JOINT STOCK COMPANY AIR ASTANA

Consolidated Financial Statements
for the year ended 31 December 2021

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Statement of management's responsibilities for the preparation and approval of the consolidated financial statements for the year ended 31 December 2021

Management is responsible for the preparation of the consolidated financial statements that present fairly the consolidated financial position of JSC Air Astana and its subsidiary (the "Group") as at 31 December 2021, and the results of its consolidated operations, cash flows and changes in equity for the year then ended in compliance with International Financial Reporting Standards ("IFRS").

In preparing the consolidated 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;
- providing additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

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

The consolidated financial statements for the year ended 31 December 2021 were authorised for issue on 25 February 2022 by management of the Group.

On behalf of management of the Group:

Peter Foster
President
Almaty, Republic of Kazakhstan

Ibrahim Canliel
Chief Financial Officer
Almaty, Republic of Kazakhstan

Saule Khassenova
Chief Accountant
Almaty, Republic of Kazakhstan

25 February 2022

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Independent Auditors' Report

To the Shareholders of JSC Air Astana

Opinion

We have audited the consolidated financial statements of JSC Air Astana (the "Company") and its subsidiary (the "Group"), which comprise the consolidated statements of financial position as at 31 December 2021, 2020 and 2019, the consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, 2020 and 2019 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) *(IESBA Code)* together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management of the Group and Those Charged with Governance for the Consolidated Financial Statements

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

— Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

The engagement partner on the audit resulting in this independent auditors' report is:

Mukhit Kossayev
Certified Auditor of the Republic of Kazakhstan
Auditor's Qualification Certificate
No. 558 of 24 December 2003

KPMG Audit LLC

State Licence to conduct audit #0000021 dated 6 December 2006 issued by the Ministry of Finance of the Republic of Kazakhstan 6 December 2006

Sergey Dementyev
General Director of KPMG Audit LLC
acting on the basis of the Charter

25 February 2022

'000 USD	Notes	2021	2020	2019
Revenue and other income				
Passenger revenue	7	715,794	358,413	824,952
Cargo and mail revenue	7	33,570	24,561	21,145
Other income	7	7,846	11,033	47,952
Gain from sale and leaseback transaction	7	4,628	6,257	4,680
Total revenue		**761,838**	**400,264**	**898,729**
Operating expenses				
Fuel and oil costs		(144,571)	(89,212)	(207,599)
Depreciation and amortization	13	(120,832)	(101,035)	(81,355)
Employee costs	8	(104,757)	(72,650)	(103,139)
Engineering and maintenance	8	(94,582)	(43,198)	(94,407)
Handling, landing fees and route charges	8	(70,097)	(47,225)	(109,402)
Passenger service	8	(60,894)	(36,565)	(91,527)
Selling costs	8	(25,075)	(17,093)	(42,360)
Aircraft crew costs	8	(12,448)	(14,872)	(35,327)
Insurance		(7,110)	(5,784)	(9,104)
IT and communication costs		(4,575)	(4,223)	(3,893)
Aircraft lease costs	8	(3,662)	(3,401)	(13,760)
Consultancy, legal and professional services		(3,392)	(3,254)	(4,018)
Property lease cost		(2,641)	(2,425)	(2,485)
Taxes		(2,501)	(4,158)	(1,718)
Impairment loss on trade receivables		(113)	(117)	(738)
Other operating costs		(10,428)	(24,366)	(19,198)
Total operating expenses		**(667,678)**	**(469,578)**	**(820,030)**
Operating profit/(loss)		**94,160**	**(69,314)**	**78,699**
Finance income	9	10,418	1,427	2,221
Finance costs	9	(47,066)	(36,076)	(26,376)
Foreign exchange loss, net		(12,522)	(12,673)	(12,749)
Profit/(loss) before tax		**44,990**	**(116,636)**	**41,795**
Income tax (expense)/ benefit	10	(8,831)	22,703	(11,763)
Profit/(loss) for the year		**36,159**	**(93,933)**	**30,032**
Basic and diluted earnings/(loss) per share (in USD)	21	**2,127**	**(5,525)**	**1,767**

On behalf of the Group's management:

Peter Foster	**Ibrahim Canliel**	**Saule Khassenova**
President	**Chief Financial Officer**	**Chief Accountant**
Almaty, Republic of Kazakhstan	Almaty, Republic of Kazakhstan	Almaty, Republic of Kazakhstan

АО ЭЙР АСТАНА

25 February 2022

The consolidated statement of profit or loss is to be read in conjunction with the notes to, and forming part of, the financial consolidated financial statements set out on pages 11 to 62.

’000 USD	**Notes**	**2021**	**2020**	**2019**
Net income/(loss) for the year		**36,159**	**(93,933)**	**30,032**
Other comprehensive income to be reclassified into profit or loss in subsequent periods:				
Realised net loss from cash flow hedging instruments	26	11,760	11,449	11,156
Corporate income tax related to loss from hedging instruments	26	(2,352)	(2,290)	(2,231)
Other comprehensive income for the year, net of income tax		**9,408**	**9,159**	**8,925**
Total comprehensive income for the year		**45,567**	**(84,774)**	**38,957**

The consolidated statement of other comprehensive income is to be read in conjunction with the notes to, and forming part of, the financial consolidated financial statements set out on pages 11 to 62.

’000 USD	Notes	31 December 2021	31 December 2020	31 December 2019
ASSETS				
Non-current assets				
Property, plant and equipment	11	722,200	705,112	617,193
Intangible assets	12	1,528	1,646	1,695
Prepayments	16	16,299	12,353	12,069
Guarantee deposits	14	17,974	20,410	16,732
Deferred tax assets	10	2,711	8,771	-
Trade and other receivables	17	3,611	3,285	3,240
		764,323	**751,577**	**650,929**
Current assets				
Inventories	15	51,555	46,371	50,001
Prepayments	16	26,534	15,386	31,022
Income tax prepaid		2,630	3,266	895
Trade and other receivables	17	14,134	10,220	33,096
Other taxes prepaid	18	7,709	15,166	33,346
Guarantee deposits	14	1,568	5,814	16,629
Cash and bank balances	19	226,357	201,354	176,442
Other financial assets	20	7,383	-	234
		337,870	**297,577**	**341,665**
Total assets		**1,102,193**	**1,049,154**	**992,594**
EQUITY AND LIABILITIES				
Equity	21			
Share capital		17,000	17,000	17,000
Functional currency transition reserve		(9,324)	(9,324)	(9,324)
Reserve on hedging instruments, net of tax		(35,278)	(44,686)	(53,845)
Retained earnings		91,576	55,417	149,350
Total equity		**63,974**	**18,407**	**103,181**
Non-current liabilities				
Loans	25	4,759	53,004	6,430
Lease liabilities	26	580,539	572,322	495,286
Deferred tax liabilities	10	-	-	12,763
Provision for aircraft maintenance	23	86,456	45,537	53,849
Employee benefits		1,625	1,559	1,219
		673,379	**672,422**	**569,547**
Current liabilities				
Loans	25	57,527	111,009	10,395
Lease liabilities	26	146,354	132,340	111,216
Deferred revenue	22	57,260	38,112	67,918
Provision for aircraft maintenance	23	40,710	37,533	37,413
Trade and other payables	24	62,989	39,331	92,924
		364,840	**358,325**	**319,866**
Total liabilities		**1,038,219**	**1,030,747**	**889,413**
Total equity and liabilities		**1,102,193**	**1,049,154**	**992,594**

The consolidated statement of financial position is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 11 to 62.

'000 USD	Share capital	Functional currency translation reserve	Reserve on hedging instruments	Retained earnings	Total equity
Balance at 1 January 2019	**17,000**	**(9,324)**	**(62,770)**	**119,318**	**64,224**
Profit for the year	-	-	-	30,032	30,032
Other comprehensive income: Realised loss on cash flow hedging instruments, net of tax	-	-	8,925	-	8,925
Total comprehensive income for the year	-	-	**8,925**	**30,032**	**38,957**
At 31 December 2019	**17,000**	**(9,324)**	**(53,845)**	**149,350**	**103,181**
At 1 January 2020	17,000	(9,324)	(53,845)	149,350	103,181
Loss for the year	-	-	-	(93,933)	(93,933)
Other comprehensive income: Realised loss on cash flow hedging instruments, net of tax	-	-	9,159	-	9,159
Total comprehensive income for the year	-	-	**9,159**	**(93,933)**	**(84,774)**
At 31 December 2020	**17,000**	**(9,324)**	**(44,686)**	**55,417**	**18,407**
.					
At 1 January 2021	17,000	(9,324)	(44,686)	55,417	18,407
Profit for the year	-	-	-	36,159	36,159
Other comprehensive income: Realised loss on cash flow hedging instruments, net of tax	-	-	9,408	-	9,408
Total comprehensive income for the year	-	-	**9,408**	**36,159**	**45,567**
At 31 December 2021	**17,000**	**(9,324)**	**(35,278)**	**91,576**	**63,974**

The consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 11 to 62.

’000 USD	Notes	2021	2020	2019
OPERATING ACTIVITIES:				
Profit/(loss) before tax		**44,990**	**(116,636)**	**41,795**
Adjustments for:				
Depreciation and amortisation of property, plant and equipment and intangible assets	13	120,832	101,035	81,355
Gain on disposal of property, equipment and inventory		(7,117)	(6,257)	(5,901)
Change in impairment allowance for trade receivables, guarantee deposits and cash and bank balances	27	(363)	(464)	1,226
Change in write-down of obsolete and slow-moving inventories	15	(139)	(413)	427
Change in vacation accrual	24	318	(570)	528
Change in provision for aircraft maintenance	8	60,818	20,344	28,467
Change in customer loyalty program provision	22	(1,415)	826	1,223
Foreign exchange loss, net		12,522	12,673	12,749
Finance income, excluding impairment	9	(9,802)	(1,183)	(2,670)
Finance costs, excluding impairment	9	46,813	35,370	26,376
Effect of COVID-19 related rent concessions	8, 26	881	(1,986)	-
Gain from early return of engine/aircraft	26	(490)	(2,844)	-
Impairment of property, plant and equipment	11	-	14,722	-
Gain on insurance case	7	-	-	(24,406)
Operating cash flow before movements in working capital		**267,848**	**54,617**	**161,169**
Change in trade and other receivables		(3,830)	23,486	(4,762)
Change in prepaid expenses and prepayments		(6,402)	30,099	(16,435)
Change in inventories		(3,515)	4,043	(5,069)
Change in trade and other payables and provision for aircraft maintenance		4,081	(76,397)	16,163
Change in deferred revenue		20,563	(30,632)	13,964
Change in other financial assets		-	(308)	(1,639)
Cash generated from operations		**278,745**	**4,908**	**163,391**
Income tax paid		(3,965)	(3,517)	(12,120)
Interest received		1,627	1,170	2,651
Net cash generated from operating activities		**276,407**	**2,561**	**153,922**
INVESTING ACTIVITIES:				
Purchase of property, plant and equipment		(31,682)	(30,287)	(35,525)
Proceed from sale and leaseback transaction		8,719	33,410	8,694
Purchase of fuel options	20	(4,460)	-	-
Proceeds from fuel options	20	5,090	-	-
Proceeds from insurance case	7	-	-	17,698
Proceeds from disposal of property, plant and equipment		3,982	2,967	3,276
Purchase of intangible assets		(541)	(828)	(429)
Bank and Guarantee deposits placed		(4,115)	(3,578)	(12,136)
Bank and Guarantee deposits withdrawn		10,583	6,788	29,729
Net cash (used in)/generated from investing activities		**(12,424)**	**8,472**	**11,307**

Continued on the next page

The consolidated statement of cash flows is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 11 to 62.

'000 USD	Notes	2021	2020	2019
FINANCING ACTIVITIES:				
Repayment of lease liabilities	26	(93,553)	(100,020)	(103,931)
Interest paid	26	(49,088)	(29,587)	(24,904)
Repayment of borrowings and additional financing from sale and leaseback	26	(106,794)	(66,290)	(1,349)
Proceeds from borrowings and additional financing from sale and leaseback	26	12,305	210,958	9,000
Net cash (used in) / generated from financing activities		**(237,130)**	**15,061**	**(121,184)**
NET INCREASE IN CASH AND BANK BALANCES		**26,853**	**26,094**	**44,045**
Effect of exchange rate changes on cash and bank balances held in foreign currencies		(1,849)	(1,180)	(426)
Effects of movements in ECL on cash and bank balances		(1)	(2)	(3)
CASH AND BANK BALANCES, at the beginning of the year		201,354	176,442	132,826
CASH AND BANK BALANCES, at the end of the year	19	**226,357**	**201,354**	**176,442**

The consolidated statement of cash flows is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 11 to 62.

1. Nature of activities

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

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

The Company has a subsidiary JSC «Aviation Company «Air Kazakhstan» (hereinafter – the "Subsidiary") which was acquired in November 2019. Together they are referred to as the "Group".

In November 2019 the Company obtained control of the Subsidiary by acquiring one hundred percent of the shares, which are 101,665 shares, and voting interests for KZT 2. At the time of the acquisition the Subsidiary had negative net assets of KZT 7 thousand. Taking control of the Subsidiary will enable the Company to separate its division, a new low-cost airline, operating under the FlyArystan brand in the future. The Subsidiary did not have operations during 2020 and 2021.

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

The Group operated its maiden flight on 15 May 2002, a Boeing-737 service from Almaty to Kazakhstan's national capital, Nur-Sultan (Astana at the time). As at 31 December 2021, the Group operated 36 aircraft that are acquired under lease.

The Parent Company re-registered its office in 2010 from Nur-Sultan (Astana at the time), Kazakhstan to Zakarpatskaya Street 4A, Almaty, Kazakhstan as the Parent Company's main airport of operations is Almaty International Airport.

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

2. Basis of accounting

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

Functional and presentation currency

The national currency of Kazakhstan is the Kazakhstani tenge ("tenge"), which until 31 December 2017 was the Company's functional currency, because it reflected the economic substance of the underlying events and circumstances of the Company.

During 2017, the management reassessed the indicators of the Company's functional currency, with particular focus on the Company's increasing international flight operations, and noted that an increasing part of the Company's operations are influenced by currencies other than tenge; predominantly the US Dollar. As a result, the management concluded that with effect from 31 December 2017 (the transition date, for the purpose of the financial reporting under International Financial Reporting Standards), that the Company's functional currency is the US Dollar.

As requested by shareholders, in addition to the consolidated financial statements presented in the Company's functional currency, US Dollar ("USD"), the Group also issues the consolidated financial statement in Kazakhstani tenge, which is a non-functional currency for the Company as shareholders believe that both currencies are useful for the users of the Group's consolidated financial statements. These consolidated financial statements have been presented in USD for the year ended 31 December 2021. All financial information presented in USD has been rounded to the nearest thousand, so minor discrepancies may arise from addition of these amounts.

Impact of COVID-19

The new coronavirus infection, COVID-19 has caused a pandemic since the first quarter of 2020, and continues to have a significant impact on the aviation industry particularly due to travelling restrictions as well as social distancing requirements and local lockdowns in different countries.

The decline in demand and flight restrictions caused a material deterioration of revenue during the first three quarters of 2020. The trend changed substantially towards the end of the third quarter of 2020 for the Company. International flights restarted gradually and continued with additions through the current year. Besides a historically high demand in existing destinations such as Frankfurt, Amsterdam, Dubai, Istanbul, Tashkent and Moscow, the Company noted an increased demand for direct routes to leisure destinations. Antalya flights were extended through the winter 2020 for the first time, Sharm-el Sheikh flights were restarted and direct flights were introduced to the Maldives. New destinations which were not included in the plan, but in fact have been opened, and influenced significantly on the revenue restoration, included Batumi, Phuket and Podgorica.

In 2021, both international and domestic routes continued further restoration and expansion. As a result, in 2021 domestic passenger traffic increased by 75%, and international passenger traffic increased by 84% in comparison with the same period of 2020. In March 2021 the Government of the Republic of Kazakhstan launched a massive vaccination programme. Moreover, in the first half of 2021 vaccinations started all over the world. At the end of the year revaccination had started in Kazakhstan and in other countries. The management expects that these measures will continue to contribute to improvement of the situation going forward. The Group reshaped its route network and introduced cost cutting policies to cope with the post-pandemic low-level demand by concentrating more on direct leisure routes internationally and growing its domestic routes. These actions greatly facilitated the recovery of the Group which is demonstrated by the fact that the 2021 profit of the Group exceeded its pre-pandemic level of 2019.

In response to the pandemic, the Group prioritized safety of its customers and employees across all touchpoints of its operations and concentrated on financial liquidity to ensure that it is well positioned for recovery. Actions under these priorities include:

- Protecting the health and safety of employees and customers;
- Encouraging vaccination and revaccination amongst employees;
- Adoption of new cleaning procedures on all flights, including disinfectant electrostatic spraying on aircraft and sanitizing high-touch areas before each flight;
- Taking steps to help employees and customers practice social distancing and stay safe, including requiring employees and customers to wear masks; and
- Strict office regulations including monitoring of each person, obligatory use of masks, social distancing, reporting of any health matters and immediate distancing, random testing. This was widely communicated to all staff using multiple communication channels including email and corporate mobile application. These measures are in addition to the distance working that reduced the risk of contracting COVID-19 significantly.

Liquidity

The Group took extensive measures to reduce the cash outflow by imposing rigorous cost control measures, deferral of all non-essential investment and negotiating deferral of payments with major creditors at the start of the pandemic.

In 2020 priority for all airlines was set at securing cash and access to credit facilities. While some airlines with better outlook secured such credit facilities with banks, a range of airlines had no option but to accept bailouts of their governments or accept financial aid or state guarantees with certain conditions attached. The Company was among a few airlines that successfully managed the crisis without needing government bailout.

As the demand both for international and domestic routes shows improvements, the Group's management decided to make repayments of the loan from JSC Halyk Bank ahead of schedule during the year of 2021.

In addition, the Company accomplished the following mitigation actions against liquidity risk:

- Reducing expenditures burn by rigorous cost control, reduction of subcontracted labour, extended leave and downtime;
- Deferral of all non-essential capital expenditures;
- Review of heavy maintenance events and deferrals in accordance with utilization limits recommended by the manufacturers;
- Deferring lease payments from three to twelve months, subsequently to 24 months; and
- Aggressively managing costs through lower capacity, reducing fuel expense and other cost initiatives including reduced work schedules and voluntary employee leaves of absence and eliminating nearly all discretionary spending.

Going concern

The management continues to have a reasonable expectation that the Group has adequate resources to continue in operation for at least the next 12 months and that the going concern basis of accounting remains appropriate. As at 31 December 2021 the Group's net current liabilities were USD 26,970 thousand.

As part of the Group's consideration of the appropriateness of adopting the going concern basis in preparing the year-end consolidated financial statements, a range of different scenarios has been reviewed. The assumptions modelled are based on the estimated potential impact of COVID-19 (and additional variants, latest Omicron) restrictions, along with the Group's proposed responses over the course of the next 12 months. These include a range of estimated impacts primarily based on the length of time various levels of restrictions are in place and the severity of the consequent impact of those restrictions on the demand for the Group's services. The management has sensitised the revenue, profit and cash flow impact of reduced trading activity and a negative impact of changes.

The scenarios are most sensitive to the assumptions made for the expected recovery period. A key judgement applied is the likely time period of restrictions on movement of people and social distancing. The Group analysed its actual performance and adjusted plans based on the actual situation. Forecast statistics takes into account restrictions on routes assumed in the scenarios and opening of new routes in order to cover part of available demand. The domestic traffic already exceeded pre-COVID-19 levels in 2020 and almost doubled 2019 levels in 2021. Under each scenario, mitigating actions are all within the management control and can be initiated as they are related to discretionary spending, and do not impact the ability to meet demand. These actions include cost cutting and stopping all non-essential and non-committed capital expenditures in the next 6-12 months. The management assumes no significant structural changes to the business will be needed in any of the scenarios modelled. As at 25 February 2022, the cash position of the Group remains strong. Under all the scenarios modelled, after taking mitigating actions as needed, the management's forecasts did not indicate a cash deficit within the next 12 months.

With regard to the new Omicron variant of COVID-19, the management believes that its impact would not be as significant compared to the impact of the first COVID wave in March-April 2020 when there was no vaccine availability at all in addition to a very limited experience –both conditions are significantly different today and so is the sentiment. The management has not observed and does not expect similar significant negative effects from possible travel restriction, since the Group's past experience showed that controlled capacity during the second, third and fourth waves on limited flights did not necessarily deliver a negative financial impact and the Group managed to re-shape the business to improve earnings before interest, taxes and depreciation. The most recent financial results for 2021 indicate that even with the limited international capacity, the Company managed to achieve an earnings before interest, taxes, depreciation, amortization and rent (EBITDAR) that was better, significantly, than the pre-crisis results. As such, being subject to some international capacity restrictions potentially for some time would not affect the management's conclusion that the Group is capable of operating as a going concern. Accordingly, the management has concluded that there is no material uncertainty regarding the Group's ability to continue as a going concern and the management considered it appropriate for the going concern assumption to be adopted in preparing the consolidated financial statements.

3. Significant accounting policies

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets on the date of acquisition. The Group discloses other comprehensive income separately from its consolidated statement of profit or loss. The principal accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Segmental Information

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

Revenue

Passenger revenue

The Group satisfies the performance obligations related to tickets sold and reports the sales as revenue when the transportation service performance obligation has been satisfied. The value of tickets sold and still valid but not used by the reporting date is reported as deferred (unearned) transportation revenue. This item is reduced either when the Group satisfies the performance obligation by completing the transportation service or when the passenger requests a refund. Based on historical data of previous years, the Group recognizes passenger revenue in proportion to the pattern of rights exercised by the customer in respect of a percentage of tickets sold that are expected not to be used or refunded.

The Group conducts sales through agents that act as intermediaries distributing tickets among customers. On average, accounts receivable are collected within a month from origination. The Group's sales do not contain significant finance components due to the short-term nature of airline tickets.

Passenger revenue includes revenue from code-share agreements with other airlines. Under these agreements, the Group sells seats on these airlines' flights and those other airlines sell seats on the Group's flights. Revenue from the sale of code-share seats on other airlines are recorded in net in the Group's passenger revenue in profit or loss, since the Group acts as an agent in these agreements. The revenue from other airlines' sale of code-share seats on the Group's flights is recorded in passenger revenue in profit or loss.

Revenue related to airport charges, such as fees and taxes, are presented gross of the related costs. This is due to the fact that the Group is exposed to changes in the actual costs, and these costs are assessed by the Group based on the volume of its operations, such that the Group acts as a principal in the transactions, not as an agent.

Cargo revenue

Cargo transport services are recognised as revenue when the Group satisfies the performance obligation by providing the air transportation. Cargo sales for which performance obligation to provide transportation service has not yet been discharged are shown as deferred (unearned) transportation revenue.

Other income

Compensation for insurance recoveries, including the loss or impairment of property, plant and equipment, is recognised in profit or loss when receivable.

Customer loyalty program

Sales of tickets that result in award credits for customers, under the Company's Nomad Club Loyalty Programme, are accounted for as two separate performance obligations embedded into one contract, the ticket. The transaction price is allocated between the transportation service and the award provided based on their stand-alone selling prices. The transaction price of credit award is not recognised as revenue at the time of the initial sale transaction but is deferred and recognised as revenue when the award credits are redeemed and the Company's performance obligations have been fulfilled.

Travel agents' commissions

Travel agents' commissions are recognised as an expense when the transportation service is provided.

Reservation commissions

Reservation commissions are recognised as an expense when incurred since the amortization period of the asset that the Group otherwise would have recognised is less than a year.

Leasing

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

(i) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in 'property, plant and equipment' and lease liabilities separately in the consolidated statement of financial position.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) Sale and leaseback transactions

If the Group transfers an asset to another entity and leases that asset back from this entity, the Group accounts for the transfer contract and the lease according to IFRS 16 *Leases*.

The Group applies the requirements for determining when a performance obligation is satisfied in IFRS 15 *Revenue from contracts with customers* to determine whether the transfer of an asset is accounted for as a sale of that asset.

If the transfer of an asset by the Group satisfies the requirements of IFRS 15 to be accounted for as a sale of the asset the Group measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the Group. Accordingly, the Group recognises only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. If the fair value of the consideration for the sale of an asset does not equal the fair value of the asset, or if the payments for the lease are not at market rates, the Group makes the following adjustments to measure the sale proceeds at fair value:

(a) any below-market terms shall be accounted for as a prepayment of lease payments; and

(b) any above-market terms shall be accounted for as additional financing provided by the buyer-lessor to the seller-lessee.

Guarantee deposits

Guarantee deposits represent amounts paid to the lessors of aircraft, which are held as security deposits by the lessors in accordance with the provisions of lease agreements without transfer of title. These deposits are returned to the Group at the end of the lease period. Lease deposits relating to the lease agreements without transfer of title are presented as assets in the consolidated statement of financial position. These deposits are interest-free and are recorded at amortised cost using an average market yield of 2.25% per annum (2020:2.25%, 2019: 2.25%). At initial recognition the Group recognises a discount and a deferred asset (additional lease payment) simultaneously. The discount is amortised over the lease term using the effective interest method, and the deferred asset is amortised by equal amounts over the lease term.

Foreign currencies

In preparing the consolidated financial statements, transactions in currencies other than the Group's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

The following table summarises US Dollar exchange rates at 31 December 2021, 31 December 2020 and 31 December 2019 and for the years then ended:

	Average rate			Reporting date spot-rate		
	2021	**2020**	**2019**	**31 December 2021**	**31 December 2020**	**31 December 2019**
1,000 Tenge (KZT)	2.35	2.42	2.61	2.32	2.38	2.61
Euro (EUR)	1.18	1.14	1.12	1.13	1.23	1.11
British Pound (GBP)	1.38	1.28	1.28	1.35	1.37	1.31

The following table summarises KZT exchange rates at 31 December 2021, 31 December 2020 and 31 December 2019 and for the years then ended:

	Average rate			Reporting date spot-rate		
	2021	**2020**	**2019**	**31 December 2021**	**31 December 2020**	**31 December 2019**
US Dollar (USD)	426.03	412.95	382.75	431.8	420.91	382.59
Euro (EUR)	503.88	471.44	428.51	489.1	516.79	426.85
British Pound (GBP)	586.25	529.91	488.46	583.32	574.88	499.99

Finance income and costs

Finance income comprises interest income on bank deposits and gain on financial instruments through profit and loss.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the carrying value and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Finance costs comprise interest expense, bank commissions, losses on financial instruments through profit and loss and other costs. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until those assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Employee benefits

Short-term employee benefit obligations are recognised as an expense in profit or loss as the related service is provided.

A provision is recognised for the amount expected to be paid under cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be realised. Such assets and liabilities are not recognised if the temporary difference arises in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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

Property, plant and equipment

Property, plant and equipment held for use in the supply of services, or for administrative purposes, are stated in the consolidated statement of financial position at cost less accumulated depreciation and impairment losses.

The financial interest attributed to pre-delivery payments made on account of aircraft and other significant assets under construction is capitalised and added to the cost of the asset concerned.

Maintenance costs are recorded as expenses during the period when incurred, with the exception of programs that extend the useful life of the asset or increase its value, which are then capitalised (e.g. maintenance on airframes and engines).

Aircraft

The purchase price of aircraft is denominated in US dollar.

Aircraft are depreciated using a straight-line method over their average estimated useful life of 25 years or over the lease terms, if the lease term is shorter than the 25-year period, assuming no residual value. During the operating cycle, the Group reviews whether the depreciable base or the useful life should be adjusted and, if necessary, determines whether a residual value should be recognised.

Repairs for major airframes and engines of all aircraft are treated as a separate asset component with the cost capitalised and depreciated over the period between the date of acquisition and the next major overhaul.

Major overhaul expenditure, including replacement spares and labour costs, are capitalised and amortised over the average expected life between major overhauls based on flight hours and cycles.

All other replacement spares and other costs relating to maintenance of an aircraft are charged to profit or loss upon consumption or as incurred, respectively.

Rotable spare parts

Rotable spare parts are carried in property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Other property, plant and equipment

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self- constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives for the current and comparative periods are as follows:

- Aircraft (excluding separate asset components) 25 years;
- Buildings and premises 14-50 years;
- Rotable spare parts 3-10 years;
- Office equipment and furniture 4-7 years;
- Vehicles 7-9 years;
- Other 5-10 years.

Depreciation is recognised so as to write off the cost of assets (other than freehold land, properties under construction and separate asset component of the aircraft) less their residual values over their useful lives, using the straight-line method. Separate asset component of an aircraft is amortised over the average expected life between major overhauls which is based on flight hours or cycles.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately are reported at cost less accumulated amortisation and impairment losses. Amortisation is charged on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The estimated useful economic life of software for the current and comparative periods is from 7 to 10 years.

Impairment of tangible and intangible assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash- generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. The Group identifies the recoverable amount as value in use of a CGU.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Contingent liabilities and contingent assets

Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed in the notes to the consolidated financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognised in the consolidated financial statements. Where an inflow of economic benefits is probable, they are disclosed in the notes to the consolidated financial statements.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis, except for fuel and de-icing liquid, which are determined on the weighted average cost basis. Fuel and de-icing liquid are written off upon actual consumption. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Expenditures incurred in acquiring the inventories such as customs duties, freight and broker's services are accumulated into a separate inventory account and allocated depending on use of relevant inventory.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provision for aircraft maintenance under lease agreement without transfer of title

The Group is obligated to perform regular scheduled maintenance of aircraft under the terms of its lease agreements without transfer of title and regulatory requirements relating to air safety. The lease agreements also require the Group to return aircraft to lessors in a satisfactory condition at the end of the lease term, which may require the performance of final return conditions. The Group's scheduled aircraft maintenance programs carried out through the lease periods are designed to reduce the incidence of final return costs. Major aircraft maintenance relates to airframes (referred to as the C- check, D-check and redelivery preparation program) and engines. The C-check is heavy maintenance with approved performance intervals. It takes place the earliest of every 6,000 - 7,500 flight hours, 3,000 - 5,000 flight cycles and 18-24 months according to aircraft type.

The D-check (4C, 6YR, 12YR) is heavy maintenance connected with deep aircraft disassembly, structure inspection and anticorrosion prevention program. It takes place with an interval of not more than 72 months. Engine overhaul occurs after specified flight hours or cycles occur. Some of the lease agreements without transfer of title include a component of variable lease payments which is generally reimbursable to the Group by lessors as a contribution to engine maintenance costs after they are incurred.

The variable lease payments are recognised as an expense in profit or loss as incurred. In the case of other lease agreements without transfer of title variable lease payments are replaced (subject to certain conditions) by Letters of Credit as security for Lessors to cover any unfulfilled maintenance liabilities on the return of the aircraft, and amounts corresponding to the applicable variable lease amounts are included in provisions. For C-check maintenance, a provision is recorded on a progressive basis based upon the Group's estimate of future maintenance costs. For engine maintenance, a provision is recorded on a progressive basis based upon the Group's estimate of the excess of maintenance costs over the amount reimbursable by the lessors. The Group's aircraft maintenance liabilities are due in US Dollars.

Overhaul and restoration works (not depending on aircraft utilisation)

Costs resulting from restoration work required to be performed just before returning aircraft to the lessors, such as painting of the shell or aircraft overhaul are recognized as provisions as of the inception of the contract. The counterpart of these provisions is booked as a complement through the initial book value of the aircraft right-of-use assets. This complement to the right-of-use asset is depreciated over the lease term.

Financial instruments

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its 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 the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level, because this best reflects the way the business is managed and information is provided to the management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether the management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Modification of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different (referred to as 'substantial modification'), then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

The Group performs a quantitative and qualitative evaluation of whether the modification is substantial, i.e. whether the cash flows of the original financial asset and the modified or replaced financial asset are substantially different. The Group assesses whether the modification is substantial based on quantitative and qualitative factors in the following order: qualitative factors, quantitative factors, combined effect of qualitative and quantitative factors. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset is deemed to have expired. In making this evaluation the Group analogizes to the guidance on the derecognition of financial liabilities.

The Group concludes that the modification is substantial as a result of the following qualitative factors:

- change the currency of the financial asset;
- change in collateral or other credit enhancement.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

Financial liabilities

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

If a modification (or exchange) does not result in the derecognition of the financial liability the Group applies an accounting policy consistent with the requirements for adjusting the gross carrying amount of a financial asset when a modification does not result in the derecognition of the financial asset, i.e. the Group recognises any adjustment to the amortised cost of the financial liability arising from such a modification (or exchange) in profit or loss at the date of the modification (or exchange).

Changes in cash flows on existing financial liabilities are not considered as modification, if they result from existing contractual terms, e.g. changes in fixed interest rates initiated by banks due to changes in the LIBOR, NBRK and other key rates. The Group treats the modification of an interest rate to a current market rate using the guidance on variable-rate financial instruments. This means that the effective interest rate is adjusted prospectively.

The Group performs a quantitative and qualitative evaluation of whether the modification is substantial considering qualitative factors, quantitative factors and combined effect of qualitative and quantitative factors. The Group concludes that the modification is substantial as a result of the following qualitative factors:

- change in the currency of the financial liability;
- change in collateral or other credit enhancement;
- inclusion of conversion option;
- change in the subordination of the financial liability.

For the quantitative assessment the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

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

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Dividends

Dividends are recognised as a liability in the period in which they are declared.

Impairment of financial assets

The Group recognises loss allowances for expected credit losses (ECLs) on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- guarantee deposits and bank balances that are determined to have low credit risk at the reporting date; and
- other guarantee deposits and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due or if the external credit rating assigned to a financial asset by an international rating agency falls by six notches according to Standard and Poor's Global Ratings (S&P Global Ratings), Moody's or Fitch credit rating agencies.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

- the financial asset is more than 90 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade’. The Group considers this to be Baa3 or higher per Moody’s or BBB- or higher per S&P Global Ratings.

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

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation;
- or the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the consolidated statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off.

4. Application of new and revised international financial reporting standards

Amendments to IFRS 16 *Leases*

The Group adopted *COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)* issued in March 2021. Prior to this amendment IFRS 16 introduced an optional practical expedient with limited applicability period for leases in which the Group is a lessee – i.e. for leases to which the Group applies the practical expedient, the Group is not required to assess whether eligible rent concessions that are a direct consequence of the COVID-19 coronavirus pandemic are lease modifications. The amendment in 2021 extended the availability of the practical expedient by one year. The Group has applied the amendment retrospectively. The amendment has no impact on retained earnings at 1 January 2021.

Amendments to IFRS 9 *Financial instruments*

The Group has initially adopted Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) from 1 January 2021.

The Group applied the Phase 2 amendments retrospectively. However, in accordance with the exceptions permitted in the Phase 2 amendments, the Group has elected not to restate comparatives for the prior periods to reflect the application of these amendments. Since the Group had no transactions for which the benchmark rate had been replaced with an alternative benchmark rate as at 31 December 2021, there is no impact on opening equity balances as a result of retrospective application.

5. Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRSs requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments and estimates that the management have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Provisions

Provisions mainly consist of provision for aircraft maintenance (Note 23).

Recoverability of variable lease payments related to future maintenance

Under the lease agreements without transfer of title for its aircraft, the Group makes variable lease payments to lessors which are based upon the flight hours of engines, limited life parts of engines, auxiliary power units and major airframe checks. Such amounts are applied to the cost of maintenance services and are reimbursable by lessors upon occurrence of the maintenance event (APU and engine overhaul, replacement of the limited life parts and major airframe checks).

The reimbursement is made only for scheduled repairs and replacements in accordance with the Group's maintenance program agreed with the Kazakhstan Civil Aviation Committee ("CAC").

In case of a return of the aircraft after the scheduled maintenance event, but before the return condition specified in the lease agreement is triggered, the amounts of unapplied variable lease payments made to the lessors are not reimbursable and are retained by the lessors as a deposit transferrable to the next lessees of the aircraft. The management regularly assesses the recoverability of variable lease payments made by the Group. Unanticipated maintenance costs are expensed in profit or loss as incurred.

Compliance with tax legislation

Tax, currency and customs legislation of Kazakhstan are subject to frequent changes and varying interpretations. The management's interpretation of such legislation in applying it to business transactions of the Group may be challenged by the relevant regional authorities enabled by law to impose fines and penalties. It is possible that the tax treatment of transactions that have not been challenged in the past may be challenged. Fiscal periods remain open to review by the tax authorities in respect of taxes for the five calendar years preceding the year of tax review.

Under certain circumstances reviews may cover longer periods. While the Group believes it has provided adequately for all tax liabilities based on its understanding of the tax legislation, the above facts may create additional financial risks for the Group.

Determination of the functional currency

The functional currency of the Company is USD which, in the management's view, reflects the economic substance of the underlying events and circumstances of the Group at the reporting date. At each reporting date the management of the Group reassesses factors that may affect the determination of the functional currency based on circumstances at the reporting date. Significant judgment is required from the management when analyzing indicators of the primary economic environment including the pricing policy, structure of revenues from international and domestic routes, costs structure as well as continued development in the strategy of the Group for further development of international routes. Future circumstances, therefore, may be different and may result in a different conclusion.

Due to the COVID-19 pandemic the revenue from the Company's international routes fell more than the domestic routes revenue. As a result, the share of dollar denominated sales in 2020 decreased significantly. In 2021, due to restoration of the market, demand for international routes increased in comparison with 2020. The management believes that recovery for international routes and related USD denominated sales will continue in 2022. Accordingly, the functional currency of the Company remains the US dollar.

Useful lives of property, plant and equipment

In reporting intangible assets and tangible assets, an assessment is made of the useful economic life and an assessment is made at least once a year to determine whether impairment exists.

Allowances

The Group accrues allowances for impairment of accounts receivable. The Group calculated the probability of default of accounts receivable based on the lifetime approach. Changes in the economy and specific customer conditions may require adjustments of the probability of default and loss given default coefficient derived based on the historical information and thus adjustment of the allowances for doubtful accounts recorded in the consolidated financial statements. As at 31 December 2021, 2020 and 2019, allowances for doubtful accounts were equal to USD 1,935 thousand, USD 2,096 thousand and USD 2,253 thousand, respectively (Note 17).

Other financial assets are mainly credit rated by one or more international credit rating agencies: Moody's, Fitch, and S&P Global Ratings. The estimated credit loss is calculated for the entire useful life for those assets whose credit risk has increased significantly comparing to its level at the initial recognition date. Once the instrument is impaired the Group calculates allowances for doubtful accounts based on the expected future cash flows discounted at the original effective interest rate.

Losses are recognised in profit or loss and reflected in an allowance account. When the Group believes that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When credit risk significantly decreases for those assets which previously have been classified in Stage 2, the Group performs an analysis to determine whether the current financial position of the borrower is stable enough to reclassify such assets back to Stage 1. As at 31 December 2021 impairment allowances were equal to USD 46,604 thousand as disclosed in Note 17 (31 December 2020: USD 47,538 thousand, 31 December 2019: USD 47,628 thousand).

The Group annually estimates the necessity of write-down for obsolete and slow-moving inventories based on annual stock count data conducted at the reporting date. As at 31 December 2021, the Group recognised a write-down for obsolete and slow-moving inventories in the amount of USD 1,568 thousand (2020: USD 1,707 thousand, 2019: USD 2,120 thousand) (Note 15).

Customer loyalty program

The Company's Nomad Club Loyalty program is an incentive program under which passengers are granted points for each flight. Once a passenger accumulates a certain number of points he or she can convert the points into a ticket. While calculating the customer loyalty program provision the Company uses critical judgements and estimates in regard to the value per point by Nomad club members.

The Company uses estimated ticket values to calculate the program's point value. Outstanding unutilized points as of each reporting dates are treated as deferred revenue. Points are valued based on the weighted average standalone prices of tickets redeemed by route and class. Based on the historical statistics the Company determines the amount of breakage with regards to those points whose usage is not probable.

Lease term

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has applied judgment to determine the lease term for some lease contracts in which it is a lessee, based on the period for which the contract is enforceable. The Group considers that enforceability of the lease is established by a written contract (including broader interpretation of a penalty) in combination with applicable legislation governing the lease contract related to renewal or termination rights (specifically the lessee's preferential rights to renew or not to cancel the lease). The Group determined that its preferential right to renew or not to cancel would on its own be treated as substantive, when the Group has a preferential right to renew or not to cancel the lease through a negotiation mechanism under the Civil Code of Kazakhstan. Thus, considering the broader economics of the contract, and not only the contractual termination payments, the lease term may go beyond the contract term.

Deferred tax asset recoverability

Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. The tax code permits an entity to carry forward the accumulated tax losses for the next ten years. The management concluded that sufficient taxable income to utilize the deferred tax asset is probable by comparing the profit before tax forecasted in the 5-year business plan with the tax loss carried forward as of 31 December 2021.

6. Segment Reporting

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

Air Astana

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

FlyArystan

The Group's aviation activities consist of mainly domestic and international passenger and cargo air transportation as low cost service airline.

The Group does not recognize right-of-use assets for the FlyArystan segment, as it does not analyze the financial position of the segments separately. Instead, the Group recognizes lease payments which FlyArystan would have to pay to lease an aircraft over a similar term and in a similar economic environment as for Air Astana leases. Those amounts are reflected in the inter-group elimination.

Operating results for the years ended 31 December 2021, 2020 and 2019:

’000 USD **Profit and loss statement**	**2021** **Air Astana**	**2021** **FlyArystan**	**Inter-group elimination**	**Total**
Revenue and other income				
Passenger revenue	562,393	153,401	-	715,794
Cargo and mail revenue	31,930	1,640	-	33,570
Other revenue	6,414	1,432	-	7,846
Lease	54,375	-	(54,375)	-
Gain from sale and leaseback transaction	4,628	-		4,628
Total revenue	**659,740**	**156,473**	**(54,375)**	**761,838**
Operating expenses				
Depreciation and amortization	(119,505)	(1,327)	-	(120,832)
Fuel and oil costs	(104,357)	(40,214)	-	(144,571)
Employee costs	(82,677)	(22,080)	-	(104,757)
Engineering and maintenance	(87,950)	(28,965)	22,333	(94,582)
Handling, landing fees and route charges	(54,341)	(15,756)	-	(70,097)
Passenger service	(52,649)	(8,245)	-	(60,894)
Aircraft operating lease costs	(3,432)	(32,272)	32,042	(3,662)
Selling costs	(23,130)	(1,945)	-	(25,075)
Aircraft crew costs	(10,269)	(2,179)	-	(12,448)
Insurance	(5,455)	(1,655)	-	(7,110)
IT and communication costs	(3,832)	(743)	-	(4,575)
Consultancy, legal and professional services	(3,334)	(58)	-	(3,392)
Property lease cost	(2,543)	(98)	-	(2,641)
Taxes	(2,501)	-	-	(2,501)
Impairment loss on trade receivables	30	(143)	-	(113)
Other operating costs	(9,720)	(708)	-	(10,428)
Total operating costs	**(565,665)**	**(156,388)**	**54,375**	**(667,678)**
Operating profit	**94,075**	**85**	**-**	**94,160**

'000 USD **Profit and loss statement**	**2020 Air Astana**	**2020 FlyArystan**	**Inter-group elimination**	**Total**
Revenue and other income				
Passenger revenue	302,511	55,902	-	358,413
Cargo and mail revenue	23,569	992	-	24,561
Other revenue	10,557	476	-	11,033
Lease	29,464	-	(29,464)	-
Gain from sale and leaseback transaction	6,257	-	-	6,257
Total revenue	**372,358**	**57,370**	**(29464)**	**400,264**
Operating expenses				
Depreciation and amortization	(100,756)	(279)	-	(101,035)
Fuel and oil costs	(70,637)	(18,575)	-	(89,212)
Employee costs	(63,456)	(9,194)	-	(72,650)
Handling, landing fees and route charges	(39,908)	(7,317)	-	(47,225)
Passenger service	(33,371)	(3,194)	-	(36,565)
Engineering and maintenance	(40,913)	(12,871)	10,586	(43,198)
Selling costs	(16,489)	(604)	-	(17,093)
Aircraft crew costs	(14,221)	(651)	-	(14,872)
Aircraft operating lease costs	(3,297)	(18,982)	18,878	(3,401)
Insurance	(4,997)	(787)	-	(5,784)
IT and communication costs	(3,739)	(484)	-	(4,223)
Taxes	(4,158)	-	-	(4,158)
Consultancy, legal and professional services	(3,190)	(64)	-	(3,254)
Property lease cost	(2,400)	(25)	-	(2,425)
Impairment loss on trade receivables	115	(232)	-	(117)
Other operating costs	(24,091)	(275)	-	(24,366)
Total operating costs	**(425,508)**	**(73,534)**	**29,464**	**(469,578)**
Operating loss	**(53,150)**	**(16,164)**	**-**	**(69,314)**

'000 USD **Profit and loss statement**	**2019 Air Astana**	**2019 FlyArystan**	**Inter-group elimination**	**Total**
Revenue and other income				
Passenger revenue	797,407	27,545	-	824,952
Cargo and mail revenue	20,801	344	-	21,145
Other revenue	47,702	250	-	47,952
Lease	6,870	-	(6,870)	-
Gain from sale and leaseback transaction	4,680	-	-	4,680
Total revenue	**877,460**	**28,139**	**(6,870)**	**898,729**
Operating expenses				
Fuel and oil costs	(198,550)	(9,049)	-	(207,599)
Handling, landing fees and route charges	(106,564)	(2,838)	-	(109,402)
Employee costs	(99,000)	(4,139)	-	(103,139)
Passenger service	(89,876)	(1,651)	-	(91,527)
Engineering and maintenance	(93,569)	(4,134)	3,296	(94,407)
Depreciation and amortization	(81,234)	(121)	-	(81,355)
Selling costs	(41,937)	(423)	-	(42,360)
Aircraft crew costs	(35,051)	(276)	-	(35,327)
Aircraft operating lease costs	(13,709)	(3,625)	3,574	(13,760)
Insurance	(8,870)	(234)	-	(9,104)
Consultancy, legal and professional services	(3,613)	(405)	-	(4,018)
IT and communication costs	(3,776)	(117)	-	(3,893)
Property lease cost	(2,483)	(2)	-	(2,485)
Taxes	(1,718)	-	-	(1,718)
Impairment loss on trade receivables	(738)	-	-	(738)
Other operating costs	(19,051)	(147)	-	(19,198)
Total operating costs	**(799,739)**	**(27,161)**	**6,870**	**(820,030)**
Operating profit	**77,721**	**978**	**-**	**78,699**

7. Revenue and other income

'000 USD	**2021**	**2020**	**2019**
Passenger revenue			
Scheduled passenger flights including:	663,379	340,599	809,288
Fuel surcharge	*60,764*	*39,406*	*108,460*
Airport services	*32,459*	*16,845*	*47,158*
Excess baggage	*5,718*	*3,449*	*5,688*
Charter flights	52,415	17,814	15,664
	715,794	**358,413**	**824,952**

Passenger revenue increased by USD 357,381 thousand during 2021 as compared to 2020 primarily due to the restoration in demand.

Passenger revenue decreased by USD 466,539 thousand during 2020 as compared to 2019 primarily due to the decrease in demand for air travel as a result of the worldwide spread of COVID-19 and the associated shelter-in-place directives and travel restrictions.

Passenger revenue of the Group includes USD 153,401 thousand (2020: USD 55,902; 2019: USD 27,545 thousand USD) related to the FlyArystan division.

Charter revenue of the Group includes USD 2,719 thousand (2020 and 2019: nil) related to the FlyArystan division.

'000 USD	**2021**	**2020**	**2019**
Cargo and mail revenue			
Cargo – Regular	17,910	9,754	18,772
Cargo – Charter	13,975	13,511	-
Mail	1,685	1,296	2,373
	33,570	**24,561**	**21,145**

'000 USD	**2021**	**2020**	**2019**
Other income			
Other income	3,183	6,496	42,428
Gain on disposal of property, plant and equipment and other assets	2,489	1,458	1,221
Income from ground services	1,281	1,140	996
Advertising revenue	606	500	787
Penalties on agency contracts	62	717	1,645
Warranty returns	-	-	412
Sales of fuel	-	-	321
Other	225	722	142
	7,846	**11,033**	**47,952**

In November 2021 the Group purchased under a negotiation reached with manufacturer in 2015 a spare engine which was immediately sold as part of a sale and leaseback transaction for the purpose of obtaining additional financing. The Group measured the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained by the Group. Accordingly, the Group recognized a net gain of USD 4,628 thousand which represents the excess of the sale proceeds over lease liabilities and the changes in engine's related assets. The Group has sold a spare engine for the total amount of USD 18,321 thousand and recognised a right-of-use asset of USD 4,579 thousand and lease liabilities of USD 8,670 thousand. Under the lease agreement the Group has leased back the spare engine for eight years with monthly payments The Group has recognised USD 8,719 thousand as the proceeds from the sale and leaseback transaction in investing activities in the consolidated statement of cash flows.

In January 2020 the Group conducted a sale and leaseback transaction by selling one Airbus A-321. The Group measured the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the Group. Accordingly, the Group recognized a net gain of USD 6,257 thousand which represents the excess of the sale proceeds over lease liabilities and the changes in aircraft related asset.

During 2020 the Group recognized in other income a net gain of USD 2,844 thousand from early return of four Boeing 757-200 and four Embraer E190.

In December 2019, the Group purchased two spare engines which were immediately sold as part of a sale and leaseback transaction for the purpose of obtaining additional financing. The Group measured the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained by the Group. Accordingly, the Group recognized a net gain of USD 4,680 thousand which represents the excess of the sales proceeds over lease liabilities and the changes in engines' related assets. The Group has sold two spare engines for the total amount USD 30,395 thousand and recognised right-of-use assets of USD 10,019 thousand and lease liabilities of USD 14,033 thousand. Under the lease agreement the Group has leased back two spare engines for eight years with monthly payments. In addition, the Group is obliged to pay the monthly variable lease payments which are accrued according to the total flight hours of the engines which have not been included in lease liabilities. The Group has recognised USD 8,694 thousand as the proceeds from the sale and leaseback transaction in investing activities in the consolidated statement of cash flows.

In December 2019 the Company recognized income from insurance proceeds included in other income in the amount of USD 35,100 thousand. The insurance claim was based on an incident with loss of control of the aircraft that happened in November 2018. After the incident the aircraft was not in use due to the investigation which should confirm the aircraft stability. Out of the total USD 35,100 thousand insurance award the Group received USD 17,698 thousand in December 2019 (USD 2,000 thousand to be received from the insurance company). USD 15,370 thousand was transferred in December 2019 by the security trustee to the lessor with assistance of the insurer and reinsurance broker to extinguish the outstanding lease liability. USD 32 thousand was used to settle related legal and transaction fees and USD 10,694 thousand was recognised in other operating costs as disposal of the asset.

During 2021, 2020 and 2019 passenger, cargo and mail revenue, representing total revenue from contracts with customers, were generated from the following destinations:

'000 USD	**2021**	**2020**	**2019**
Domestic	309,171	173,063	233,123
Asia and Middle East	155,897	84,440	218,180
CIS	148,216	48,536	212,321
Europe	136,080	76,935	182,473
Total revenue from passenger and cargo	**749,364**	**382,974**	**846,097**

Domestic passenger revenue of the Group consists of USD 125,194 thousand (2020: USD 54,534; 2019: USD 27,068 thousand) related to the FlyArystan division.

8. Operating expenses

'000 USD	**2021**	**2020**	**2019**
Employee costs			
Wages and salaries of operational personnel	69,930	49,846	67,015
Wages and salaries of administrative personnel	16,941	10,835	16,839
Social tax	8,159	4,904	9,317
Wages and salaries of sales personnel	5,178	3,853	6,017
Other	4,549	3,212	3,951
	104,757	**72,650**	**103,139**

The average number of employees during 2021 were 4,559 (2020: 4,719; 2019: 4,667).

’000 USD	2021	2020	2019
Engineering and maintenance			
Maintenance – provisions (Note 23)	60,818	20,344	28,467
Maintenance – variable lease payments	12,914	5,988	28,154
Spare parts	10,709	9,023	13,875
Maintenance – components	7,417	5,749	21,418
Technical inspection	2,724	2,094	2,493
	94,582	**43,198**	**94,407**

’000 USD	2021	2020	2019
Handling, landing fees and route charges			
Handling charge	28,832	18,489	39,033
Aero navigation	23,247	16,608	45,516
Landing fees	16,612	10,792	23,017
Meteorological services	164	49	214
Other	1,242	1,287	1,622
	70,097	**47,225**	**109,402**

’000 USD	2021	2020	2019
Passenger service			
Airport charges	29,596	15,329	45,777
Catering	16,249	10,252	23,690
In-flight entertainment	4,664	3,482	5,307
Security	2,842	1,685	5,500
Other	7,543	5,817	11,253
	60,894	**36,565**	**91,527**

’000 USD	2021	2020	2019
Selling costs			
Reservation costs	15,965	11,142	22,659
Advertising	4,431	2,648	7,246
Commissions	4,157	2,978	11,581
Interline commissions	234	93	421
Other	288	232	453
	25,075	**17,093**	**42,360**

’000 USD	2021	2020	2019
Aircraft crew costs			
Accommodation and allowances	8,427	6,349	15,574
Training	4,002	4,828	6,724
Contract crew	19	3,695	13,029
	12,448	**14,872**	**35,327**

’000 USD	2021	2020	2019
Aircraft lease costs			
Lease of engines and rotable spare parts	1,413	1,413	1,541
Effect of COVID-19 related rent concessions (Note 26)	881	(1,986)	-
Leased engine on wing costs	656	994	1,746
Lease return costs	380	663	975
Variable lease charges	332	133	93
Fixed lease charges of aircraft and engine	-	2,184	9,405
	3,662	**3,401**	**13,760**

In 2021, due to restorations of the operating activity, the Group's operating expenses increased in comparison with 2020.

Due to the reduction of operations as a result of the COVID-19 lockdown the related operational expenditures significantly decreased in 2020 as compared with the expenditure level in 2019.

9. Finance income and costs

'000 USD	**2021**	**2020**	**2019**
Finance income			
Financial assets and liabilities held at FVTPL (Note 20)	8,013	-	-
Interest income on bank deposits	1,621	1,157	2,636
Reversal/(accrual) of impairment allowance on financial assets	616	244	(449)
Other	168	26	34
	10,418	**1,427**	**2,221**

'000 USD	**2021**	**2020**	**2019**
Finance costs			
Interest expense on lease liabilities (Note 26)	35,448	28,640	23,858
Interest expense on bank loans (Note 26)	11,296	6,104	931
Financial assets and liabilities held at FVTPL (Note 20)	-	542	1,523
Impairment allowance on financial assets	253	706	-
Other	69	84	64
	47,066	**36,076**	**26,376**

10. Income tax (expense)/benefit

The Group's income tax (expense)/benefit for the years ended 31 December was as follows:

	2021	**2020**	**2019**
Current income tax			
Current income tax	(4,707)	(1)	(11,581)
Adjustment recognised in the current year in relation to the current tax of prior years	(415)	(597)	-
	(5,122)	**(598)**	**(11,581)**
Deferred tax expense			
Deferred income tax (expense)/benefit	(3,709)	23,301	(182)
	(3,709)	**23,301**	**(182)**
	(8,831)	**22,703**	**(11,763)**

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

The tax effect on the major temporary differences that give rise to the deferred income tax assets and liabilities as at 31 December 2021, 2020 and 2019 is presented in the table below:

'000 USD	2021	2020	2019
Deferred tax assets			
Lease liabilities	106,091	102,052	76,007
Provision for aircraft maintenance	25,433	16,614	18,252
Trade and other payables	5,482	2,030	-
Trade receivables	2,285	1,562	-
Tax loss carried forward	1,381	21,561	-
Remuneration payables	-	-	7,580
Other	355	-	451
Total deferred tax assets	**141,027**	**143,819**	**102,290**
Deferred tax liabilities			
Right of use assets	(97,434)	(94,146)	(71,467)
Difference in depreciable value of property, plant and equipment and intangible assets	(36,043)	(37,300)	(42,715)
Inventories	(2,182)	(2,031)	(789)
Prepaid expenses	(1,091)	(1,451)	-
Other	(1,566)	(120)	(82)
Total deferred tax liabilities	**(138,316)**	**(135,048)**	**(115,053)**
Net deferred tax assets/(liabilities)	**2,711**	**8,771**	**(12,763)**

As at 31 December 2021 the Group concluded that it is probable that future taxable profits will be available against which the deferred tax asset will be utilised.

The total amount of tax loss carried forwards as at 31 December 2021 is USD 6,905 thousand (31 December 2020: USD 107,805 thousand; 31 December 2019: nil).

Movements in deferred tax assets and liabilities presented above were recorded in profit or loss accounts, except for USD 2,352 thousand related to carried forward corporate income tax losses, which were recognised in equity relating to the realised portion of deferred tax on cash flows hedge. (2020: USD 2,290 thousand; 2019: USD 2,231 thousand).

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

In accordance with the local tax legislation, if deductible expenses from derivative instruments cannot be fully utilized in the year of origination, the tax code permits an entity to carry forward the accumulated tax losses for the next ten years. In previous years, the probability of gain from derivative instruments was low and no deferred asset was recognized for tax losses from derivative instruments. During 2021 the Group earned a gain from derivative instruments and utilized tax losses accumulated in prior years and recognized a deferred tax asset to the extent of expected payments on exercised contracts.

The income tax rate in the Republic of Kazakhstan, where the Group is located, in 2021, 2020 and 2019 was 20%. The taxation charge for the year is different from that which would be obtained by applying the statutory income tax rate to profit or loss before income tax.

Below is a reconciliation of theoretical income tax at 20% (2020 and 2019: 20%) to the actual income tax (expense)/ benefit recorded in the Group's consolidated statement of profit or loss:

'000 USD	2021	2020	2019
Profit / (Loss) before tax	**44,990**	**(116,636)**	**41,795**
Corporate income tax, %	20%	20%	20%
Income tax at statutory rate	(8,998)	23,327	(8,359)
Recognition of previously unrecognized tax losses	1,381	-	-
USD forex effect	617	2,550	(2,238)
Tax effect of non-deductible expenses	(1,831)	(3,174)	(1,166)
Income tax (expense) / benefit	**(8,831)**	**22,703**	**(11,763)**

11. Property, plant and equipment

'000 USD	Rotable spare parts	Office equipment and furniture	Building, premises and land	Vehicles	Aircraft under lease	Equipment in transit and construction in progress	Total
Cost							
At 1 January 2019	**57,749**	**7,013**	**33,250**	**3,064**	**591,903**	**2,030**	**695,009**
Additions	27,623	1,702	888	245	247,452	8,175	286,085
Disposals	(6,442)	(69)	-	(76)	(27,884)	-	(34,471)
Transfers to inventories	(133)	-	-	-	-	-	(133)
Transfers from inventories	960	-	-	-	-	-	960
Other transfers	333	-	-	(139)	(194)	-	-
At 31 December 2019	**80,090**	**8,646**	**34,138**	**3,094**	**811,277**	**10,205**	**947,450**
Additions	4,678	572	558	211	220,401	2,347	228,767
Disposals	(10,498)	(226)	(946)	(365)	(64,210)	-	(76,245)
Transfers to inventories	(252)	-	-	-	-	-	(252)
Transfers from inventories	90	-	-	-	-	-	90
Other transfers	3,428	19	50	-	8,673	(12,170)	-
At 31 December 2020	**77,536**	**9,011**	**33,800**	**2,940**	**976,141**	**382**	**1,099,810**
Additions	13,709	502	4,476	64	120,638	429	139,818
Disposals	(10,267)	(406)	(600)	(223)	(15,543)	-	(27,039)
Transfers to inventories	(216)	-	-	-	-	-	(216)
Transfers from inventories	309	-	373	-	-	-	682
Other transfers	(1,557)	-	-	-	2,184	(627)	-
At 31 December 2021	**79,514**	**9,107**	**38,049**	**2,781**	**1,083,420**	**184**	**1,213,055**

Accumulated depreciation

'000 USD	Rotable spare parts	Office equipment and furniture	Building, premises and land	Vehicles	Aircraft under lease	Equipment in transit and construction in progress	Total
At 1 January 2019	**28,398**	**4,967**	**1,845**	**1,467**	**233,624**	**-**	**270,301**
Charge for the year	8,323	748	3,063	234	68,089	-	80,457
Disposals	(3,534)	(60)	-	(70)	(16,837)	-	(20,501)
At 31 December 2019	**33,187**	**5,655**	**4,908**	**1,631**	**284,876**	**-**	**330,257**
Charge for the year	9,970	881	3,102	231	85,974	-	100,158
Disposals	(6,845)	(190)	(509)	(349)	(42,546)	-	(50,439)
Impairment	-	-	-	-	14,722	-	14,722
At 31 December 2020	**36,312**	**6,346**	**7,501**	**1,513**	**343,026**	**-**	**394,698**
Charge for the year	8,896	831	3,164	195	107,087	-	120,173
Disposals	(8,486)	(316)	(221)	(203)	(14,790)	-	(24,016)
At 31 December 2021	**36,722**	**6,861**	**10,444**	**1,505**	**435,323**	**-**	**490,855**
Net book value							
At 31 December 2019	**46,903**	**2,991**	**29,230**	**1,463**	**526,401**	**10,205**	**617,193**
At 31 December 2020	**41,224**	**2,665**	**26,299**	**1,427**	**633,115**	**382**	**705,112**
At 31 December 2021	**42,792**	**2,246**	**27,605**	**1,276**	**648,097**	**184**	**722,200**

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

Rotable spare parts include aircraft modification costs.

The Group's obligations under leases have a carrying amount of USD 648,097 thousand (2020: USD 633,115; 2019: USD 526,401 thousand) (Note 26). The total amount of Aircraft Under Lease as at 31 December 2021 includes 10 Airbus aircraft related to the FlyArystan division with a net book value of USD 118,216 thousand (2020: seven Airbus aircraft with a net book value of USD 91,254 thousand; 2019: four Airbus aircraft with a net book value of USD 65,315 thousand).

As at 31 December 2019 the Technical Centre (Hangar) in Nur-Sultan was pledged to the EBRD. In order to release it from the pledge and respond to collateral requirement of JSC Halyk Bank, in 2020 the Company repaid the EBRD loan bank using credit sources from JSC Halyk Bank.

As per the loan agreement with JSC Halyk Bank the Technical Center (Hangar) in Nur-Sultan with a carrying amount of USD 19,203 thousand was pledged in favor of JSC Halyk Bank on 5 May 2021 (Note 25).

The cost of fully depreciated items in 2021 is USD 3,864 thousand (2020: USD 4,993 thousand; 2019: USD 3,447 thousand).

Impairment

As at 31 December 2021 there were no indicators of impairment.

The COVID-19 outbreak has developed rapidly in early 2020. Since many countries have required businesses to limit or suspend operations and implemented travel restrictions and quarantine measures, the management concludes that there are indications that the assets might be impaired. One of the responses to the crisis is positioning the Group to be a more efficient airline over the next several years by using the most efficient aircraft in its fleet to serve the airline’s network which resulted in the retirement of four Boeing 757-200 and four Embraer E190 aircraft. The Group recognized individual impairment losses of USD 14,722 thousand related to the right-of-use assets on these aircraft, since the aircraft will no longer be in use until the end of existing leases terms. The impairment losses for these aircraft have been recognized in other operating costs. For the remaining property, plant and equipment and intangible assets the recoverable value has been determined by reference to the value in use, representing the discounted cash flows resulting from the planned operating activities. To determine whether impairment exists, the recoverable amount was compared to the carrying amount of assets engaged in generating related cash flows. To forecast cash flows, the Group used its five-year business plan adjusted to reflect the latest information available as of 31 December 2020. The following key assumptions were used:

- The discount rate used was the weighted average cost of capital, based on the market capital structure, which is 11.3% for the entire forecasting period.
- Five-year business plan included existing and committed fleet.
- For the existing aircraft whose lease term finishes before the five-year forecasted period, the lease term was extended until the end of 2026.
- Recovery to the level of 2019 for domestic flights (2022) and international flights (2024) were assumed in line with the expectations of IATA for Kazakhstan for Air Astana.
- The domestic and international flights for the FlyArystan division of the Group increase in 2021 -2022 due to higher growth potential for low-cost carriers and introduction of new routes which in combination will lead eventually to an increase of market share.

The estimated discounted future cash flows exceed the carrying amount of corresponding property, plant and equipment and intangible assets.

To address uncertainty related to the market recovery the Group prepared a more conservative scenario by adjusting the basic scenario on the following assumptions:

- 30% decrease in tariffs on the domestic routes of Air Astana for 2021 and 15% for 2022;
- 30% decrease in passengers of the FlyArystan division on domestic routes in 2021 and 15% in 2022.

Under the more conservative scenario, the discounted cash flows exceed the net book value of the Group's assets.

12. Intangible assets

'000 USD	**Software**
Cost	
At 1 January 2019	**7,499**
Additions	430
Disposal	(6)
At 31 December 2019	**7,923**
Additions	828
Disposal	(20)
At 31 December 2020	**8,731**
Additions	541
Disposal	-
At 31 December 2021	**9,272**
Accumulated amortisation	
At 1 January 2019	**5,335**
Charge for the year	898
Disposal	(5)
At 31 December 2019	**6,228**
Charge for the year	877
Disposal	(20)
At 31 December 2020	**7,085**
Charge for the year	659
Disposal	**-**
At 31 December 2021	**7,744**
Net book value	
At 31 December 2019	**1,695**
At 31 December 2020	**1,646**
At 31 December 2021	**1,528**

13. Depreciation and amortisation

'000 USD	**2021**	**2020**	**2019**
Depreciation of property, plant and equipment (Note 11)	120,173	100,158	80,457
Amortisation of intangible assets (Note 12)	659	877	898
Total	**120,832**	**101,035**	**81,355**

14. Guarantee deposits

'000 USD	31 December 2021	31 December 2020	31 December 2019
Non-current			
Guarantee deposits for leased aircraft	17,549	19,064	15,855
Other guarantee deposits	828	1,491	1,222
Impairment allowances	(403)	(145)	(345)
	17,974	**20,410**	**16,732**
Current			
Other guarantee deposits	1,450	1,277	1,430
Guarantee deposits for leased aircraft	124	124	5,741
Guarantee deposits to secure Letters of Credit for maintenance liabilities	-	4,425	9,514
Impairment allowances	(6)	(12)	(56)
	1,568	**5,814**	**16,629**
	19,542	**26,224**	**33,361**

Guarantee deposits for leased aircraft comprise security deposits required by the lease agreements as security for future lease payments to be made by the Group. Guarantee deposits are denominated primarily in US Dollars. The Group assesses credit risk for such deposits as low mainly because almost all lessors are rated from AA to BBB in accordance with S&P Global Ratings credit quality grades. For those lessors who are not credit rated by international rating agencies, the management calculates the expected credit loss based on the assumption that such lessors are rated at CCC by S&P Global Ratings.

In 2020 the Company changed the term of standby letter of credit with Natixis bank, and as a result, a portion of the cash collateral in the amount of USD 5 million was returned by Natixis bank to the Company's account. The remaining amount of cash collateral (USD 4.4 million) has been returned by Natixis bank in 2021.

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

'000 USD	31 December 2021	31 December 2020	31 December 2019
Within one year	124	4,549	15,255
After one year but not more than five years	6,305	5,925	1,797
More than five years	11,288	13,212	14,085
	17,717	**23,686**	**31,137**
Fair value adjustment	(44)	(73)	(27)
	17,673	**23,613**	**31,110**

15. Inventories

'000 USD	31 December 2021	31 December 2020	31 December 2019
Spare parts	34,258	32,193	29,755
Fuel	7,112	4,687	7,347
Crockery	3,902	4,553	4,997
Goods in transit	2,530	715	3,070
Promotional materials	1,470	2,042	1,701
Uniforms	1,049	1,284	1,175
De-icing liquid	827	853	2,011
Blank forms	282	413	432
Other	1,693	1,338	1,633
	53,123	**48,078**	**52,121**
Less: cumulative write-down for obsolete and slow-moving inventories	(1,568)	(1,707)	(2,120)
	51,555	**46,371**	**50,001**

The movements in the cumulative write-down for obsolete and slow-moving inventories were as follows for the years ended 31 December:

'000 USD	**2021**	**2020**	**2019**
Cumulative write-down for obsolete and slow-moving inventories at the beginning of the year	**(1,707)**	**(2,120)**	**(1,693)**
Write-down for the year	(34)	(573)	(615)
Reversal of previous write-down for the year	173	986	188
Cumulative write-down for obsolete and slow-moving inventories at the end of the year	**(1,568)**	**(1,707)**	**(2,120)**

16. Prepayments

'000 USD	**31 December 2021**	**31 December 2020**	**31 December 2019**
Non-current			
Prepayments for long-term assets	8,993	7,760	5,675
Advances for services	7,306	4,593	6,394
	16,299	**12,353**	**12,069**
Current			
Advances for goods	13,288	1,467	4,122
Advances for services	12,594	13,435	18,565
Prepayments of leases without transfer of legal title	1,147	982	3,515
Prepayments for leases with transfer of legal title	-	-	5,243
	27,029	**15,884**	**31,445**
Less: impairment allowance for prepayments	(495)	(498)	(423)
	26,534	**15,386**	**31,022**

As at 31 December 2021 prepayments for long-term assets include prepayments for a full-flight simulator and prepayments to Boeing as pre-delivery payment for three aircraft (Note 29).

The movements in the impairment allowance for the years ended 31 December 2021, 31 December 2020 and 31 December 2019 were:

'000 USD	**2021**	**2020**	**2019**
At the beginning of the year	**(498)**	**(423)**	**(409)**
Accrued during the year	(8)	(100)	(46)
Reversed during the year	11	25	32
Allowance for doubtful debt at the end of the year	**(495)**	**(498)**	**(423)**

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

17. Trade and other receivables

'000 USD	**31 December 2021**	**31 December 2020**	**31 December 2019**
Non-current			
Due from employees and Ab-initio pilot trainees	3,123	3,285	2,411
Other financial assets	47,092	47,538	48,457
	50,215	**50,823**	**50,868**
Less: impairment allowance	(46,604)	(47,538)	(47,628)
	3,611	**3,285**	**3,240**
Current			
Trade receivables	14,906	10,897	27,314
Due from employees and Ab-initio pilot trainees	993	1,419	1,056
Receivable from lessors – variable lease reimbursement	170	-	6,979
	16,069	**12,316**	**35,349**
Less: impairment allowance	(1,935)	(2,096)	(2,253)
	14,134	**10,220**	**33,096**

In 2016, due to the significant credit quality deterioration of KazInvestBank JSC following the recall of its banking license, and Delta Bank JSC on 22 May 2017 followed by the temporary suspension of its license for accepting new deposits and opening new accounts, the management reclassified the deposits held with these banks in the amount USD 14,234 thousand and USD 44,785 thousand, respectively, from the bank deposit line item to non-current trade and other receivables and assessed them for impairment. Based on the assessment, the management recognised an impairment allowance of approximately 90% for KazInvestBank JSC and Delta Bank JSC as at 31 December 2016.

At the end of June 2017, the temporary administration of KazInvestBank JSC transferred a portion of its assets and liabilities to SB Alfa Bank JSC (Alfa Bank) which acts as an intermediary, collecting funds from the borrowers under the transferred corporate loans and distributing the proceeds among depositors. The Company has agreed to transfer part of its deposit claims to KazInvestBank JSC into Alfa Bank JSC.

On 24 January 2018 the court's decision on the forced liquidation of KazInvestBank JSC came into effect. The compensation of the remaining claims of KazInvestBank JSC will depend on the actions of the liquidation commission.

In July-November 2017 the Company collected USD 4,376 thousand in cash through enforcement proceedings against Delta Bank JSC. On 2 November 2017, the National Bank decided to revoke the license of Delta Bank JSC. On 13 February 2018 the court decided on the forced liquidation of Delta Bank JSC.

In December 2019 the management of the Company recognised an additional impairment allowance for KazInvestBank JSC, Alfa Bank and Delta Bank JSC.

As at 31 December 2021 the allowance for those banks comprises major part of the gross balances.

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

Amounts due from trainees of the Ab-initio pilot program in respect of 50% of their initial training costs are classified as interest free loans. The remaining costs are classified by the Company as a prepayment of its expenses and are amortised over a period of seven years, during which period the Company has a right to oblige these expenses also to become payable by the pilot trainees should such pilot trainee terminate his/her employment. The alumni of the Ab-initio pilot program can either repay the remaining training cost by cash or defer for the future so that this amount becomes payable only if they leave the Company. Amounts due from those cadets who selected the option were reclassified to deferred expenses and are amortized using the straight-line method over the remaining amortization term.

The Group's net trade and other receivables are denominated in the following currencies as at 31 December:

'000 USD	**31 December 2021**	**31 December 2020**	**31 December 2019**
Tenge	12,334	8,364	11,496
US Dollar	2,453	2,359	16,045
Euro	756	1,330	2,338
Russian Rouble	401	214	864
Other	1,801	1,238	5,593
	17,745	**13,505**	**36,336**

The movements in impairment allowance for the years ended 31 December 2020 were:

'000 USD	**2021**	**2020**	**2019**
At the beginning of the year	**(49,634)**	**(49,881)**	**(48,757)**
Accrued during the year	(1,562)	(2,623)	(2,642)
Reversed during the year	2,175	1,917	1,555
Written-off against previously created allowance	-	-	5
Foreign currency difference	482	953	(42)
At the end of the year	**(48,539)**	**(49,634)**	**(49,881)**

18. Other taxes prepaid

'000 USD	31 December 2021	31 December 2020	31 December 2019
Value-added tax recoverable	7,590	14,896	32,390
Other taxes prepaid	119	270	956
	7,709	**15,166**	**33,346**

Value-added tax recoverable is recognised within current assets as the Group annually applies for reimbursement of these amounts, which is usually successful.

19. Cash and bank balances

'000 USD	31 December 2021	31 December 2020	31 December 2019
Current accounts with foreign banks	102,172	85,451	96,450
Term deposits with local banks with an initial maturity of less than 3 months	81,595	62,705	66,425
Current accounts with local banks	42,488	53,074	13,410
Cash in hand	107	122	113
Accrued interest	3	9	49
	226,365	**201,361**	**176,447**
Impairment allowances	(8)	(7)	(5)
	226,357	**201,354**	**176,442**

Cash and bank balances are denominated in the following currencies as at 31 December:

'000 USD	2021	2020	2019
US Dollar	217,119	177,753	168,266
British Pound	2,712	284	502
Tenge	2,285	18,187	795
Euro	1,652	752	1,699
Indian Rupee	425	635	2,046
Russian Rouble	285	582	656
Uzbek Som	266	61	401
Chinese Yuan	203	2,493	992
Other	1,410	607	1,085
	226,357	**201,354**	**176,442**

20. Other Financial Assets

The Company signed agreements and entered into transactions with various financial institutions to manage the risk of significant changes in aviation fuel prices. In accordance with the terms, financial institutions agreed to compensate the Company the excess between the actual price of crude oil and the ceiling price specified in the agreements. As at 31 December 2021 the fair value of the derivative instruments resulted in a net gain of USD 8,013 thousand (2020: net loss of USD 542 thousand; 2019 net loss of USD 1,523 thousand) (Note 9). The fair value has been determined using a valuation model with market observable parameters.

	Call option (purchase)
At 1 January 2019	**118**
Acquisition	1,639
Net unrealized loss on financial assets and liabilities at fair value through profit or loss (Note 9)	(58)
Net realized loss on financial assets and liabilities at fair value through profit or loss (Note 9)	(1,465)
At 31 December 2019	**234**
At 1 January 2020	**234**
Acquisition	308
Net realized gain on financial assets and liabilities at fair value through profit or loss (Note 9)	(542)
At 31 December 2020	**-**
At 1 January 2021	**-**
Acquisition	4,460
Net unrealized gain on financial assets and liabilities at fair value through profit or loss (Note 9)	3,798
Net realized gain on financial assets and liabilities at fair value through profit or loss (Note 9)	4,215
Payments on exercised contracts	(5,090)
At 31 December 2021	**7,383**

21. Equity

As at 31 December 2021, 2020 and 2019, share capital was comprised of 17,000 authorised, issued and fully paid ordinary shares with a par value of 147,150 tenge per share (equivalent to USD 1,000 per share at the time of purchase).

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Group.

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

As at 31 December 2021 the Company had retained earnings, including the profit for the current year, of USD 91,576 thousand (2020: USD 55,417 thousand; 2019: USD 149,350 thousand).

No dividends were declared during 2021 (2020: nil; 2019: nil).

The calculation of basic earnings per share is based on profit or loss for the year and the weighted average number of ordinary shares outstanding during the year of 17,000 shares (2020: 17,000 shares; 2019: 17,000 shares). The Company has no instruments with potential dilutive effect.

'000 USD	**2021**	**2020**	**2019**
Profit/(Loss) for the year	36,159	(93,933)	30,032
Number of ordinary shares	17,000	17,000	17,000
Earnings/(loss) per share – basic and diluted (USD)	**2,127**	**(5,525)**	**1,767**

22. Deferred revenue

'000 USD	31 December 2021	31 December 2020	31 December 2019
Unearned transportation revenue	49,068	28,505	59,137
Customer loyalty program provision	8,192	9,607	8,781
	57,260	**38,112**	**67,918**

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

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

Due to the short-term nature of the Group's performance obligations, the opening balance of unearned transportation revenue less the refunded amounts was recognised as revenue in 2021.

23. Provision for aircraft maintenance

'000 USD	31 December 2021	31 December 2020	31 December 2019
Engines	98,667	62,906	68,106
D-Check	12,430	6,807	9,141
C-Check	3,588	4,314	6,454
Provision for redelivery of aircraft	3,936	3,701	3,688
Auxiliary Power unit	4,002	2,301	1,565
Landing gear	4,543	3,041	2,308
	127,166	**83,070**	**91,262**

The movements in the provision for aircraft maintenance were as follows for the years ended 31 December:

'000 USD	2021	2020	2019
At 1 January	**83,070**	**91,262**	**87,236**
Recognised in property, plant and equipment	-	5,334	2,011
Accrued during the year (Note 8)	61,348	34,718	33,539
Reversed during the year (Note 8)	(530)	(14,374)	(5,072)
Used during the year	(16,722)	(33,870)	(26,452)
At 31 December	**127,166**	**83,070**	**91,262**

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

The significant reversal of provision in 2020 was due to the different rates used in calculation of estimated cost of the end of lease payments to aircraft which were returned in 2020 in comparison with actual payment made according to termination contract. After technical overview, the Company negotiated with the lessors to use the lower rates for payment of return compensation.

The significant increase in the provision balance as at 31 December 2021 was due to the increased utilization of aircraft as a result of restoration of the operations. In addition, the number of aircraft leased under agreements where variable maintenance reserves are paid to lessors decreased due to return of such aircraft which also led to an increase of the provision.

The planned utilisation of these provisions is as follows:

’000 USD	31 December 2021	31 December 2020	31 December 2019
Within one year	40,710	37,533	37,413
During the second year	37,809	16,428	35,024
During the third year	30,159	7,921	4,374
After the third year	18,488	21,188	14,451
Total provision for aircraft maintenance	**127,166**	**83,070**	**91,262**
Less: current portion	40,710	37,533	37,413
Non-current portion	**86,456**	**45,537**	**53,849**

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

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

24. Trade and other payables

’000 USD	31 December 2021	31 December 2020	31 December 2019
Trade payables	35,375	21,847	62,103
Accrued bonuses	11,425	139	13,880
Advances received	5,424	5,869	5,480
Due to employees	4,490	5,892	3,942
Deposits received from agents	3,441	2,010	4,638
Vacation pay accrual	1,397	1,079	902
Taxes payable	740	1,109	959
Pension contribution	580	424	881
Deferred revenue refund	-	843	-
Other	117	119	139
	62,989	**39,331**	**92,924**

As at 31 December 2020 the Company recognised trade payables related to ticket refunds of USD 843 thousand.

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

’000 USD	31 December 2021	31 December 2020	31 December 2019
Tenge	39,424	21,745	30,604
US Dollar	16,361	11,240	41,154
Euro	2,846	3,111	6,673
Russian roubles	312	150	1,078
GBP	519	147	1,101
Other	3,527	2,938	12,314
	62,989	**39,331**	**92,924**

25. Loans

’000 USD	31 December 2021	31 December 2020	31 December 2019
Non-current			
Loan	4,759	53,004	6,430
	4,759	**53,004**	**6,430**
Current			
Current portion of loan	57,320	105,968	10,354
Interest payable	207	5,041	41
	57,527	**111,009**	**10,395**

On 3 December 2015 the Group concluded a loan agreement of USD 14,000 thousand (in Kazakhstani tenge equivalent) with the European Bank for Reconstruction and Development (EBRD) for 10 years for the purpose of construction of a Technical Centre (Hangar) in Nur-Sultan, which was also pledged to the EBRD under this loan. The interest rate was variable and defined, based on a margin of 3.75% per annum plus EBRD’s All-in Cost in Kazakhstani tenge. The All-in Cost was determined on a quarterly basis in conjunction with the National Bank of Kazakhstan base rate. In April 2016 the Group obtained the funds from EBRD in the amount of 4,661,033 thousand tenge (USD 14,000 thousand equivalent as of receipt dates).

In order to release the Hangar in Nur-Sultan from the pledge and respond to collateral requirement of JSC Halyk Bank, in 2020 the Company repaid the EBRD loan bank using credit sources from JSC Halyk Bank. As per the agreement with JSC Halyk Bank the Company pledged the Hangar in Nur-Sultan to JSC Halyk Bank on 5 May 2021 (Note 11).

On 12 August 2019 the Group opened a Credit Line in JSC Halyk Bank for USD 40,000 thousand for 3 years, for the purpose of working capital financing. On 20 March 2020 the Group signed an addendum to the Loan Agreement and increased the loan amount up to USD 65,000 thousand. On 21 April 2020 another addendum was signed between parties further increasing the loan amount to USD 115,000 thousand.

On 15 September 2020 the Group signed an addendum to the Loan agreement with JSC Halyk Bank bringing the credit line to USD 160,000 thousand (from USD 115,000 thousand) and extending its tenor to 10 September 2025, mirroring the previous tenor of the EBRD loan (until September 2025). The loan at EBRD was fully refinanced with JSC Halyk Bank’s credit facilities on 20 September 2020. The credit line allows to take borrowings both in KZT and USD. The average interest rate for borrowings in USD is 3.5% per annum and 11.3% per annum for loans in KZT.

During 2021 the Group made repayments of the loan from JSC Halyk Bank ahead of schedule.

The Group’s loans are denominated in the following currencies:

’000 USD	31 December 2021	31 December 2020	31 December 2019
Tenge	31,090	115,865	10,395
US Dollar	31,196	48,148	6,430
	62,286	**164,013**	**16,825**

26. Lease liabilities

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

As at 31 December 2021 the Group has five Airbus and three Boeing 767 aircraft under fixed interest lease agreements with transfer of title (2020: five Airbus and three Boeing 767 aircraft; 2019: six Airbus and three Boeing 767 aircraft).

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

The Group's obligations under leases are secured by the lessors' title to the leased assets. These assets have a carrying value of USD 648,097 thousand (2020: USD 633,115 thousand; 2019: USD 526,401 thousand) (Note 11).

The Group's leases with transfer of title are subject to certain covenants. These covenants impose restrictions in respect of certain transactions, including, but not limited to restrictions in respect of indebtedness. Certain lease agreements with transfer of title include covenants as regards to change of ownership of the Group. These requirements have been met during 2021, 2020 and 2019.

'000 USD	**Minimum lease payments**			**Present value of minimum lease payments**		
	31 December 2021	**31 December 2020**	**31 December 2019**	**31 December 2021**	**31 December 2020**	**31 December 2019**
Not later than one year	177,178	161,337	135,596	146,354	132,340	111,216
Later than one year and not later than five years	545,269	525,764	441,291	484,301	463,503	386,257
Later than five years	101,281	114,849	114,215	96,238	108,819	109,029
	823,728	**801,950**	**691,102**	**726,893**	**704,662**	**606,502**
Less: future finance charges	(96,835)	(97,288)	(84,600)	-	-	-
Present value of minimum lease payments	**726,893**	**704,662**	**606,502**	**726,893**	**704,662**	**606,502**
Included in the financial statements as:						
- current portion of lease obligations	-	-	-	146,354	132,340	111,216
- non-current portion of lease obligations	-	-	-	580,539	572,322	495,286
	-	**-**	**-**	**726,893**	**704,662**	**606,502**

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

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

'000 USD	**Loans (Note 25)**	**Lease liabilities**	**Total**
Balance as at 1 January 2021	**164,013**	**704,662**	**868,675**
Repayment of borrowings	(106,444)	-	(106,444)
Proceed from borrowings	12,305	-	12,305
Repayment of lease liabilities	-	(93,553)	(93,553)
Repayment of additional financing	(350)	-	(350)
Interest paid	(16,047)	(33,041)	(49,088)
Total changes from financing cash flows	**(110,536)**	**(126,594)**	**(237,130)**
Effect of changes in foreign exchange rates	(2,487)	(84)	(2,571)
Other changes			
Additional adjustment - new leases	-	113,070	113,070
Interest expense (Note 9)	11,296	35,448	46,744
Effect of COVID-19 related rent concessions (Note 8)	-	881	881
Gain from early return of engine	-	(490)	(490)
Total other changes	**11,296**	**148,909**	**160,205**
Balance as at 31 December 2021	**62,286**	**726,893**	**789,179**

'000 USD	**Loans (Note 25)**	**Lease liabilities**	**Total**
Balance as at 1 January 2020	**16,825**	**606,502**	**623,327**
Repayment of borrowings	(65,969)	-	(65,969)
Proceed from borrowings	209,118	-	209,118
Repayment of lease liabilities	-	(100,020)	(100,020)
Additional financing from sale and leaseback	1,840	-	1,840
Repayment of additional financing	(321)	-	(321)
Interest paid	(1,125)	(28,462)	(29,587)
Total changes from financing cash flows	**143,543**	**(128,482)**	**15,061**
Effect of changes in foreign exchange rates	(2,459)	(317)	(2,776)
Other changes			
Additional adjustment - new leases	-	207,342	207,342
Interest expense (Note 9)	6,104	28,640	34,744
Non-cash settlement due to netting with guarantee deposits	-	(4,193)	(4,193)
Effect of COVID-19 related rent concessions (Note 8)	-	(1,986)	(1,986)
Gain from early return of aircraft (Note 7)	-	(2,844)	(2,844)
Total other changes	**6,104**	**226,959**	**233,063**
Balance as at 31 December 2020	**164,013**	**704,662**	**868,675**

'000 USD	**Loans (Note 25)**	**Lease liabilities**	**Total**
Balance as at 1 January 2019	9,156	281,527	290,683
Adjustments on initial application of IFRS 16	-	199,327	199,327
Balance as at 1 January 2019	**9,156**	**480,854**	**490,010**
Repayment of borrowings	(1,349)	-	(1,349)
Repayment of lease liabilities	-	(103,931)	(103,931)
Receipt of borrowings	9,000	-	9,000
Interest paid	(946)	(23,958)	(24,904)
Total changes from financing cash flows	**6,705**	**(127,889)**	**(121,184)**
Effect of changes in foreign exchange rates	33	32	65
Other changes			
Additional adjustment - new leases	-	245,017	245,017
Interest expense (Note 9)	931	23,858	24,789
Non-cash settlement	-	(15,370)	(15,370)
Total other changes	**931**	**253,505**	**254,436**
Balance as at 31 December 2019	**16,825**	**606,502**	**623,327**

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

In connection with the transition of the functional currency to US Dollar, this hedge ceased to be economically effective from 31 December 2017. At 31 December 2021 a foreign currency loss of USD 44,098 thousand (2020: USD 55,857 thousand; 2019: USD 67,307 thousand), before deferred income tax of USD 8,820 thousand (2020: USD 11,171 thousand; 2019: USD 13,462 thousand) on the lease liabilities with transfer of title, representing an effective portion of the hedge, is deferred in the hedging reserve within equity. As a result of the change, the hedge relationship has been discontinued so that starting from 1 January 2018 no further foreign currency translation gains or losses are transferred from profit or loss to the hedge reserve, and the hedge reserve recognised in equity as at 31 December 2017 shall remain in equity until the forecasted revenue cash flows are received.

During 2021 the amount reclassified from the hedging reserve to foreign exchange loss in the consolidated statement of comprehensive income was USD 11,760 thousand (before deferred income tax of USD 2,352 thousand) (2020: USD 11,449 thousand before deferred income tax of USD 2,290 thousand; 2019: USD 11,156 thousand, before deferred income tax of USD 2,231 thousand).

The Group conducted a sale and leaseback transaction in December 2019 by selling two spare engines and leasing it back under the agreement without transfer of title. From this transaction the Group recognized a net gain of USD 4,680 thousand which represents the excess of the sales proceeds over lease liabilities and the changes in engines' related assets.

The Group conducted a sale and leaseback transaction in January 2020 by selling one Airbus A321-200 and leasing it back under the agreement without transfer of title. From this transaction the Group has received cash of USD 35,250 thousand, derecognized assets of USD 23,001 thousand, repaid outstanding lease liabilities of USD 18,637 thousand and recognised a gain of USD 6,257 thousand.

The Group conducted a sale and leaseback transaction in November 2021 by buying and selling at the same day one engine and leasing it back under the agreement without transfer of title. From this transaction the Group has received cash of USD 18,321 thousand, recognized assets of USD 4,579 and recognized a gain of USD 4,628 thousand.

27. Financial instruments

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

Capital management

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

The capital structure of the Group consists of net debt (comprising loans and lease obligations in Note 25 and 26) and equity of the Group (comprising issued capital, functional currency translation reserve, reserve on hedging instruments and retained earnings as detailed in Note 21).

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

The Company does not have a target gearing ratio.

Credit risk

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

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

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

As at 31 December 2021, 31 December 2020 and 31 December 2019 there was no significant concentration of credit risk in respect of trade accounts receivable (Note 17).

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

As a result of the increased credit risks on some of the banks, the management reconsidered its cash management policy and reviewed the credit ratings of the major banks in Kazakhstan and placed its main amounts due from banks in banks with ratings of "B+ or higher, except for KazInvestBank and Delta Bank, which are disclosed in Note 17.

The carrying amounts of financial assets represent the maximum credit exposure. Impairment losses on financial assets recognised in profit or loss were as follows:

’000 USD	**Note**	**2021**	**2020**	**2019**
Impairment loss on trade and other receivables and prepayments	16, 17	616	(706)	(1,087)
Reversal/(accrual) of impairment loss on guarantee deposits	14	(252)	244	(56)
Impairment loss on cash and cash equivalents	19	(1)	(2)	(3)
		363	**(464)**	**(1,146)**

Trade and other receivables

’000 USD	**2021**	**2020**	**2019**
Default banks	47,092	47,538	48,457
Trade receivables	14,906	10,897	27,314
Amounts due from employees	4,116	4,704	3,467
Receivable from lessors	170	-	6,979
Total gross carrying amount	**66,284**	**63,139**	**86,217**
Impairment allowance	(48,539)	(49,634)	(49,881)
Total net carrying amount	**17,745**	**13,505**	**36,336**

Trade receivables

The sale of tickets is the main revenue source of the Company. The Company uses agents who sell tickets on behalf of the Company to corporations and the general public for a certain commission that varies depending on the geographical location and market conditions. As a result agents amass significant amounts of funds for tickets sold which are recorded as trade receivables by airlines. The International Air Transport Association (hereinafter referred to as “IATA”) conducts monitoring of agents by establishing IATA accreditation procedures designed to ensure the credit quality of agents. The IATA also set Local Financial Criteria for each market in accordance to which agents have to obtain a credit enhancement such as bank Guarantee or insurance from a financial institution of certain credit rating before they can be accredited by the IATA.

On a regular basis, the IATA notifies the airlines about the amount of debt from each agent in excess of its guarantee or insurance protected amount. In addition, the IATA also informs about sharp and unusual increases in sales which might signal an increase in risk. The Company then decides whether to stop dealing with such agents until the negative factors are resolved.

The Company works only with IATA accredited agents.

The Company does not have trade receivables and contract assets for which no loss allowance is recognised because of collateral.

At 31 December 2021, eight debtors including IATA Billing Settlement Plans (BSPs) as collecting agencies from the worldwide travel agencies comprised 46% of the Company’s trade and other receivables excluding banks in default (at 31 December 2020: eight debtors comprised 58%; at 31 December 2019: eight debtors comprised 27%).

Receivable from lessors

Receivable from lessors represents the amount of variable lease reimbursement claimed by the Group as a result of maintenance performed that occurred prior to the reporting date. Most of the lessors are rated by the international credit rating agencies. Since all lessors have excellent credit history and the Group has been conducting operations with many of them for many years, the management considers their credit risk to be insignificant even for those lessors that do not hold any credit rating.

The table below presents the credit quality of receivables from lessors and others:

Credit rating

’000 USD	2021	2020	2019
BBB- to AAA	-	-	5,679
Without ratings	170	-	1,300
Gross carrying amounts	**170**	**-**	**6,979**
Impairment allowance	(5)	-	(17)
Balance at 31 December	**165**	**-**	**6,962**

Amounts due from employees

In general, certain part of the Ab-initio pilot training costs is borne by the pilot trainees but are funded by the Group through the provision of interest free loans to participants of the program. The Group withholds the amounts due from pilots’ salary on a monthly basis. Those pilots or cadets who leave the Group are fully provided with respect of the credit losses.

Movements in the allowance for impairment in respect of trade and other receivables

’000 USD	2021	2020	2019
Balance at 1 January	**49,634**	**49,881**	**48,757**
Accrual of impairment allowance	1,562	2,623	2,642
Foreign currency difference	(482)	(953)	42
Reversal of impairment allowance	(2,175)	(1,917)	(1,560)
Balance at 31 December	**48,539**	**49,634**	**49,881**

Guarantee Deposits

The main counterparties of the Group have a credit rating of at least from BBB- S&P Global Ratings.

To determine whether published ratings remain up-to-date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings the Group monitors changes in credit risk by tracking their financial stability.

12-month and lifetime probabilities of default are based on historical data supplied by S&P Global Ratings for each credit rating. Loss given default (LGD) parameters generally reflect an assumed recovery rate of 30% except when a security is credit-impaired, in which case the estimate of loss is based on the instrument’s current market price and original effective interest rate.

The following table presents credit ratings of guarantee deposits each of which were classified in stage 1:

	2021	2020	2019
Credit rating			
BBB- to AAA	15,289	18,311	17,573
C to CCC+	2,850	826	2,642
Without ratings	1,812	2,819	4,062
Gross carrying amounts (2020 amortised cost before impairment)	**19,951**	**21,956**	**24,277**
Impairment allowance	(409)	(157)	(401)
Total net carrying amount	**19,542**	**21,799**	**23,876**

The Group did not have any guarantee deposits that were either past due or impaired.

’000 USD	2021	2020	2019
Balance at 1 January	**(157)**	**(401)**	**(345)**
Net remeasurement of loss allowance	(252)	244	(56)
Balance at 31 December	**(409)**	**(157)**	**(401)**

Cash and cash equivalents

The Group held cash and cash equivalents of USD 226,357 thousand at 31 December 2021 (2020: USD 201,354 thousand; 2019: USD 176,442 thousand). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated B+ to A+, based on S&P Global ratings.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group believes that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

The Group uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for bank and guarantee deposits. The following table presents an analysis of the credit quality of cash and cash equivalents measured at amortised cost:

’000 USD	2021			2020			2019		
Credit rating	Gross carrying amount	12 month ECL	Carrying amount	Gross carrying amount	12 month ECL	Carrying amount	Gross carrying amount	12 month ECL	Carrying amount
BBB- to A+	189,811	(5)	189,806	152,381	(3)	152,378	166,268	(4)	166,264
B+ to BB+	36,554	(3)	36,551	48,816	(4)	48,812	9,947	(1)	9,946
	226,365	**(8)**	**226,357**	**201,197**	**(7)**	**201,190**	**176,215**	**(5)**	**176,210**

Interest rate risk

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

Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in currencies other than the US Dollar. The currencies giving rise to this risk are primarily Tenge and Euro. For amounts of assets and liabilities denominated in foreign currency refer to Notes 17, 19, 24 and 25. The management believes that it has taken appropriate measures to support the sustainability of the Group’s business under the current circumstances.

Foreign currency sensitivity analysis

The Group is mainly exposed to the risk of change of exchange rates of the US Dollar against Tenge and Euro.

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

’000 USD	Notes	31 December 2021		31 December 2020		31 December 2019	
		Tenge	Euro	Tenge	Euro	Tenge	Euro
Assets							
Other taxes prepaid	18	7,709	-	15,166	-	32,994	165
Trade and other receivables	17	12,334	756	8,364	1,330	11,496	2,338
Income tax prepaid		2,630	-	3,266	-	895	-
Cash and bank balances	19	2,285	1,652	18,187	752	795	1,699
Guarantee deposits		145	443	59	504	44	500
Total		**25,103**	**2,851**	**45,042**	**2,586**	**46,224**	**4,702**
Liabilities							
Trade and other payables	24	39,424	2,846	21,745	3,111	30,604	6,673
Loans	25	31,090	-	115,865	-	10,395	-
Lease liabilities		4,427	-	2,099	-	3,476	-
Total		**74,941**	**2,846**	**139,709**	**3,111**	**44,475**	**6,673**
Net position		**(49,838)**	**5**	**(94,667)**	**(525)**	**1,749**	**(1,971)**

In 2021 the following table details the Group's sensitivity of weakening of the US Dollar against the Tenge by 10% (2020 and 2019: 11%) and Euro by 9% (2020 and 2019: 7%) and strengthening of the US Dollar against the Tenge by 13% (2020 and 2019: 11%) and Euro by 9% (2020 and 2019: 7%).

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for abovementioned sensitivity ratios.

The sensitivity analysis includes trade and other receivables, cash and bank balances, bank deposits, guarantee deposits, trade and other payables, loans and lease liabilities.

A negative number below indicates a decrease in Profit or Loss and positive number would be an opposite impact on the Profit or Loss:

'000 USD	**Weakening of US Dollar**		**Strengthening of US Dollar**	
	Tenge	**Euro**	**Tenge**	**Euro**
2021	**10%**	**9%**	**(13%)**	**(9%)**
Profit/(loss)	(3,987)	-	5,183	-

'000 USD	**Weakening of US Dollar**		**Strengthening of US Dollar**	
	Tenge	**Euro**	**Tenge**	**Euro**
2020	**11%**	**7%**	**(11%)**	**(7%)**
Profit/(loss)	(8,331)	(29)	8,331	29

'000 USD	**Weakening of US Dollar**		**Strengthening of US Dollar**	
	Tenge	**Euro**	**Tenge**	**Euro**
2019	**11%**	**7%**	**(11%)**	**(7%)**
Profit/(loss)	154	(110)	(154)	110

The Group limits the currency risk by monitoring changes in exchange rates of foreign currencies in which trade and other receivables, cash and bank balances, bank deposits, guarantee deposits, trade and other payables and loans and lease liabilities are denominated.

Liquidity risk management

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

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

Liquidity and interest risk tables

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

'000 USD	**Up to 3 months**	**3 months to 1 year**	**1-5 years**	**Over 5 years**	**Total**
2021					
Financial assets					
Trade and other receivables	13,609	525	3,081	530	17,745
Guarantee deposits	582	986	6,802	11,216	19,586
Cash and bank balances	226,357	-	-	-	226,357

’000 USD	Up to 3 months	3 months to 1 year	1-5 years	Over 5 years	Total
Financial liabilities					
Non-interest bearing					
Trade and other payables (including employee benefits)	58,808	3,441	1,625	-	63,874
Fixed rate					
Loans	1,190	60,946	5,560	-	67,696
Lease liabilities	41,620	135,558	545,269	101,281	823,728

’000 USD	Up to 3 months	3 months to 1 year	1-5 years	Over 5 years	Total
2020					
Financial assets					
Trade and other receivables	8,616	1,604	2,345	940	13,505
Guarantee deposits	1,276	4,538	6,364	14,119	26,297
Cash and bank balances	201,354	-	-	-	201,354
Financial liabilities					
Non-interest bearing					
Trade and other payables (including employee benefits)	36,172	1,957	1,559	-	39,688
Fixed rate					
Loans	8,020	116,511	58,092	-	182,623
Lease liabilities	38,045	123,292	525,764	114,849	801,950

’000 USD	Up to 3 months	3 months to 1 year	1-5 years	Over 5 years	Total
2019					
Financial assets					
Trade and other receivables	32,783	313	2,314	926	36,336
Guarantee deposits	2,580	14,049	2,440	14,321	33,390
Cash and bank balances	176,442	-	-	-	176,442
Financial liabilities					
Non-interest bearing					
Trade and other payables (including employee benefits)	87,392	4,573	1,219	-	93,184
Variable rate					
Loans (tenge denominated)	517	1,509	6,850	1,062	9,938
Fixed rate					
Loans (USD denominated)	9,005	-	-	-	9,005
Lease liabilities	35,922	99,674	441,291	114,215	691,102

Fair values

Cash and bank balances

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

Financial instruments at fair value through profit or loss

The Company uses options to hedge the risk of jet fuel price movement. The Company uses standard market instruments for fuel hedging purposes, such as "call option" (where the premium is paid in advance by the Company to cover the risk of increases of commodity price above the predetermined level). Since there is no possibility to hedge the risk of changes in jet fuel prices purchased from call option suppliers, the Company hedges only the amount of fuel purchased outside the Republic of Kazakhstan signing a general agreement with several international banks on the conclusion of derivative transactions. The management of the Company determines the volume of jet fuel that will be hedged before executing the deal. Hedging is carried out according to the Fuel hedging policy approved by the directors and shareholders of the Company.

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

The Group applied discounted expected future cash flows method under income approach to reach fair value of the instruments. The cash-flows represent payouts from the counterparties to the Group in case of a floating price exceeding a strike price.

To estimate payouts the Group applied Monte Carlo method based on Geometric Brownian Motion model.The following key inputs parameters were used by the Group in their model:

- Spot: Brent Crude Oil futures last price as at 31 December 2021;
- Growth rate: futures curve for Crude Oil, Brent (ICE) according to Bloomberg;
- Volatility: Implied volatility for Brent Crude oil according to Bloomberg; and
- Discount rate: 0.6% according to the Group estimations.

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

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

Guarantee Deposits

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

Trade and other receivables and payables

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

Loans

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

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The management believes that fair value is lower than carrying amounts by approximately 1% (2020: lower by 1%; 2019: carrying amounts approximate their fair values).

Provisions

For provisions which meet the definition of financial liabilities the fair value is not materially different from the carrying amount because the effect of the time value of money is not material.

28. Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values for financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a finance department that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

The finance department regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

As at 31 December 2021, 2020 and 2019 all of the Group's assets were measured at amortised cost.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 27.

29. Commitments and contingencies

Capital commitments

In 2011 the Group finalized an agreement with Boeing to purchase three Boeing-787 aircraft. The Group is committed to pre-delivery payments in accordance with the agreed payment schedule.

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

Lease commitments

Aircraft

Aircraft leases are for terms of between 5 to 10 years. All lease contracts contain market review clauses in the event that the parties agree to renew the leases. The Group may not have an option to purchase the leased aircraft at the expiry of the lease period.

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

Non-cancellable commitments for leases of aircraft to be delivered from 2022 to 2023:

'000 USD	31 December 2021	31 December 2020	31 December 2019
Within one year	9,372	8,958	24,037
After one year but not more than five years	64,494	131,245	190,421
More than five years	55,489	129,689	145,466
	129,355	**269,892**	**359,924**

In 2017 the Group signed operating lease agreements for six Airbus A320neo family aircraft to replace some current leases on expiry and for future expansion. All six aircraft were delivered during 2020-2021.

In 2020 the Group signed operating lease agreements for three A321LR aircraft with expected delivery dates in 2022-2023 and for one A320CEO aircraft that was delivered in 2021.

In 2021 the Group signed operating lease agreements for four A320neo aircraft with expected delivery dates in 2022-2023 and for one A320CEO aircraft with expected delivery in 2022 both for expansion and replacement of retiring aircraft.

In 2021 the Group has signed agreements for Full-flight simulator delivery and Simulator center construction in Nur-Sultan. The simulator is scheduled to be delivered to the airline in the second half of 2022.

Non-cancellable commitments related to the Simulator project:

'000 USD	31 December 2021
Within one year	6,385
	6,385

Insurance

Aviation insurance

Air Astana puts substantial attention in conducting insurance coverage for its aircraft operations and hence places aviation risks in major international insurance markets (e.g. Lloyd's) with a high rating of financial stability through the services of an international reputable broker. Types of insurance coverage are stated below:

- Aviation Hull, Total Loss Only and Spares All risks and Airline Liability including Passenger Liability;
- Aircraft Hull and Spare Engine Deductible;

- Aviation Hull and Spares "War and Allied Perils";
- Aviation War, Hi-Jacking and Other Perils Excess Liability.

Non – Aviation Insurance

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

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

Taxation contingencies

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

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

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

Operating Environment

Emerging markets such as Kazakhstan are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Kazakhstan continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Kazakhstan is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment. As Kazakhstan produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market.

Depreciation of the Kazakhstan Tenge, volatility in the global price of oil and the COVID-19 coronavirus pandemic have also increased the level of uncertainty in the business environment. The consolidated financial statements reflect the management's assessment of the impact of the Kazakhstan business environment on the operations and the financial position of the Group. The future business environment may differ from the management's assessment.

30. Related party transactions

Control relationships

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

Management remuneration

Key management that have authority and responsibility regarding management, control and planning of the Group's activity received the following remuneration during the year, which is included in employee costs (Note 8):

'000 USD	**2021**	**2020**	**2019**
Salaries and bonuses	6,010	5,149	4,513
Social tax	556	448	447
	6,566	**5,597**	**4,960**

Transactions with related parties

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

The Group provides air transportation services to Government departments, Government agencies and State-controlled enterprises. These transactions are conducted in the ordinary course of the Group's business on terms comparable to those with other entities that are not state-controlled.

The Group has established its buying, pricing strategy and approval process for purchases and sales of products and services. Such buying, pricing strategy and approval processes do not depend on whether the counterparties are state-controlled entities or not.

The management is of the opinion that the following transactions require disclosure as related party transactions:

'000 USD	**2021**		**2020**		**2019**	
Services received	**Transaction value**	**Outstanding balance**	**Transaction value**	**Outstanding balance**	**Transaction value**	**Outstanding balance**
State-owned companies	37,025	(1,608)	15,205	(3,952)	19,752	(4,435)
Shareholders and their subsidiaries	11,408	(2,203)	1,610	(26)	6,381	(834)
	48,433	**(3,811)**	**16,815**	**(3,978)**	**26,133**	**(5,269)**

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

'000 USD	**2021**		**2020**		**2019**	
Services provided by the Group	**Transaction value**	**Outstanding balance**	**Transaction value**	**Outstanding balance**	**Transaction value**	**Outstanding balance**
Shareholders and their subsidiaries	1,254	430	1,031	177	1,484	366
State-owned companies	-	3	-	8	4	-
	1,254	**433**	**1,031**	**185**	**1,488**	**366**

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

Transactions with government-related entities

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

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

31. Subsequent events

On 2 January 2022 protests started in Western Kazakhstan related to an increase in the liquefied natural gas price from 60 tenge per liter to 120 tenge per liter. These protests spread to other cities and resulted in looting and loss of life. On 5 January 2022 the government declared a state of emergency. As a result of the above protests and state of emergency the President of Kazakhstan has made certain public announcements regarding possible measures including additional taxes.

On 19 January 2022 the state of emergency was lifted. The damage to the Group's asset was insignificant. However, the Group had to stop flight operations to Almaty from 5 January to 14 January 2022, and to Aktau from 4 January to 9 January 2022.

32. Approval of the financial statements

The consolidated financial statements were approved by the management of the Group and authorised for issue on 25 February 2022.