarded according to achieved results.

As part of process optimization and adaptation to the new business model, hourly rates for certain employee categories, including drivers and ticketing agents, were revised.

Changes to the organizational structure, compensation system, and key internal processes were made in connection with the transition of the company under foreign investor management and reorientation toward a low-cost carrier format, in line with global best practices.

HUMAN RESOURCES MANAGEMENT

In the reporting year, special attention was paid to developing corporate culture, attracting new professionals, and improving staff qualifications. Key initiatives included: A career-orientation tour for employees' children with a visit to the international airport and an airline aircraft; Participation in job fairs, promoting the employer brand; Mass recruitment campaigns for flight attendants and second officers amid high competition.

To improve occupational health and safety, the digital tool CHECKOFFICE continued to be used for regular workplace IR-screening.

Flight personnel undergo daily alcohol and drug testing, as well as annual medical check-ups including VLEC exams. Training on safe working practices was conducted throughout the year.

By the end of 2024, one case of workplace injury with a minor outcome was registered.

As of the end of 2024, the registered headcount of QAZAQ AIR was 301 employees, including:

- Men – 147, Women – 154
 - Administrative staff – 77
 - Production staff – 224
- Actual staff number: 277
- Men – 146, Women – 131
 - Administrative staff – 70
 - Production staff – 207

Staff turnover for 2024: 24%

The Airline employs 43 pilots, 48 flight attendants, 16 engineers, and 3 mechanics. QAZAQ AIR continues to expand its team of professionals to ensure high international standards of safety, comfort, and service.

The Aviation Training Center was established at the airline in May 2022, offering training for flight attendants and pilots.

One of the Airline's priorities is continuous improvement of flight crew qualifications and training of new personnel.

In 2023, the center's certificate scope was expanded with new training programs for aviation personnel. During the reporting period, 57 trainees completed training, including:

- 8 trainees: "Initial cabin crew training for DHC8-Q400 aircraft"
- 12 trainees: "Cabin crew training considering specifics of DHC8-Q400 aircraft"
- 12 trainees: "Cabin crew training considering operator specifics"
- 5 trainees: "Initial pilot and cabin crew training on Crew Resource Management (CRM)"
- 4 trainees: "Initial pilot-instructor training on teaching methodology"
- 16 trainees: "Corporate resource optimization training"

By the end of 2024, all 57 trainees had successfully completed training and assumed their duties at the Airline.

The creation and operation of the Aviation Training Center within the Airline marks a new step in the company's development as an industry player.

The ATC allows the preparation of internal instructors, serving as a strong motivation for employee self-development and professional growth.

Additionally, the Aviation Training Center is undoubtedly a valuable commercial startup opportunity for the company in a competitive market.



RISK MANAGEMENT AND INTERNAL CONTROL

STRATEGIC RISKS

Identified risks are reflected on the risk map according to their significance:

- Red zone – critical risks for the Company;
- Orange zone – major risks for the Company;
- Yellow zone – moderate risks for the Company.

RISK	DESCRIPTION	TITLE OF THE ACTION
Flight Safety Risk	Flight safety is one of the Company's top priorities. Ineffective prevention of serious incidents or poor response to them may negatively impact the Company's financial performance as well as its reputation. The likelihood of this risk materializing is minimal.	<ol style="list-style-type: none"> 1. Improvement of flight safety management system. 2. Support of operational personnel's awareness of human risk factors 3. Conducting monitoring of incidents caused by human, technical, and other factors, as well as tracking the effectiveness of the measures taken 4. Support of an effective monitoring program to ensure constant and effective control of the compliance of production activities with international and national standards
Aviation Safety Risk	Failure to prevent or respond to a serious aviation safety incident may negatively affect the Company's reputation and its operations as a whole.	<ol style="list-style-type: none"> 1. Training of employees in accordance with the aviation security training program 2. Quality control of the state of aviation security (internal inspections, reviews, reliability checks, airport audits) 3. Updating of regulatory documentation 4. Analysis and assessment of trends
Commercial risk	The local market is highly competitive. Additional capacity in the market and/or a decrease in demand may have a negative impact on the Company. These or other commercial risk factors may significantly affect the Company's operations.	<ol style="list-style-type: none"> 1. Optimization of the schedule to ensure maximum utilization of crews and aircraft 2. Monitoring of competitors' prices, new frequencies, destinations, and other indicators 3. Monitoring of flight load factor indicators 4. Search for alternative routes 5. Promotion of the Company with feedback collection
Commercial risk Human Resources Risk (HR Risk)	<p>The development of advanced human resource management methods is one of the Company's strategic goals.</p> <p>Failure to attract, develop, and retain qualified personnel may negatively affect the Company's operations.</p>	<ol style="list-style-type: none"> 1. Measurement of employee turnover rate and analysis of its causes 2. Implementation of employee retention measures and staff training 3. Active search and recruitment of personnel

RISK MANAGEMENT AND INTERNAL CONTROL

FINANCIAL RISKS

RISK	DESCRIPTION	TITLE OF THE ACTION
Currency risk	Significant fluctuations in exchange rates may affect the Company's financial results.	1. Execution of payments based on the actual exchange rate of acquired reserves compared to the current market rate. Control of the foreign currency position.
Credit risk	Losses resulting from failure to fulfill obligations under the Company's financial claims	Compliance with established counterparty limits and requirements approved by the Company's and Shareholder's regulatory documents
Liquidity risk	Failure to meet financial obligations or inability to finance the business	Liquidity monitoring, control of cash outflows, maintaining a "liquidity cushion"

OPERATIONAL RISKS

RISK	DESCRIPTION	TITLE OF THE ACTION
Cyber risk and information security risk	Risk of incurring losses from external or internal threats to the Company's computers, information, infrastructure, and commercial and production operations supported by information technology	Implementation of regulatory documents and processes aligned with best global practices in information security, and conducting information security training sessions
Fuel risk	The Company is exposed to the risk of a shortage of aviation kerosene at oil refineries, which may lead to an increase in kerosene prices.	1. Monitoring of aviation fuel balances 2. Ensuring the purchase of aviation fuel from resource holders
Technical risk	Untimely response to technical risk factors may affect the Company's operations.	The Company takes necessary measures to plan maintenance and implement the maintenance program.
Industrial safety risk	Possible illnesses or injuries of employees may affect the Company's operational and financial performance.	Implementation of necessary procedures to ensure a high level of industrial safety

RISK MANAGEMENT AND INTERNAL CONTROL

LEGAL RISKS

RISK	DESCRIPTION	TITLE OF THE ACTION
Compliance risk	The Company's activities are strictly regulated by local and international aviation authorities. Any violation of laws and standards may affect the Company's operational and financial performance.	Conducting inspections/audits, employee training, updating of regulatory documents
Litigation and legal risk	Court ruling not in favor of the Company	<ol style="list-style-type: none">1. Updating of security measures in contracts2. Improving the qualifications of employees responsible for legal support of transactions and disputes3. Analysis of civil legal disputes and development of corresponding action plans

EXTERNAL AUDITOR

In accordance with the decision of the Management Board of JSC "Samruk-Kazyna", LLP "Grant Thornton" has been appointed as the audit organization conducting the audit of the Company for the years 2021–2024.

HOTLINE OF JSC "SAMRUK-KAZYNA"

Sovereign Wealth Fund An Initiative Information Line (Hotline) is in operation, administered by an independent company, which ensures the transparency of the process and confidentiality of data, thereby increasing trust in this tool and aligning with international best practices.

The contact information for the Hotline is available on the corporate website.

The Hotline handles reports related to bribery and corruption, violations in accounting, disclosure of protected information, unequal employment and labor conditions, unethical behavior, and threats to health, safety, and the environment.

CONTACTS

Phone

+7 727 356 1414

Email

info@flyqazaq.com

Reports can be submitted by any individual in russian, kazakh, or english through the following communication channels:

- **By phone at 8 800 080 4747**
- **By email at mail @sk-hotline.kz**
- **Via the online portal: <http://sk-hotline.kz/>**
- **Through WhatsApp Messenger at +7 771 191 8816.**

QAZAQ AIR JSC

Financial statements of the year ended 31 December 2024

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STATEMENT OF MANAGEMENT’S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

Management of QAZAQ AIR JSC (hereinafter – the “Company”) is responsible for the preparation of the financial statements as at 31 December 2024, the financial results of its operations, cash flows and changes in equity for the year then ended, in accordance with International Financial Reporting Standards (hereinafter – “IFRSs”) issued by the International Accounting Standards Board (hereinafter – “IASB”).

In preparing the financial statements, 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;
- application of reasonable estimates and assumptions;
- additional disclosures when compliance with requirements of IFRSs are insufficient to enable users of the financial statements to understand the impact of specific transactions, as well as other events and conditions on the financial position and results of the Company’s operations; and
- assessment of the Company’s ability to continue as a going concern.

Management is also responsible for:

- designing, implementing and maintaining an effective and reliable system of internal controls;
- maintaining of proper accounting system, allowing preparation of the Company’s financial position information at any time with reasonable accuracy, and to ensure compliance with IFRSs, issued by the IASB;
- maintaining statutory accounting records in compliance with law of the Republic of Kazakhstan;
- adopting of measures within its competence to safeguard assets of the Company;
- detecting and preventing fraud and other abuses.

The financial statements of the Company for the year ended 31 December 2024 were approved by the management on 12 March 2025.

Acting Chairman of the Management Board – Financial Director



Umraliyev A.D.

Chief accountant

Kissekova G.K.

12 March 2025
Astana, the Republic of Kazakhstan

Grant Thornton LLP

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INDEPENDENT AUDITORS' REPORT

To the Shareholder and management of QAZAQ AIR JSC

Opinion

We have audited the financial statements of QAZAQ AIR JSC (hereinafter – “the Company”), which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (hereinafter – “IASB”).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (hereinafter – “ISAs”). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)* (hereinafter – “IESBA Code”), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in the Republic of Kazakhstan. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty regarding the going concern

We draw attention to Note 3 in the financial statements, which indicates that for the year ended 31 December 2024, the Company's loss before taxation amounted to 2,176,338 thousand tenge. As at 31 December 2024, the Company's accumulated losses amounted to 16,180,815 thousand tenge. These conditions, together with other matters set out in Note 3, indicate the existence of material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of management and those charged with governance for the financial statement

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

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

Those charged with governance are responsible for overseeing financial reporting process of QAZAQ AIR JSC.

Auditors' responsibilities for the audit of the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements (continued)

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

Grant Thornton LLP



Evgeny Zhemaletdinov

Engagement Partner

Certified Auditor of the Republic of Kazakhstan
Qualification certificate №MF-00000553 dated
20 December 2003

12 March 2025
Almaty, the Republic of Kazakhstan



Yerzhan Dossymbekov

General Director
Grant Thornton LLP

State license for providing audit services on the
territory of the Republic of Kazakhstan No. 18015053,
issued on 3 August 2018 by the internal state audit
Committee of the Ministry of Finance of the Republic
of Kazakhstan

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024**

In thousands of tenge	Note	2024	2023
Revenue and other income			
Revenue and other operating income	5	21,110,232	19,609,146
Total revenue and other operating income		21,110,232	19,609,146
Operating expenses			
Fuel		(4,656,055)	(4,683,652)
Employee costs	6(a)	(3,962,290)	(3,947,780)
Depreciation and amortisation		(2,975,408)	(2,417,496)
Handling, landing fees and route charges	6(b)	(2,943,895)	(2,541,602)
Engineering and maintenance services	6(c)	(2,783,199)	(3,222,438)
Passenger service	6(d)	(1,805,777)	(1,414,899)
Business trip expenses		(599,253)	(387,328)
Insurance		(566,736)	(664,348)
Information technology		(430,796)	(414,281)
Property lease cost		(267,503)	(224,045)
Selling costs	6(e)	(225,148)	(142,736)
Consultancy, legal and professional fees	6(f)	(206,938)	(36,721)
Training costs		(206,654)	(300,354)
Outsourcing costs		(11,876)	(10,875)
Aircraft licenses		(10,886)	(25,037)
Other		(291,267)	(340,079)
Total operating expenses		(21,943,681)	(20,773,671)
Loss from current operating activities		(833,449)	(1,164,525)
Change in provision for impairment of property and equipment	9	13,005	(1,758,011)
Loss from operating activities		(820,444)	(2,922,536)
Finance income	7	195,082	476,603
Finance costs	7	(1,503,287)	(5,106,971)
Other income		57,600	61,329
Net foreign exchange loss		(105,289)	(47,428)
Loss before taxation		(2,176,338)	(7,539,003)
Corporate income tax benefit / (expense)	8	6,123,967	(53,252)
Profit / (loss) for the period		3,947,629	(7,592,255)
Other comprehensive income		-	-
Total comprehensive profit / (loss) for the year		3,947,629	(7,592,255)

The notes on pages 5-34 are an integral part of these financial statements.

Acting Chairman of the Management Board – Financial Director



Umraliyev A.D.

Chief accountant

Kissekova G.K.

12 March 2025

Astana, the Republic of Kazakhstan

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

In thousands of tenge	Note	31 December 2024	31 December 2023
Assets			
Property and equipment	9	25,548,841	24,066,203
Intangible assets		17,930	20,997
Advances given	10	–	312,202
Non-current assets		25,566,771	24,399,402
Inventories	11	2,172,631	2,385,610
Trade and other receivables	12	209,576	303,261
Corporate income tax prepayment		29,629	–
Prepayments and deferred expenses	10	1,306,761	940,320
Cash and cash equivalents	13	2,170,307	3,264,088
Current assets		5,888,904	6,893,279
Total assets		31,455,675	31,292,681
Equity			
Share capital	14	34,532,259	34,276,509
Accumulated loss		(16,180,815)	(43,875,625)
Total equity		18,351,444	(9,599,116)
Liabilities			
Loan from the Parent Company	15	9,208,075	37,579,771
Non-current liabilities		9,208,075	37,579,771
Trade and other payables	16	2,378,505	1,931,543
Other taxes payable other than corporate income tax		62,088	137,608
Deferred income	17	1,117,354	959,947
Contract liabilities		338,209	282,928
Current liabilities		3,896,156	3,312,026
Total liabilities		13,104,231	40,891,797
Total equity and liabilities		31,455,675	31,292,681

The notes on pages 5-34 are an integral part of these financial statements.

Acting Chairman of the Management Board – Financial Director



Umraliyev A.D.

Chief accountant

Kissekova G.K.

12 March 2025
Astana, the Republic of Kazakhstan

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

In thousands of tenge	Share capital	Accumulated loss	Total equity
As at 1 January 2023	34,067,259	(36,283,370)	(2,216,111)
Loss for the year	–	(7,592,255)	(7,592,255)
Other comprehensive income	–	–	–
Total comprehensive loss for the year	–	(7,592,255)	(7,592,255)
Transactions with the Owner of the Company			
Share capital contribution (Note 14)	209,250	–	209,250
Total transactions with the Owner of the Company	209,250	–	209,250
As at 31 December 2023	34,276,509	(43,875,625)	(9,599,116)
Profit for the year	–	3,947,629	3,947,629
Other comprehensive income	–	–	–
Total comprehensive profit for the year	–	3,947,629	3,947,629
Transactions with the Owner of the Company			
Share capital contribution (Note 14)	255,750	–	255,750
Recognition of a discount on a loan from the Parent Company (Notes 8, 15)	–	24,495,868	24,495,868
Reversal of the discount on derecognition of the loan from the Parent Company (Note 15)	–	(748,687)	(748,687)
Total transactions with the Owner of the Company	255,750	23,747,181	24,002,931
As at 31 December 2024	34,532,259	(16,180,815)	18,351,444

The notes on pages 5-34 are an integral part of these financial statements.

Acting Chairman of the Management Board – Financial Director

Umraliyev A.D.

Chief accountant

Kissekova G.K.

12 March 2025

Astana, the Republic of Kazakhstan



**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024**

In thousands of tenge	2024	2023
Cash flows from operating activities		
Cash receipts from customers	22,640,190	20,687,072
Cash paid to suppliers	(15,196,191)	(15,329,283)
Cash paid to employees	(4,318,646)	(4,243,012)
Cash paid for taxes other than corporate income tax	(693,126)	(821,555)
Other cash receipts	4,681	1,875
Cash flows from operating activities before interests and corporate income tax paid	2,436,908	295,097
Interests received	195,082	423,350
Corporate income tax paid	(29,629)	(53,252)
Net cash flows from operating activities	2,602,361	665,195
Cash flows from investing activities		
Acquisition of property and equipment	(3,965,173)	(2,750,083)
Acquisition of intangible assets	(1,055)	(5,955)
Net cash flows used in investing activities	(3,966,228)	(2,756,038)
Cash flows from financing activities		
Contribution to share capital (Note 14)	255,750	209,250
Net cash flows from financing activities	255,750	209,250
Net decrease in cash and cash equivalents	(1,108,117)	(1,881,593)
Cash and cash equivalents as at 1 January	3,264,088	5,231,857
Effect of foreign exchange differences	14,293	(86,517)
Change in provision for expected credit losses	43	341
Cash and cash equivalents as at 31 December (Note 13)	2,170,307	3,264,088

The notes on pages 5-34 are an integral part of these financial statements.

Acting Chairman of the Management Board – Financial Director



Umraliyev A.D.

Chief accountant

Kissekova G.K.

12 March 2025

Astana, the Republic of Kazakhstan

QAZAQ AIR JSC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1. GENERAL INFORMATION

QAZAQ AIR Joint Stock Company (hereinafter – the “Company”) was established on 1 April 2015 in accordance with the legislation of the Republic of Kazakhstan.

The sole shareholder of the Company is Samruk-Kazyna National Welfare Fund JSC (hereinafter – the “Parent Company”), state holding under management of the Government of the Republic of Kazakhstan. The main activity of the Company is the provision of regular domestic and international air transportation services. The Company is based in Astana and serves the interregional hub route network, which includes domestic and international routes, as well as socially important directions subsidised by the state.

As at 31 December 2024, the Company operated five of its own turboprop aircraft of the De Havilland Dash 8 Q400 NextGen model. The Company’s fleet is registered in the Kazakhstan Aircraft registry. The Company has a licensed linear maintenance station and a certified aviation training center. The Company is an official member of the International Air Transport Association IATA and is certified according to the international industrial safety standard IOSA.

The Company is registered at the address: Republic of Kazakhstan, Astana, Yesil district, 20, Mangilik Yel Ave.

Privatisation of the Company

On 24 December 2024, as part of the transition of the Company to a competitive environment a package of binding transaction documents, including a purchase and sale agreement, was signed between the Parent Company and a consortium consisting of PC Central Asia Aviation Holdings Limited, which is part of the Sovico Group JSC (Vietnam) and PC Kazasia Holdings Limited. According to the decision of the Board of Directors of the Parent Company dated 24 December 2024, it was decided to sell 51% of the shares of the Company, including 49% to PC Central Asia Aviation Holdings Limited, 2% to the local partner PC Kazasia Holdings Limited under the purchase and sale agreement after fulfilling the conditions precedent. The purchase and sale agreement entered into force after the adoption on 27 December 2024 of the resolution of the Government of the Republic of Kazakhstan “On certain issues of the transfer of shares of QAZAQ AIR Joint Stock Company to the competitive environment No. 1130”. In accordance with the terms of the resolution, investors undertake to ensure the preservation of the Company’s profile in the field of civil aviation, as well as the keep operations on regular passenger transportation routes, and not to make decisions on the liquidation or reorganization of the Company, and decisions that may entail the risks of including the Company in the sanctions lists. The investors’ obligations include increasing the Company’s fleet with at least 20 aircraft of Boeing 737 or Airbus A320/321 family over a specified period.

The conditions precedent for closing the Company’s privatization deal include obtaining permission from the Government of Vietnam to make investments in the Republic of Kazakhstan. The Company’s management expects that the transaction will be completed by 30 June 2025.

As at 31 December 2024, the conditions precedent have not been fulfilled and the Company’s shares have not yet been transferred to the benefit of the investors.

2. NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Standards and interpretations adopted during the reporting year

The Company adopted the following new and revised standards during the reporting year, which became effective on 1 January 2024:

- Amendments to IFRS 1 – Classification of Liabilities as Current or Non-current;
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements;
- IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information;
- IFRS S2 – Climate-related Disclosures;
- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback.

2. NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

New standards, interpretations and amendments to existing standards and interpretations (continued)

Amendments to IFRS 1 – Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to IFRS 1 Classification of Liabilities as Current or Non-current, which clarify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- what is meant by a right to defer settlement;
- that a right to defer must exist at the end of the reporting period;
- that classification is unaffected by the likelihood that an entity will exercise its deferral right;
- that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and are applied retrospectively. These amendments did not have a material impact on the Company's financial statements.

Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. These amendments did not have a material impact on the Company's financial statements.

IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 – Climate-related Disclosures

In June 2023, the International Sustainability Standards Board published new standards of IFRS S1 in the field of sustainable development, designed to disclose information about risks and opportunities in all areas of development, including supply chains that can affect cash flows, access to financing and the cost of capital, and IFRS S2, which sets out the requirements to identify, assess, and disclose information about climate-related risks and opportunities, which contains the following disclosure requirements:

- physical risks related to climate change;
- transitional risks related to climate change;
- opportunities related to climate change;
- climate resilience of the organisation.

The standards are effective for annual periods beginning on or after 1 January 2024. These standards did not have a material impact on the Company's financial statements.

Amendments to IFRS 16 Leases – Lease Liability in a Sale and Leaseback did not have an impact on the Company's financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

2. NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

New and revised IFRSs – issued but not yet effective

New and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- Amendments to IFRS 7 and IFRS 9 – Classification and Measurement of Financial Instruments;
- IFRS 18 – Presentation and Disclosure in Financial Statements;
- Amendments to IAS 21 – Lack of Exchangeability;
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures.

Amendments to IFRS 7 and IFRS 9 – Classification and Measurement of Financial Instruments

In May 2024, the IASB issued amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures to clarify:

- the calculation of financial liabilities using an electronic payment system;
- the assessment of contractual cash flow characteristics of financial assets, including assets with environmental, social, and governance characteristics.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted, and that fact must be disclosed. The Company is currently assessing the impact of the amendments.

IFRS 18 – Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued a new standard, IFRS 18 Presentation and Disclosure in Financial Statements, which establishes requirements for the presentation and disclosure of information in general-purpose financial statements. IFRS 18 replaces IFRS 1 Presentation of Financial Statements.

The main objective of IFRS 18 is to ensure comparability and transparency of performance reports and to provide the presentation of performance indicators defined by management.

The amendments are effective for annual periods beginning on or after 1 January 2027. Early application is allowed, and this fact must be disclosed. The Company is currently analysing the possible impact of these amendments.

The Company does not expect *Amendments to IAS 21 – Lack of Exchangeability and IFRS 19 – Subsidiaries without Public Accountability: Disclosures* will have a material impact on the Company's financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Statement of compliance with IFRS

These financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter – “IFRSs”) as issued by the International Accounting Standards Board (hereinafter – “IASB”).

The financial statements have been prepared using the accrual method of accounting.

Going concern basis

The accompanying financial statements have been prepared on a going concern basis, which involves the disposal of assets and settlement of liabilities in the ordinary course of business.

In 2024 positive cash flows from operating activities of the Company are in the amount of 2,602,361 thousand tenge (31 December 2023: 665,195 thousand tenge). As at 31 December 2024, the balance of cash and cash equivalents on the Company's accounts amounted to 2,170,307 thousand tenge (31 December 2023: 3,264,088 thousand tenge).

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Going concern basis (continued)

For the year ended 31 December 2024 the Company incurred a loss before taxation in the amount of 2,176,338 thousand tenge (2023: a loss before taxation in the amount of 7,539,003 thousand tenge). Loss before taxation for 2024 includes amortisation of discount and interests accrued on loans from the Parent Company in the amount of 1,499,452 thousand tenge (2023: 5,105,898 thousand tenge). As at 31 December 2024, the Company's accumulated losses amounted to 16,180,815 thousand tenge (2023: 43,875,625 thousand tenge). Vast majority of the Company's liabilities of more than 90% of all undiscounted liabilities are represented by loans from the Parent Company for acquisition of aircraft, provision of their scheduled maintenance.

The circumstances above indicate that the Company's going concern for the foreseeable future mainly depends on the Parent Company's support.

On 24 December 2024, as part of the transfer of the Company to a competitive environment in relation to it a package of binding transaction documents, including the purchase and sale agreement, was signed between the Parent Company and a consortium consisting of PC Central Asia Aviation Holdings Limited, which is part of the Sovico Group JSC (Vietnam) and PC Kazasia Holdings Limited, which provides for specific investment commitments for the development of the Company in the foreseeable future.

The management of the Company has neither intention nor need to liquidate or suspend its operations. These financial statements of the Company have been prepared on a going concern basis, which assumes continuation of significant support from the Parent Company, including possible financing and conversion of loans to equity if needed.

Functional and presentation currency

The national currency of the Republic of Kazakhstan is the Kazakhstani tenge (hereinafter - "tenge"), which is the Company's functional currency and the currency in which these financial statements are presented. All financial information presented in tenge has been rounded to the (nearest) thousands, except when otherwise indicated.

Basis of preparation

These financial statements have been prepared on a historical cost basis, except for aircraft, which are measured at fair value at each reporting date.

The accounting policies described below have been applied by the Company consistently throughout the reporting periods presented in these financial statements.

Revenue from passenger transportation

The Company identifies two performance obligations – passenger transportation and charter flights. Ticket sales are reported as revenue at a point in time when performance obligation related to passenger transportation service has been satisfied. The cost of tickets sold and still valid but not used by the reporting date is recognised as deferred passenger transportation revenue (deferred income). This item is reduced either when the Company performs the transportation service or when the passenger requests a refund for the ticket. A certain portion of revenue from unused tickets is recognised at the actual flight date in the amount presuming that the probability that a customer will claim the Company to fulfil its obligations for the service is remote.

Financial income and expenses

For all financial instruments measured at amortised cost, interest income or expenses are recognised at the effective interest rate that is discounted to expected future cash payments or receipts through the expected life of the financial instrument, or a shorter period, where applicable, are adjusted to the net carrying amount of the financial asset or financial liability.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Foreign currency

When preparing the financial statements, transactions in a currency other than the functional currency (foreign currency) are reflected at the exchange rate at the date of the transaction. Monetary items denominated in foreign currencies are translated at the appropriate rate of exchange at the date of the financial statements. Non-monetary items denominated in a foreign currency and measured at fair value are translated using the exchange rates ruling at the date the fair value was determined.

Non-monetary items carried at historical cost in foreign currency are not restated. Exchange differences on monetary items arising from changes in exchange rates are recognised in profit or loss in the period in which they occur.

The weighted average exchange rates prevailing on the Kazakhstan Stock Exchange (hereinafter - the “KASE”) are used as the official exchange rates in the Republic of Kazakhstan.

Employee benefits

In accordance with the legislation on pension provision and social insurance, the Company withholds pension contributions from employees’ wages and transfers them to pension funds. Once the pension contributions have been paid, the Company has no further pension obligations. After retirement, all pension payments are managed directly by the pension fund.

Short-term benefits

Discounting is not applied in determining the liability for short-term employee benefits and related expenses are recognised as the service is rendered by employees. For the amounts expected to be paid under a short-term cash bonus or profit-sharing plan, a liability is recognised if the Company has a present legal or constructive obligation to pay the related amount arising from the past performance of services by employees and the amount of those liabilities can be measured reliably.

Corporate income tax

Corporate income tax expenses include current and deferred tax. Current and deferred taxes are recognised in profit or loss for the period, except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current corporate income tax

Current corporate income tax includes the amount of tax that is expected to be paid or refunded on taxable profit or loss for the year, which is calculated based on tax rates in effect or in substance in effect at the reporting date, and income tax adjustments of previous years.

Deferred corporate income tax

Deferred corporate income tax is recognised for temporary differences arising between the carrying amounts of assets and liabilities, which are determined for the purposes of their recognition in the financial statements, and their tax base. Deferred corporate income tax is not recognised for temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Corporate income tax (continued)

Deferred corporate income tax (continued)

A deferred corporate income tax asset is recognised for unused tax losses, tax credits and deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred corporate income tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

The amount of deferred corporate income tax is determined based on the tax rates that will apply in the future, when the temporary differences reverse, based on laws in force or substantively enacted at the reporting date.

Deferred corporate income tax estimate reflects the tax consequences resulting from the way in which the Company intends to recover or settle the carrying amount of its assets or settle liabilities at the end of the reporting period.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is determined on a FIFO (first-in-first-out) method, except for fuel and anti-icing fluids, which are costed on a weighted average basis and includes the costs of acquiring inventories and other costs to bring inventories to present location and bringing them into the appropriate condition.

Net realisable value is the estimated selling price of inventories less all estimated costs of completion and selling expenses.

Property and equipment

Recognition and measurement

Items of property and equipment other than aircraft are stated at cost less accumulated depreciation and impairment losses.

The cost includes costs that are directly attributable to the acquisition of the relevant asset.

If significant components that make up an item of property and equipment have different useful lives, they are accounted for as separate items (significant components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from its disposal with its carrying amount and is recognised net in the line “other income” or “other expenses” in profit or loss for the period.

Aircraft are measured at fair value less accumulated depreciation and any impairment losses recognised after the revaluation date. Revaluation occurs with sufficient frequency to provide assurance that the fair value of the revalued asset does not differ materially from its carrying amount. The amount of the increase resulting from the revaluation of an aircraft is recognised directly under the revaluation surplus heading in other comprehensive income. However, such an increase in value shall be recognised in profit or loss to the extent that it reverses a decrease in the same asset previously recognised in profit or loss.

Decrease in value resulting from the revaluation of an aircraft is recognised in profit or loss for the period. However, such a decrease is recognised in other comprehensive income to the extent of the existing amount of the credit balance in the item “revaluation surplus”. On disposal of an asset, the portion of the revaluation reserve that is directly attributable to that asset is transferred from the asset revaluation reserve to the retained earnings.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Property and equipment (continued)

Subsequent costs

The costs of replacing a significant component of an item of property and equipment increases the carrying amount of that item if it is probable that the Company will receive future economic benefits from that item and its cost can be measured reliably. The carrying amount of the replaced component is written off. Expenses for day-to-day maintenance of items of property and equipment are recognised in profit or loss for the period they are incurred.

Depreciation

Items of property and equipment are depreciated from the date they are installed and ready for use, and for items of property and equipment built in-house, from the date the item is completed and ready for use. Depreciation is calculated based on the cost of the asset less its estimated residual value.

Each component of an item of property and equipment is depreciated on a straight-line basis over its expected useful life because that method most accurately reflects the expected consumption of future economic benefits embodied in the asset, and the depreciation charge is included in profit or loss for the period.

The expected useful lives of property and equipment were as follows:

Fixed asset group	Useful life
Aircraft (excluding individual components of the asset)	25 years
Machinery and equipment	4 – 25 years
Vehicles	5 – 10 years
Computers and office equipment	4 – 7 years

The individual components of an aircraft asset are depreciated over the average expected useful life between overhauls, which is based on flight hours or cycles.

Depreciation methods, expected useful lives and residual values of property and equipment are reviewed at each reporting date and adjusted if necessary.

Subsequent costs

Subsequent costs are capitalised to the cost of a particular asset only if they increase the future economic benefits embodied in that asset. All other costs are recognised in profit or loss for the period they are incurred.

Intangible assets

Intangible assets acquired by the Company and having a finite useful life are carried at cost less accumulated amortisation and impairment losses.

Amortisation

Amortisation is calculated based on the cost of the asset less its estimated residual value.

Typically, each component of an intangible asset is amortised on a straight-line basis over its expected useful life because that method most accurately reflects the expected consumption of the future economic benefits embodied in the asset, and the amortisation charge is included in profit or loss for the period.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Intangible assets (continued)

Amortisation (continued)

The expected useful lives of intangible assets in the reporting and comparative periods were from three to ten years.

Amortisation methods, expected useful lives and residual values of intangible assets are reviewed as at each financial year end date and adjusted if necessary.

Deferred expenses

Deferred expenses are prepayments for insurance services, licenses and software, which are amortised on a straight-line basis for the periods of service provision.

Prepayment

Prepayments are reported at cost less any allowance for impairment. A prepayment is classified as non-current if the expected date of receipt of the goods or services related to it is more than one year, or if the prepayment relates to an asset that will be accounted for as non-current on initial recognition. An advance payment for the acquisition of an asset is included in its carrying amount when the Company obtains control of the asset, and it is probable that the future economic benefits associated with it will flow to the Company. Other prepayments are written off to profit or loss when the related goods or services are received. If there is an indication that the assets, goods or services relating to the prepayment will not be received, the carrying amount of the prepayment is written off and the associated impairment loss is recognised in profit or loss for the year.

Financial instruments

Recognition and initial measurement

Trade receivables are initially recognised when they are incurred. All other financial assets and liabilities are initially recognised when the Company enters into a contractual relationship involving these instruments.

A financial asset (unless it is a trade receivable that does not contain a significant financing component) or financial liability is initially measured at fair value. Trade receivables that do not contain a significant financing component are initially measured at the transaction price.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as being measured at amortised cost.

Financial assets are reclassified after initial recognition only if the Company changes the business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in business model.

A financial asset is measured at amortised cost only if it meets both of the following conditions and is not classified by the Company as at fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows;
- its contractual terms give rise on a specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial assets - business model evaluation

The Company evaluates the objective of the business model in which the asset is held at the level of a portfolio of financial instruments, as this best reflects the way the business is managed, and information is provided to the management. The following information is considered:

- Policies and targets set for the portfolio and how these policies work in practice. This includes management's strategy to earn contractual interest income, maintain a defined interest rate structure, ensure that the maturities of financial assets match the maturities of the financial liabilities used to finance those assets or expected cash outflows, or realise cash flows through the sale of assets.
- How portfolio performance is measured and how this information is communicated to the Company's management.
- Risks affecting the performance of the business model (and the financial assets held within that business model) and how those risks are managed.
- How managers responsible for managing the portfolio are remunerated (for example, whether the remuneration depends on the fair value of the specified assets or on the contractual cash flows received from the assets).
- The frequency, volume and timing of historical sales of financial assets, the reasons for such sales, and expectations regarding the future level of sales.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not treated as sales for that purpose and the Company continues to recognise those assets.

Financial assets – an assessment of whether the cash flows provided for in the contract are solely payment of principal and interest.

For the purposes of this assessment, the principal amount is defined as the fair value of a financial asset at initial recognition. Interest is defined as compensation for the time value of money, for credit risk on principal outstanding for a certain period of time, and for other major risks and costs associated with lending (such as liquidity risk and administrative costs) and include profit margin.

When assessing whether the cash flows provided for in the contract are solely payments of the principal and interest on the outstanding part of the principal amount (the SPPI criteria), the Company analyses the contractual terms of the financial instrument. This includes assessment of whether the financial asset contains any contractual condition that may change the timing or amount of the contractual cash flows so that the financial asset would not meet the analysed requirement.

During the assessment, the Company analyses:

- conditional events that may change the timing or amount of cash flows;
- conditions that can adjust the coupon rate stipulated by the contract, including variable rate terms;
- conditions for early repayment and prolongation of the validity period;
- conditions that limit the Company's claims to cash flows from specified assets (for example, non-recourse financial assets).

The early repayment condition meets the SPPI criteria if the amount paid for early repayment represents, in substance, the principal amount outstanding and interest on the principal amount outstanding and may include reasonable additional compensation for early termination. In addition, the condition for early repayment is considered to meet this criterion if the financial asset is acquired or originated at a premium or discount to the nominal amount specified in the contract, the amount payable upon prepayment is, in substance, the nominal amount specified in the contract plus accrued (but not paid) contractual interest (and may also include reasonable additional compensation for early termination of the contract); and at initial recognition of the financial asset, the fair value of its early repayment condition is insignificant.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (continued)

Financial assets – subsequent measurement

Financial assets measured at amortised cost are subsequently measured at amortised cost using the effective interest method. Amortised cost is reduced by the amount of impairment loss. Interest income, exchange gains and losses and impairments are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss for the period.

Modification of the terms of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Company assesses whether the cash flows of the modified asset are significantly different. If the cash flows differ significantly (“significant modification of terms”), then the rights to the contractual cash flows of the original financial asset are considered to have expired. In this case, the recognition of the original financial asset is derecognised and the new financial asset is recognised at fair value.

The Company conducts a quantitative and qualitative assessment of whether the modification of the conditions is significant, i.e. whether the cash flows of the original financial asset and the cash flows of the modified or replaced financial asset differ significantly. The Company conducts a quantitative and qualitative assessment of the significance of the modification of conditions, analysing qualitative factors, quantitative factors and the combined effect of qualitative and quantitative factors. If the cash flows are significantly different, then the rights to the contractual cash flows of the original financial asset are considered to have expired. In making this assessment, the Company is guided by guidance on the derecognition of financial liabilities by analogy.

The Company concludes that the modification is significant based on the following qualitative factors:

- change in the currency of a financial asset;
- change in the type of collateral or other means of improving the quality of an asset;
- a change in the terms of a financial asset resulting in non-compliance with the SPPI criterion (for example, adding a conversion term).

If the cash flows of the modified asset measured at amortised cost do not differ significantly, such modification of terms does not result in derecognition of the financial asset. In this case, the Company restates the gross carrying amount of the financial asset and recognises the amount of the adjustment to the gross carrying amount as a modification gain or loss in profit or loss. The gross carrying amount of the financial asset is restated as the present value of the renegotiated or modified cash flows, discounted using the financial asset's original effective interest rate. Costs and fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining life of the modified financial asset.

Financial liabilities

The Company derecognises financial liability when its terms change in such a way that the cash flows of the modified liability change significantly. In this case, a new financial liability with modified terms is recognised at fair value. The difference between the carrying amount of the old financial liability and the amount of the new financial liability with modified terms is recognised in profit or loss.

The difference between the carrying amount of the previous financial liability and the value of the new financial liability with modified terms is recognised in profit or loss. The difference resulting from the modification of the terms of transactions with shareholders is recognised in equity as part of the transaction with the owner of the Company.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (continued)

Modification of the terms of financial assets and financial liabilities (continued)

Financial liabilities (continued)

If the modification of terms (or replacement of a financial liability) does not result in the derecognition of a financial liability, the Company applies an accounting policy that is consistent with the approach for adjusting the gross carrying amount of a financial asset in cases where the modification of terms does not result in the derecognition of a financial asset – i.e. the Company recognises any adjustment to the amortised cost of a financial liability arising from such modification (or replacement of a financial liability) in profit or loss at the date of the modification (or replacement of a financial liability).

Changes in the amount of cash flows on existing financial liabilities are not considered modifications of terms if they are a consequence of the current terms of the contract.

The Company conducts a quantitative and qualitative assessment of the significance of the modification of conditions, analysing qualitative factors, quantitative factors and the combined effect of qualitative and quantitative factors. The Company concludes that the modification is significant based on the following qualitative factors:

- change in the currency of the financial liability;
- changing the type of collateral or other means of improving the quality of the obligation;
- adding a conversion option;
- change in the subordination of a financial liability.

For measurement purposes, terms are considered to be significantly different if the present value of the cash flows under the new terms, including commission payments less commission received, discounted at the original effective interest rate, differs by at least 10% from the discounted present value of the remaining cash flows of the original financial liability. If the replacement of one debt instrument with another, or modification of its terms, is accounted for as an repayment, then the cost or commission incurred is recognised as part of the profit or loss on the settlement of the related debt. If the replacement of one debt instrument by another or modification of its terms is not accounted for as an repayment, then the carrying amount of the related liability is adjusted by the costs or fees incurred and the adjustment is amortised over the remaining life of the modified liability.

Derecognition

Financial assets

The Company derecognises a financial asset when it loses its contractual cash flow rights on that financial asset, or when it transfers the rights to receive the contractual cash flows in a transaction that transfers substantially all the risks and the benefits of ownership of that financial asset, or in which the Company neither transfers nor retains a substantial portion of all the risks and rewards incidental to ownership of that financial asset, but does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in the statement of financial position but retains all or substantially all of the risks and rewards of ownership of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when the contractual obligations under it are discharged, canceled or terminated. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are materially different, in which case a new financial liability based on the modified terms is recognised at fair value.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (continued)

Derecognition (continued)

Financial liabilities (continued)

On derecognition of a financial liability, the difference between the redeemed carrying amount and the consideration paid (including any non-monetary assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and presented in the statement of financial position on a net basis only when the Company currently has an enforceable right to offset the recognised amounts and intends to either settle them on a net basis or realise the asset and fulfill the obligation at the same time.

Write-offs

The full carrying amount of a financial asset is written off when the Company has no reason to expect that the financial asset will be recovered in full or in part. For businesses, the Company makes individual assessments of the timing and amount of write-offs based on a reasonable expectation of recovery. The Company does not expect a significant recovery of the amounts written off. However, written off financial assets may continue to be subject to enforcement in order to comply with the Company's procedures for recovering amounts due.

Impairment of financial assets

The Company recognises loss provision for expected credit losses (hereinafter – “ECLs”) on financial assets measured at amortised cost.

The Company estimates the provision for losses in an amount equal to the ECL for the entire period, with the exception of the following instruments, for which the amount of the recognised reserve will be equal to the 12-month expected credit losses:

- Bank balances for which the credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Estimated reserves for losses in respect of guarantee deposits, trade and other receivables will always be estimated at an amount equal to the expected credit losses for the entire term.

In assessing whether there has been a significant increase in the credit risk of a financial asset since initial recognition and in assessing ECLs, the Company analyses reasonable and verifiable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's past experience and a reasonable assessment of credit quality and includes forward-looking information.

The Company assumes that the credit risk of a financial asset has increased significantly if it is overdue for more than 30 days.

A financial asset is classified by the Company as a financial asset for which a default event has occurred in the following cases:

- it is unlikely that the borrower will repay its loan obligations to the Company in full without the Company taking measures such as the sale of collateral (if any); or
- the financial asset is overdue by more than 90 days.

Lifetime ECLs are ECLs that arise from all possible default events over the expected life of a financial instrument.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (continued)

Impairment of financial assets (continued)

The 12-month ECL is that part of the ECL that arises from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the financial instrument is less than 12 months).

The maximum period is considered when ECLs are measured over the maximum contractual period over which the Company is exposed to credit risk.

Assessment of ECL

Expected credit losses are an estimate weighted by the likelihood of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive).

Credit-impaired financial assets

At each reporting date, the Company assesses financial assets carried at amortised cost for credit impairment. A financial asset is credit-impaired when one or more events occur that have a negative effect on the estimated future cash flows of that financial asset.

Evidence that a financial asset is credit-impaired is, in particular, the following observable data:

- significant financial difficulty of the borrower or issuer;
- breach of contract, such as default or overdue payment by more than 90 days;
- restructuring by the Company of a loan or advance payment on terms that it would not otherwise consider;
- the likelihood of bankruptcy or other financial reorganization of the borrower; or
- the disappearance of an active market for a security as a result of financial difficulties.

Presentation of provision for expected credit losses in the statement of financial position

Provision for expected credit losses on financial assets measured at amortised cost are deducted from the gross carrying amount of those assets.

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is calculated.

For the purposes of impairment testing, assets that cannot be tested individually are combined into the smallest group of assets that generates cash inflows from continuing use that are independent of cash inflows from other assets or cash generating units (hereinafter – "CGUs").

The recoverable amount of an asset, or CGU, is the largest of two values: the value in use of that asset (that unit) and its fair value less costs to sell. In calculating value in use, expected future cash flows are discounted to their present value using a pre- tax discount rate that reflects the current market estimate of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or its related cash generating unit (CGU) is greater than its estimated recoverable amount. Impairment losses are recognised in profit or loss for the period.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Impairment of non-financial assets (continued)

An impairment loss recognised in a prior period is reviewed at each reporting date to determine whether there is any indication that the loss should be reduced or no longer recognised. Amounts written off for impairment losses are reversed if there has been a change in the estimates used to calculate the recoverable amount. An impairment loss is reversed only to the extent that the asset can be restored to its carrying amount, less accumulated depreciation, if no impairment loss had been recognised.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Additional costs directly related to the issuance of ordinary shares and stock options are reflected, taking into account the tax effect, as a decrease in equity.

Lease

When an entity enters a contract, the entity evaluates whether the contract as a whole or its individual components is a lease. A contract is a lease or contains a lease component if the contract conveys the right to control the use of an identified asset for a specified period of time in exchange for consideration. To assess whether the right to control the use of an identified asset under this contract is transferred, the Company applies the definition of a lease under IFRS 16.

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises lease payments made under such agreements as an expense on a straight-line basis over the lease term.

Environmental protection issues

The long-term effects of climate change on financial reporting are difficult to predict, and organisations are required to make significant assumptions and develop estimates. The assumptions used by the Company are subject to uncertainties related to changes in regulation and legislation, new environmental commitments accepted by the Company to achieve its carbon reduction goals, the development of new technologies, the depletion of natural resources used to manufacture equipment, etc. Due to these uncertainties, the figures presented in the Company's future financial statements may differ from the estimates established at the time of approval of these financial statements.

4. USE OF PROFESSIONAL JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in accordance with IFRSs requires management to make judgments, assumptions and estimates that affect how accounting policies are applied and how much assets, liabilities, income and expenses are reported. Actual results may differ from these estimates.

The assumptions and estimates made on their basis are regularly reviewed to determine if they need to be changed. Changes in accounting estimates are recognised in the reporting period in which the estimates are revised and in all subsequent periods affected by those changes.

Recoverability of a deferred tax asset

Significant management judgment is required to determine the amount of deferred tax assets that can be recognised based on the likely timing and level of future taxable income and future tax planning strategies. The tax code allows a business to carry forward accumulated tax losses for the next ten years. Management has concluded that it is high probable that sufficient taxable profit will be available to utilise the deferred tax asset by comparing the pre-tax profit projected in the 5-year business plan with the tax loss carry forward as at 31 December 2024.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

4. USE OF PROFESSIONAL JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Fair value measurement

Certain accounting policies of the Company and disclosures require an assessment of the fair value of financial and non-financial assets and liabilities.

When estimating the fair value of an asset or a liability, the Company uses, to the extent possible, observable market data. Fair value measurements are assigned to different levels of the fair value hierarchy, depending on the inputs used in the respective valuation techniques:

- Level 1: quoted (unadjusted) prices for identical assets and liabilities in active markets.
- Level 2: Inputs other than quoted prices used for Level 1 estimates that are observable either directly (i.e., such as prices) or indirectly (i.e., determined from prices).
- Level 3: inputs for assets and liabilities that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability can be assigned to different levels of the fair value hierarchy, then the fair value measurement is generally assigned to the level of the hierarchy that corresponds to the lowest level input that is material to the overall measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change takes place.

Revaluation of property and equipment

The Company accounts for aircraft at revalued amounts. Revalued aircraft represent one class of assets under IFRS 13 Fair Value Measurement based on the nature, characteristics and risks inherent in the asset. The inputs for determining the fair value of aircraft belong to level 3 in the fair value hierarchy (unobservable inputs).

During 2024 and 2023, the Company used data from IBE and Ascend, global indicative analytical agencies, for independent assessment of the market value of aircraft. In 2024, the Company performed revaluation of the aircraft assets and recognised a recovery of impairment in the amount of 13,005 thousand tenge (Note 9).

5. REVENUE AND OTHER OPERATING INCOME

In thousands of tenge	2024	2023
Revenue from passenger transportation		
Regular passenger transportation	20,664,566	19,280,716
<i>including:</i>		
– <i>airport taxes</i>	1,101,207	956,649
– <i>excess baggage</i>	191,051	131,009
– <i>fuel surcharges</i>	17,577	1,870,727
Charter flights	123,914	133,026
Total revenue from contracts with customers	20,788,480	19,413,742
Other operating income		
Other income	321,752	195,404
	321,752	195,404
	21,110,232	19,609,146

For the year ended 31 December 2024, share of revenue from domestic passenger traffic comprised 74% (2023: 79%) of total passenger transportation revenue.

QAZAQ AIR JSC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

5. REVENUE AND OTHER OPERATING INCOME (CONTINUED)

During 2024 and 2023, revenues from the transportation of passengers, cargo and mail were received in the following areas:

In thousands of tenge	2024	2023
Domestic flights	15,621,572	15,587,992
International flights	5,488,660	4,021,154
	21,110,232	19,609,146

During 2024 and 2023, there was no single client that brought more than 10% to the total revenue from operations. In 2024, the Company operated six socially significant routes subsidized by the Civil Aviation Committee of the Ministry of transport of the Republic of Kazakhstan, which were obtained on a competitive basis (2023: four routes).

6. OPERATING EXPENSES

(a) Employee costs

In thousands of tenge	2024	2023
Wages and salaries of operational personnel	3,009,677	2,961,352
Wages and salaries of administrative personnel	501,790	571,744
Social tax and social contribution	323,742	315,825
Wages and salaries of sales department	127,081	98,859
	3,962,290	3,947,780

As at 31 December 2024 the number of employees in the Company was 301 (31 December 2023: 309).

(b) Handling, landing fees and route charges

In thousands of tenge	2024	2023
Ground handling	1,123,074	830,568
Air navigation	788,386	629,137
Landing fees	589,073	553,173
Security	336,134	407,586
De-icing fluids	107,228	121,138
	2,943,895	2,541,602

(c) Engineering and maintenance

In thousands of tenge	2024	2023
Spare parts pool and maintenance	1,838,013	1,292,390
Engine rental	545,330	787,768
Transportation expenses	243,013	410,384
Expenses for the write-off of aviation spare parts	44,315	211,162
Maintenance in the parking lot	15,508	448,323
Other	97,020	72,411
	2,783,199	3,222,438

Maintenance in the parking lot represents the costs associated with regular aircraft inspections and routine repairs. In 2024, the decrease of maintenance in the parking costs was due to the investment program for the repair of aircraft and their components for 2023-2024.

In 2024, the reduction in engine rentals and transportation costs was due to the termination of the engines lease after completing the repair of its own engines.

QAZAQ AIR JSC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

6. OPERATING EXPENSES (CONTINUED)

(d) Passenger service

In thousands of tenge	2024	2023
Airport fees and charges	1,489,274	1,143,656
Catering	296,638	188,656
Other	19,865	82,587
	1,805,777	1,414,899

(e) Selling costs

In thousands of tenge	2024	2023
Commissions payable to airline ticketing agencies	188,646	105,861
Credit card service charges	26,687	28,592
Other	9,815	8,283
	225,148	142,736

(f) Consultancy, legal and professional fees

In thousands of tenge	2024	2023
Consulting services	156,870	17,988
Aircraft audit costs	36,393	–
Other	13,675	18,733
	206,938	36,721

In 2024, consulting costs included costs in the amount of 153,450 thousand tenge for the preparation and conduct of the Company's privatization process with the involvement of an independent consultant. The costs of the independent consultant were financed by the Parent Company with contribution to share capital (Note 14).

7. FINANCE INCOME AND COSTS

In thousands of tenge	2024	2023
Financial income		
Interest income on bank deposits	195,082	476,603
	195,082	476,603
Financial costs		
Amortisation of the discount on the loan from the Parent Company and interest expenses (Note 15)	1,499,452	5,105,898
Finance services	3,835	–
Broker services	–	1,073
	1,503,287	5,106,971

QAZAQ AIR JSC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

8. CORPORATE INCOME TAX (BENEFIT) / EXPENSE

During the years ended 31 December 2024 and 2023, the Company applied the corporate income tax rate of 20% established in the Republic of Kazakhstan.

In thousands of tenge	2024	2023
Current corporate income tax expense	–	53,252
Deferred corporate income tax benefit	(6,123,967)	–
Corporate income tax (benefit) / expense	(6,123,967)	53,252

Reconciliation of the effective tax rate:

	2024		2023	
	In thousands of tenge	%	In thousands of tenge	%
Loss before taxation	(2,176,338)	100	(7,539,003)	100
Corporate income tax calculated at the established rate applicable to the Company	(435,268)	20.0	(1,507,801)	20.0
Tax effect of non-deductible expenses	64,254	(3.0)	99,924	(1.3)
Change in unrecognised tax loss	(5,752,953)	264.3	1,461,129	(19.4)
	(6,123,967)		53,252	

Change in temporary differences during the year:

In thousands of tenge	1 January 2024	Recognised in profit or loss	Recognised in equity	31 December 2024
Tax losses carried-forward	7,981,613	(574,013)	–	7,407,600
Trade and other payables	109,074	(12,622)	–	96,452
Taxes payable other than corporate income tax	4,869	(79)	–	4,790
Intangible assets	(2,606)	(980)	–	(3,586)
Deferred tax assets	8,092,950	(587,694)	–	7,505,256
Loan from the Parent Company	(149,738)	443,777	(6,123,967)	(5,829,928)
Property and equipment	(1,771,726)	514,931	–	(1,256,795)
Deferred tax liabilities	(1,921,464)	958,708	(6,123,967)	(7,086,723)
Net deferred tax asset	6,171,486	371,014	(6,123,967)	418,533
Unrecognised deferred tax asset	(6,171,486)	5,752,953	–	(418,533)
Total net deferred tax asset/ (liability)	–	6,123,967	(6,123,967)	–

In thousands of tenge	1 January 2023	Recognised in profit or loss	Recognised in equity	31 December 2023
Tax losses carried-forward	8,258,275	(276,662)	–	7,981,613
Trade and other payables	81,543	27,531	–	109,074
Taxes payable other than corporate income tax	6,044	(1,175)	–	4,869
Intangible assets	1,314	(3,920)	–	(2,606)
Deferred tax assets	8,347,176	(254,226)	–	8,092,950
Loan from the Parent Company	(1,056,601)	906,863	–	(149,738)
Property and Equipment	(2,580,218)	808,492	–	(1,771,726)
Deferred tax liabilities	(3,636,819)	1,715,355	–	(1,921,464)
Net deferred tax asset	4,710,357	1,461,129	–	6,171,486
Unrecognised deferred tax asset	(4,710,357)	(1,461,129)	–	(6,171,486)
Total net deferred tax asset / (liability)	–	–	–	–

As at 31 December 2024 the statutory limitation period for accumulated tax losses in the amount of 37,038,000 thousand tenge (31 December 2023: 39,908,063 thousand tenge) expires during ten years from the date of occurrence. The nearest term for offsetting accumulated tax losses in the amount of 487,618 thousand tenge expires in 2025.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

9. PROPERTY AND EQUIPMENT

In thousands of tenge	Aircraft	Vehicles	Machinery and equipment	Computers and office equipment	Right-of-use assets	Construction in progress	Total
<i>Initial cost / Revalued amount</i>							
As at 1 January 2023	41,303,175	31,869	25,842	130,438	1	14	41,491,339
Additions	–	14,683	261,275	7,256	–	2,372,276	2,655,490
Disposals	–	–	(770)	(1,331)	(1)	(11,091)	(13,193)
Internal transfers	2,360,124	–	1,048	–	–	(2,361,172)	–
As at 31 December 2023	43,663,299	46,552	287,395	136,363	–	27	44,133,636
Additions	–	43,659	14,343	13,186	–	4,206,187	4,277,375
Disposals	–	(22,401)	(15)	(1,214)	–	–	(23,630)
Transfer from inventory	–	–	–	–	–	163,546	163,546
Internal transfers	4,271,269	–	–	–	–	(4,271,269)	–
As at 31 December 2024	47,934,568	67,810	301,723	148,335	–	98,491	48,550,927
<i>Accumulated depreciation</i>							
As at 1 January 2023	(15,749,808)	(31,868)	(14,841)	(101,607)	(1)	–	(15,898,125)
Charge for the year	(2,391,543)	(1,835)	(10,246)	(9,663)	–	–	(2,413,287)
Disposals	–	–	679	1,310	1	–	1,990
Revaluation	(1,758,011)	–	–	–	–	–	(1,758,011)
As at 31 December 2023	(19,899,362)	(33,703)	(24,408)	(109,960)	–	–	(20,067,433)
Charge for the year	(2,923,475)	(7,114)	(28,098)	(12,601)	–	–	(2,971,288)
Disposals	–	22,401	15	1,214	–	–	23,630
Revaluation	13,005	–	–	–	–	–	13,005
As at 31 December 2024	(22,809,832)	(18,416)	(52,491)	(121,347)	–	–	(23,002,086)
<i>Book value</i>							
As at 31 December 2023	23,763,937	12,849	262,987	26,403	–	27	24,066,203
As at 31 December 2024	25,124,736	49,394	249,232	26,988	–	98,491	25,548,841

During 2024, internal transfers increased the cost of aircraft after the completion of major repairs, which include basic maintenance of four aircraft (C-check), major repairs of three engines and four auxiliary power plants.

As at 31 December 2024, the initial cost of fully amortised fixed assets in use is 116,079 thousand tenge (31 December 2023: 103,174 thousand tenge).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

9. PROPERTY AND EQUIPMENT (CONTINUED)

The carrying amount of aircraft, if they were carried at cost less accumulated depreciation, is as follows:

In thousands of tenge	31 December 2024	31 December 2023
Initial cost	47,934,568	43,663,299
Accumulated depreciation	(16,530,106)	(13,606,631)
Accumulated impairment	(6,279,726)	(6,292,731)
Residual value	25,124,736	23,763,937

In 2024, an independent appraisal company Independent Expert Appraisal LLP performed an assessment of the fair market value of five model DHC-8 402 aircraft. According to the independent appraiser's report the Company recognised an increase in fair value of the aircraft in 2024 in the amount of 13,005 thousand tenge and recognised the decrease in the provision for impairment of fixed assets in the statement of profit or loss (2023: increase in the provision for impairment in the amount of 1,758,011 thousand tenge). Thus, as at 31 December 2024 the fair market value of five operated aircraft, according to the independent assessment provided, amounted to 25,124,736 thousand tenge (31 December 2023: 23,763,937 thousand tenge).

As at 31 December 2024, all of the Company's aircraft were placed as collateral for loans received from the Parent Company (Note 15).

10. ADVANCES GIVEN, PREPAYMENTS AND DEFERRALS

In thousand of tenge	31 December 2024	31 December 2023
Long term		
Advances given	–	312,202
	–	312,202
Short term		
Prepayment for services	520,551	258,342
Deferred expenses	421,730	409,061
Prepayment for goods	362,495	257,404
Prepayment for other taxes	1,985	15,513
	1,306,761	940,320

11. INVENTORIES

In thousands of tenge	31 December 2024	31 December 2023
Spare parts	1,598,475	1,560,446
Aviation fuel	419,062	670,840
Uniform	45,333	44,608
Other materials	113,179	117,049
	2,176,049	2,392,943
Inventories write-off to net realisable value	(3,418)	(7,333)
	2,172,631	2,385,610

12. TRADE AND OTHER RECEIVABLES

In thousands of tenge	31 December 2024	31 December 2023
Trade receivables	177,252	179,177
Value added tax recoverable	173,646	221,327
Receivable of employees	8,151	43,418
	359,049	443,922
Provision for expected credit losses	(149,473)	(140,661)
	209,576	303,261

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

The movement of the provision for expected credit losses is presented in the following table:

In thousands of tenge	2024	2023
As at 1 January	(140,661)	(158,906)
(Accrual) / reversal	(8,812)	18,245
As at 31 December	(149,473)	(140,661)

Information about the Company's exposure to credit, currency and impairment risks in relation to financial assets is disclosed in Note 18.

13. CASH AND CASH EQUIVALENTS

In thousands of tenge	31 December 2024	31 December 2023
Short-term deposits with original maturity less than 90 days in Kazakhstani banks	1,948,279	3,151,649
Current accounts in Kazakhstani banks	222,533	112,402
Cash on hand	8015	80184
	2,171,027	3,264,852
Provision for expected credit losses	(720)	(764)
	2,170,307	3,264,088

This cash is not restricted in use.

The movement of the provision for expected credit losses is presented in the following table:

In thousands of tenge	2024	2023
As at 1 January	(764)	(1,104)
Accrued	(649)	(501)
Recovered	693	841
As at 31 December	(720)	(764)

Information about the Company's exposure to credit, currency and impairment risks in relation to financial assets is disclosed in Note 18.

14. SHARE CAPITAL

Share capital

In thousands of tenge	31 December 2024	%	31 December 2023	%
Samruk- Kazyna National Welfare Fund JSC	34,532,259	100	34,276,509	100

In December 2024 and October 2023, the Parent Company decided to replenish the Company's share capital to repay the services of a privatization consultant by repurchasing 11 additional issued common shares at an offering placement value of 23,250 tenge per common share for a total amount of 255,750 thousand tenge (2023: 1,000 common shares at a price of 209,250 tenge per share at the total amount of 209,250 thousand tenge). Thus, as at 31 December 2024 and 2023, the Company's share capital amounted to 34,532,259 thousand tenge and 34,276,509 thousand tenge, respectively.

Dividends

During 2024 and 2023 the Company did not declare or pay dividends.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

15. LOAN FROM THE PARENT COMPANY

In thousands of tenge	31 December 2024	31 December 2023
Amount payable	38,328,458	36,049,236
Unamortised discount	(29,149,638)	(748,687)
Accrued interest payable	29,255	2,279,222
	9,208,075	37,579,771

In February 2019, the Company signed a 12-year loan agreement with the Parent Company for the purchase of two new DHC-8 Q400NG aircraft from Bombardier Inc. in the amount of 16,000,000 thousand tenge with principal repayment in bullet payment at the end of the term and interest is payable at the rate of 0.1% per annum semi-annually starting in 60 months from the date of the first tranche. The Company recognised a discount of 8,169,673 thousand tenge at the dates of receipt of tranches under this loan for the difference between market rates at the dates of receipt and the nominal rate of 0.1% per annum. In accordance with the supplementary agreement dated 23 February 2024, the repayment period was extended until 1 December 2044, and the interest rate was reduced to 0.0% per annum in 2024 and to 2.5% per annum starting from 1 January 2025 until the end of the loan term. The principal is payable in the amount of 425,000 thousand tenge per year by 1 December of each year, starting from 2026 and the payment of the remaining principal in the amount of 8,154,000 thousand tenge in 2044. The Company recorded a discount in the amount of 30,619,835 thousand tenge as of the date of the significant change in the loan terms.

In October 2019, the Company received a loan from the Parent Company for 15 years for the purchase of three DHC-8 Q400NG aircraft in the amount of 20,344,416 thousand tenge with repayment of the principal at the end of the term and interest is payable semi-annually starting in 24 months from the date of the first tranche at a rate of 2.5% per annum. On 2 November 2022, the repayment period of the remuneration was increased to 60 months from the date of the first tranche. The Company recognised a discount in the amount of 8,909,680 thousand tenge on the date of receipt of tranches on this loan for the difference between the market rates on the date of receipt and the nominal rate of 2.5% per annum. In accordance with the additional agreement dated 26 March 2024 to the loan agreement, the amount of the credit line was increased to 21,000,000 thousand tenge with a maturity date of 1 December 2044 and the interest rate was reduced to 0.0% per annum for 2024. The rate of 2.5% per annum starting from 1 January 2025 remained unchanged until the end of the loan term. The principal is payable in the amount of 425,000 thousand tenge per year by 1 December of each year, starting in 2026 and the payment of the remaining principal in the amount of 14,904,000 thousand tenge in 2044.

The Company provided its purchased aircraft as collateral for these loans (Note 9).

During 2024, due to the restructuring of loan agreements, the Company recognised a discount in the amount of 30,619,835 thousand tenge, which is recorded in the statement of changes in equity in the amount of 24,495,868 thousand tenge, net of tax effect in the amount of 6,123,967 thousand tenge (Note 8).

The transaction documentation signed on 24 December 2024, after the fulfillment of the conditions precedent for execution of the transaction under the sale and purchase agreement, provides for further restructuring of the above loans with the entry into force of the new conditions from privatisation closing date. According to the new terms, the interest rate will be reduced from 2.5% to 0.1% per annum with annual repayment of interest at the end of each year. The principal is payable in a balloon payment at the end of the loan term in 2044 (Notes 14, 19).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

15. LOAN FROM THE PARENT COMPANY (CONTINUED)

Reconciliation of changes in liabilities and cash flows from financing activities on long-term loans from the Parent Company

In thousands of tenge	
Balance as at 1 January 2024	37,579,771
Accrued interest expense (Note 7)	29,255
Amortisation of the discount (Note 7)	1,470,197
Termination of recognition for an unamortised discount on a previous loan	748,687
Recognition of discount	(30,619,835)
Total changes on the loans from the Parent Company	(28,371,696)
Balance as at 31 December 2024	9,208,075
Balance as at 1 January 2023	32,473,873
Accrued interest expense (Note 7)	571,580
Amortisation of the discount (Note 7)	4,534,318
Total changes on the loans from the Parent Company	5,105,898
Balance as at 31 December 2023	37,579,771

16. TRADE AND OTHER PAYABLES

In thousands of tenge	31 December 2024	31 December 2023
Trade payables	1,925,562	1,323,338
Wages and salaries to employees	330,121	495,786
Other trade payables	122,822	112,419
	2,378,505	1,931,543

Information about the Company's exposure to currency risk and liquidity risk in relation to trade and other payables is disclosed in Note 18.

17. DEFERRED INCOME

Deferred income from transportation represents the value of sold but unused passenger tickets that have not yet expired. As at 31 December 2024, deferred income amounted to 1,117,354 thousand tenge (31 December 2023: 959,947 thousand tenge).

18. FAIR VALUE AND RISK MANAGEMENT

Accounting classifications and fair value

Management believes that the fair value of the Company's financial assets and liabilities is approximately equal to their book value. The basis for determining fair value is disclosed below.

Management classifies the fair value of the Company's financial assets and liabilities in Level 2 of the fair value hierarchy.

Fair value measurement

The estimated fair value of all financial assets and liabilities determined for disclosure purposes is calculated using discounted cash flow methods, based on estimated future cash flows and market interest rates at the reporting date.

Financial risk management

The use of financial instruments exposes the Company to the following types of risk:

- credit risk;
- liquidity risk;
- market risk.

18. FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

Financial risk management (continued)

Basic principles of risk management

The Management Board of the Company has overall responsibility for the organization of the Company's risk management system and supervision of the functioning of this system. The Company's Management Board is responsible for developing the Company's risk management policy and overseeing its implementation. The Company's Management Board regularly reports on its work to the Board of Directors in accordance with the established procedure.

Credit risk

Credit risk is the risk that the Company will incur a financial loss caused by a customer or counterparty to a financial instrument failing to meet its contractual obligations and arises primarily from the Company's customer receivables and bank balances.

The carrying amount of financial assets reflects the Company's maximum exposure to credit risk.

Exposure to credit risk

The maximum exposure to credit risk for trade receivables, guarantee deposits and cash and cash equivalents with banks as at the reporting date was as follows:

In thousands of tenge	Book value	
	31 December 2024	31 December 2023
Trade receivables (Note 12)	177,252	179,177
Cash and cash equivalents other than cash on hand	2,170,812	3,264,051
	2,348,064	3,443,228

Trade and other receivables

The Company's exposure to credit risk mainly depends on the individual characteristics of each customer/client. As at 31 December 2024, there is no significant concentration of credit risk on trade account receivables (31 December 2023: none).

An analysis of the Company's exposure to credit risk in relation to trade and other receivables is presented below:

In thousands of tenge	31 December 2024	31 December 2023
	Not credit-impaired	Not credit-impaired
Other clients:		
The duration of trading relations with the Company is less than 5 years	177,252	179,177
Total gross carrying amount	177,252	179,177

Estimated expected credit losses for credit institutions as at 31 December 2024 and 2023

The Company allocates each position exposed to credit risk based on data that is determined to predict the risk of loss (including, but not limited to, external ratings, audited financial information, management accounts and cash flow projections, and counterparty information available in the media) and through the application of expert judgment. Credit risk levels are determined using qualitative and quantitative factors that are indicative of default risk and are consistent with external credit rating definitions obtained from Standard & Poor's and Moody's.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

18. FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

Cash and cash equivalents

As at 31 December 2024, the Company had cash and cash equivalents excluding cash on hand totaling 2,170,092 thousand tenge (31 December 2023: 3,263,287 thousand tenge) (Note 13). Cash and cash equivalents are placed with banks rated B+ to BBB(+/-) by Standard & Poor's and Moody's.

Impairment of cash and cash equivalents was estimated based on expected credit losses under contractual maturities, which reflect the short terms of exposures. The Company considers, based on external counterparty credit ratings, that its cash and cash equivalents have low credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to liquidity management is to ensure, to the extent possible, that the Company has sufficient liquidity at all times to meet its obligations on time, both under normal and stressful conditions, without incurring unacceptable losses or exposing reputation of the Company.

The Company generally ensures that sufficient cash is available on demand to meet expected operating expenses, including servicing financial liabilities, without taking into account the potential impact of exceptional circumstances that could not reasonably be foreseen, such as the impact of natural disasters.

Exposure to liquidity risk

Information on the remaining contractual maturities of financial liabilities at the reporting date is provided below. Gross and undiscounted amounts are presented, excluding the effect of offset agreements. It is not expected that the cash flows taken into account in the maturity analysis could be materially earlier or significantly different.

31 December 2024						
In thousands of tenge	Book value	Cash flows under the contract	Less than 2 months	Less than 12 months	Less than 60 months	Over 60 months
Non-derivative financial liabilities						
Trade payables	1,925,562	1,925,562	1,925,562	–	–	–
Loan from the Parent Company	9,208,075	54,046,516	–	727,198	7,173,123	46,146,195
	11,133,637	55,972,078	1,925,562	727,198	7,173,123	46,146,195
31 December 2023						
In thousands of tenge	Book value	Cash flows under the contract	Less than 2 months	Less than 12 months	Less than 60 months	Over 60 months
Non-derivative financial liabilities						
Trade payables	1,323,338	1,323,338	1,323,338	–	–	–
Loan from the Parent Company	37,579,771	73,332,439	583,322	2,374,615	33,430,658	36,943,844
	38,903,109	74,655,777	1,906,660	2,374,615	33,430,658	36,943,844

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

18. FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and share prices, will adversely affect the Company's earnings or the value of its holdings of financial instruments. The goal of market risk management is to control and keep exposure to market risk within acceptable limits while optimising the return on investment.

In order to manage market risks, the Company does not buy or sell derivative instruments. The Company does not apply hedge accounting to manage the volatility in profit or loss for the period.

Currency risk

The Company is exposed to currency risk on cash and cash equivalents, margin deposits and purchases denominated in a currency other than the Company's functional currency, these transactions are denominated primarily in US dollars.

With respect to other monetary assets and liabilities denominated in foreign currencies, the Company's policy is to maintain the net exposure at risk within acceptable limits by buying or selling foreign currency at spot rates, when necessary, to eliminate short-term imbalances.

Exposure to currency risk

The Company's exposure to currency risk as at 31 December 2024 was as follows:

In thousands of tenge	Russian ruble	US dollar	Euro	Pound	Total as at 31 December 2024
Financial assets:					
Cash and cash equivalents	150,026	55,426	8,413	836	214,701
Total financial assets	150,026	55,426	8,413	836	214,701
Financial liabilities:					
Trade payables	9,648	940,516	10,066	1,293	961,523
Total financial liabilities	9,648	940,516	10,066	1,293	961,523
Clean position	140,378	(885,090)	(1,653)	(457)	(746,822)

The Company's exposure to currency risk as at 31 December 2023 was as follows:

In thousands of tenge	US dollar	Russian ruble	Euro	Pound	Total as at 31 December 2023
Financial assets:					
Cash and cash equivalents	754,307	66,739	4,077	2,255	827,378
Total financial assets	754,307	66,739	4,077	2,255	827,378
Financial liabilities:					
Trade payables	400,617	15,329	48,066	–	464,012
Total financial liabilities	400,617	15,329	48,066	–	464,012
Clean position	353,690	51,410	(43,989)	2,255	363,366

QAZAQ AIR JSC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

18. FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

The following foreign exchange rates were applied during the year:

In tenge	Spot exchange rate at the reporting date	Spot exchange rate at the reporting date
	31 December 2024	31 December 2023
1 US dollar	525.11	454.56
1 euro	546.74	502.24
1 russian ruble	4.88	5.06

Sensitivity analysis

A reasonably possible strengthening/weakening of tenge, as shown below, against all other currencies as at 31 December 2024 and 2023, would have affected profit or loss, net of taxes, by the amounts shown below. A change in the exchange rate would have no effect on equity. This analysis assumes that all other variables, especially interest rates, remain constant and do not take into account the impact of forecast sales and acquisitions.

In thousands of tenge	31 December 2024		31 December 2024		31 December 2024		31 December 2024	
	Tenge/ US dollar	Tenge/ US dollar	Tenge/ Russian ruble	Tenge/ Russian ruble	Tenge/ Pound sterling	Tenge/ Pound sterling	Tenge/ Euro	Tenge/ Euro
	9.1%	(7.34%)	2%	(22.95%)	12%	(9.2%)	9%	(6%)
Impact on profit or loss and equity	(797)	650	28	(322)	(1)	0,4	(1)	1

In thousands of tenge	31 December 2023		31 December 2023		31 December 2023		31 December 2023	
	Tenge/ US dollar	Tenge/ US dollar	Tenge/ Russian ruble	Tenge/ Russian ruble	Tenge/ Pound sterling	Tenge/ Pound sterling	Tenge/ Euro	Tenge/ Euro
	14.5%	(14.5%)	28.5%	28.5%	14.3%	14.3%	13%	13%
Impact on profit and loss and equity	50,047	(50,047)	14,672	(14,672)	322	(322)	5,697	(5,697)

Interest rate risk

As at 31 December 2024 the Company is not exposed to interest rate risk.

Master netting agreement or similar agreements

The Company may enter into purchase and sales agreements with the same counterparties in the ordinary course of business. The corresponding amounts of receivables and payables do not always meet the criteria for offsetting in the statement of financial position. This is because the Company may not currently have a legally enforceable right to set off the recognised amounts, as the right to set off may only be enforceable on the occurrence of certain events in the future. In particular, in accordance with the civil law norms in force in Kazakhstan, an obligation can be settled by offsetting a homogeneous claim, the term of which has come or is not specified or is determined by the moment of demand.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

18. FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

Income analysis

The Company analyses the impact of risks on earnings before taxes, interest and depreciation and amortisation (hereinafter – “EBITDA”) calculated by the Company as follows:

In thousands of tenge	2024	2023
Revenue and other income	21,110,232	19,609,146
Cost of sales	(17,491,620)	(17,073,570)
Gross income	3,618,612	2,535,576
Administration expenses	(865,942)	(944,297)
Selling expenses	(457,260)	(338,308)
EBITDA	2,295,410	1,252,971

The amounts of increase/(decrease) in fair value and impairment of property and equipment included in operating expenses for 2024 and 2023 amounted to 13,005 thousand tenge and (1,758,011) thousand tenge, respectively, and the costs on independent consultant for the transfer of the Company to a competitive environment for 2024 in the amount of 153,450 thousand tenge are not included in the expenses calculation used by the Company according to the method of the Parent Company for EBITDA indicator. Other (expenses) / income for 2024 and 2023 totaling (47,689) thousand tenge and 13,901 thousand tenge, respectively, are also not included in the EBITDA calculation.

Capital management

The Company does not have its own approved policy for managing its own capital. However, the management follows the policy of maintaining a stable capital base in order to maintain the confidence of investors, creditors and the market, as well as to ensure the future development of the business.

The Company is not subject to external regulatory requirements for equity.

19. CONTINGENT ASSETS AND LIABILITIES

Loan from the Parent Company

After fulfilling the suspensive obligations by the Buyers (Note 14), the Parent Company undertakes to change the interest rate to 0.1% per annum starting from 1 January 2025 and until the end of the loan term. The principal debt is repaid in a one-time payment no later than 31 December 2044.

Insurance

The market of insurance services in the Republic of Kazakhstan is in its infancy and many forms of insurance common in other countries of the world are not yet available in Kazakhstan. The Company has all compulsory insurance policies stipulated by the legislation of the Republic of Kazakhstan. Currently, the Company is not exposed to the risk of loss of large assets, as the Company has entered into voluntary aviation insurance contracts. The Company has policies of voluntary aviation insurance against “all risks” of property damage to aircraft and civil liability, as well as policies of voluntary aviation insurance of war risks and associated risks of property damage to aircraft.

19. CONTINGENT ASSETS AND LIABILITIES (CONTINUED)

Environmental protection issues

The legislation on environmental protection in Kazakhstan is in the process of development and, therefore, is subject to constant changes. Fines for violations of the legislation of the Republic of Kazakhstan in the field of environmental protection can be very severe. Potential obligations that may arise based on a stricter interpretation of existing regulations, civil legislation, or changes in legislation cannot be reliably assessed. Management believes that there are no probable or possible environmental obligations that could significantly and negatively affect the Company's operations and financial position.

The Company's activities expose it to government sanctions due to environmental legislation or damage to its reputation due to reports of the Company's failure to comply with climate change obligations. New regulations may impose fees for failure to take corrective action on climate-related risks, or some consulting contracts may become burdensome due to increased operating costs. As in the previous year, the Company was not subject to any lawsuits related to environmental concerns in 2024 and did not identify any burdensome contracts due to climate-related issues.

Contingent tax liabilities in the Republic of Kazakhstan

The tax system in Kazakhstan, being relatively new, is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often vague and contradictory, which allows for their ambiguous interpretation by various tax authorities, including opinions regarding the treatment of income, expenses and other items of financial statements in accordance with IFRSs. Checks and investigations regarding the correctness of the calculation of taxes are carried out by regulatory bodies at various levels, which have the right to impose large fines and charge interest. The correctness of the calculation of taxes in the reporting period can be verified over the next five calendar years, however, under certain circumstances, this period may be extended.

These circumstances may result in tax risks in Kazakhstan being much higher than in other countries. The management of the Company, based on its understanding of applicable tax laws, regulatory requirements and court decisions, believes that tax liabilities are fully reflected. However, taking into account the fact that interpretations of tax legislation by various regulatory authorities may differ from the opinion of the Company's management, if enforcement actions are taken against the Company by regulatory authorities, their impact on the Company's financial statements may be material.

20. RELATED PARTIES

The Parent Company and ultimate controlling party

The immediate Parent Company of the Company is Samruk-Kazyna National Wealth Fund JSC, which is owned by the Government of the Republic of Kazakhstan.

Operations with senior management personnel

Remuneration of key management personnel

Remuneration received by the 4 members of key management personnel included in personnel costs (Note 6) were as following:

In thousands of tenge	2024	2023
Salary and bonuses	89,944	143,690
Social contributions	9,221	13,427
	99,165	157,117

QAZAQ AIR JSC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

20. RELATED PARTIES (CONTINUED)

Other transactions with related parties

Expenses

In thousands of tenge	2024	2023
Purchase of goods and services:		
Entities controlled by the Parent Company	4,310,611	2,625,249
State enterprises	387,822	382,891
	4,698,433	3,008,140

Borrowings

In thousands of tenge	31 December 2024	31 December 2023
Loans received, net of payments during the year		
Samruk-Kazyna National Wealth Fund JSC		
Amount payable	38,328,458	36,049,236
Unamortised discount	(29,149,638)	(748,687)
Accrued interest payable	29,255	2,279,222
	9,208,075	37,579,771

Share capital

In thousands of tenge	31 December 2024	31 December 2023
Samruk-Kazyna National Wealth Fund JSC		
Issue of shares	255,750	209,250
	255,750	209,250

Related parties include the Parent Company and all other companies in which that Parent Company has a controlling interest. These transactions are carried out in the ordinary course of the Company's business on terms comparable to those on which the Company enters into transactions with unrelated parties.

Transactions with entities related to the Government

The Company works with a number of enterprises that are under the control of the Government of the Republic of Kazakhstan. The Company applies the exemption provided by IAS 24 Related Parties to provide simplified disclosures for transactions with entities associated with the Government of the Republic of Kazakhstan.

The Company carries out transactions with enterprises associated with the Government of the Republic of Kazakhstan. These transactions are part of the normal activities of the Company and are carried out on terms comparable to the terms of interaction with enterprises not associated with the Government of the Republic of Kazakhstan.

21. CONDITIONS FOR CARRYING OUT FINANCIAL AND ECONOMIC ACTIVITIES IN KAZAKHSTAN

The company operates mainly on the territory of Kazakhstan. Accordingly, the Company's business is influenced by the economy and financial markets of Kazakhstan, which are characterised by the peculiarities of the developing market. The legal, tax and administrative systems continue to evolve, however, they are associated with the risk of ambiguity in the interpretation of their requirements, which are also subject to frequent changes, which, together with other legal and fiscal barriers, creates additional problems for enterprises doing business in Kazakhstan.

These financial statements reflect management's view of the impact that the business environment in Kazakhstan has on the Company's operations and financial position. The actual impact of future business conditions may differ from management's estimates.