JOINT STOCK COMPANY
AIR ASTANA

Consolidated Financial Statements
for the year ended 31 December 2022

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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 2022

The management is responsible for the preparation of the consolidated financial statements that present fairly the consolidated financial position of Joint Stock Company Air Astana and its subsidiary (the "Group") as at 31 December 2022, and the results of its consolidated operations, cash flows and changes in equity for the year then ended in compliance with IFRS Standards as issued by the International Accounting Standards Board ("IFRS Standards").

In preparing the consolidated financial statements, the management is responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRS standards 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.

The 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 standards;
- maintaining statutory accounting records in compliance with the legislation of Kazakhstan and IFRS standards;
- taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- preventing and detecting fraud and other irregularities.

The consolidated financial statements for the year ended 31 December 2022 were authorised for issue on 24 February 2023 by the management of the Group.

On behalf of the management of the Group:

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

24 February 2023

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Independent Auditors' Report

To the Shareholders of Joint Stock Company Air Astana

Opinion

We have audited the consolidated financial statements of Joint Stock Company Air Astana (the "Company") and its subsidiary (the "Group"), which comprise the consolidated statements of financial position as at 31 December 2022, 2021 and 2020, 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 2022, 2021 and 2020 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards).

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 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 Standards, 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 License to conduct audit #0000021 dated 6 December 2006 issued by the Ministry of Finance of the Republic of Kazakhstan

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

24 February 2023

'000 USD	Notes	2022	2021	2020
Revenue and other income				
Passenger revenue	7	998,120	715,794	358,413
Cargo and mail revenue	7	22,124	33,570	24,561
Other income	7	12,138	7,846	11,033
Gain from sale and leaseback transaction	7	-	4,628	6,257
Total revenue and other income		**1,032,382**	**761,838**	**400,264**
Operating expenses				
Fuel and oil costs*		(231,884)	(136,558)	(89,212)
Employee and crew costs**	8	(148,907)	(116,265)	(87,130)
Depreciation and amortization	12	(135,178)	(120,832)	(101,035)
Engineering and maintenance	8	(125,891)	(94,582)	(43,198)
Handling, landing fees and route charges	8	(84,933)	(70,097)	(47,225)
Passenger service	8	(80,321)	(60,894)	(36,565)
Selling costs	8	(33,254)	(25,075)	(17,093)
Insurance		(8,317)	(8,050)	(6,176)
IT and communication costs		(5,743)	(4,575)	(4,223)
Consultancy, legal and professional services		(4,258)	(3,392)	(3,254)
Aircraft lease costs	8	(3,893)	(3,662)	(3,401)
Property and office costs		(2,483)	(2,641)	(2,425)
Taxes		(1,427)	(2,501)	(4,158)
Impairment loss on trade receivables		(394)	(113)	(117)
Other operating costs		(16,784)	(10,428)	(24,366)
Total operating expenses		**(883,667)**	**(659,665)**	**(469,578)**
Operating profit/(loss)		**148,715**	**102,173**	**(69,314)**
Finance income	9	6,995	2,405	1,427
Finance costs	9	(39,254)	(47,066)	(36,076)
Foreign exchange loss, net		(15,065)	(12,522)	(12,673)
Profit/(loss) before tax		**101,391**	**44,990**	**(116,636)**
Income tax (expense)/benefit	10	(22,977)	(8,831)	22,703
Profit/(loss) for the year		**78,414**	**36,159**	**(93,933)**
Basic and diluted earnings/(loss) per share (in USD)	20	**4,613**	**2,127**	**(5,525)**

* Gain on fuel options of USD 12,145 thousand was netted off with fuel costs for the year ended 31 December 2022. Comparative figures for the year ended 31 December 2021 of USD 8,013 thousand have been reclassified from finance income to fuel costs accordingly.

** Employee costs and aircraft crew costs were combined as management believes it will make figures more relevant for analysis.

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

24 February 2023

The consolidated statement of profit or loss 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**	**2022**	**2021**	**2020**
Profit/(loss) for the year		**78,414**	**36,159**	**(93,933)**
Other comprehensive income to be reclassified into profit or loss in subsequent periods:				
Cash flow hedges – effective portion of changes in fair value	19	272	-	-
Corporate income tax related to cash flow hedges – effective portion of changes in fair value		(54)	-	-
Realised net loss from cash flow hedging instruments	25	12,078	11,760	11,449
Corporate income tax related to loss from hedging instruments	25	(2,416)	(2,352)	(2,290)
Other comprehensive income for the year, net of income tax		**9,880**	**9,408**	**9,159**
Total comprehensive income for the year		**88,294**	**45,567**	**(84,774)**

The consolidated statement of other comprehensive income 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	31 December 2022	31 December 2021	31 December 2020
ASSETS				
Non-current assets				
Property, plant and equipment	11	817,585	722,200	705,112
Intangible assets		1,553	1,528	1,646
Prepayments	15	15,517	16,299	12,353
Guarantee deposits	13	29,520	17,974	20,410
Deferred tax assets	10	18,487	2,711	8,771
Trade and other receivables	16	1,300	3,611	3,285
		883,962	**764,323**	**751,577**
Current assets				
Inventories	14	49,175	51,555	46,371
Prepayments	15	21,011	26,534	15,386
Income tax prepaid		8,978	2,630	3,266
Trade and other receivables	16	21,307	14,134	10,220
Other taxes prepaid	17	8,378	7,709	15,166
Guarantee deposits	13	3,516	1,568	5,814
Cash and bank balances	18	252,888	226,357	201,354
Other financial assets	19	1,660	7,383	-
		366,913	**337,870**	**297,577**
Total assets		**1,250,875**	**1,102,193**	**1,049,154**
EQUITY AND LIABILITIES				
Equity				
Share capital	20	17,000	17,000	17,000
Functional currency transition reserve		(9,324)	(9,324)	(9,324)
Reserve on hedging instruments, net of tax		(25,398)	(35,278)	(44,686)
Retained earnings		169,990	91,576	55,417
Total equity		**152,268**	**63,974**	**18,407**
Non-current liabilities				
Loans	24	4,162	4,759	53,004
Lease liabilities	25	574,211	580,539	572,322
Provision for aircraft maintenance	22	117,958	86,456	45,537
Employee benefits		2,268	1,625	1,559
		698,599	**673,379**	**672,422**
Current liabilities				
Loans	24	7,934	57,527	111,009
Lease liabilities	25	158,593	146,354	132,340
Deferred revenue	21	80,152	57,260	38,112
Provision for aircraft maintenance	22	71,685	40,710	37,533
Trade and other payables	23	81,405	62,989	39,331
Other financial liabilities		239	-	-
		400,008	**364,840**	**358,325**
Total liabilities		**1,098,607**	**1,038,219**	**1,030,747**
Total equity and liabilities		**1,250,875**	**1,102,193**	**1,049,154**

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 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**
At 1 January 2022	**17,000**	**(9,324)**	**(35,278)**	**91,576**	**63,974**
Profit for the year	-	-	-	78,414	78,414
Other comprehensive income: Realised loss on cash flow hedging instruments and effective portion of changes in fair value of fuel call options, net of tax	-	-	9,880	-	9,880
Total comprehensive income for the year	**-**	**-**	**9,880**	**78,414**	**88,294**
At 31 December 2022	**17,000**	**(9,324)**	**(25,398)**	**169,990**	**152,268**

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	2022	2021	2020
OPERATING ACTIVITIES:				
Profit/(loss) before tax		**101,391**	**44,990**	**(116,636)**
Adjustments for:				
Depreciation and amortization of property, plant and equipment and intangible assets	12	135,178	120,832	101,035
Gain on disposal of property, equipment and other assets	7	(2,239)	(7,117)	(6,257)
Change in impairment allowance for trade receivables, prepayments, guarantee deposits and cash and bank balances	13,15, 16,18	(2,428)	(363)	(464)
Change in write-down of obsolete and slow-moving inventories	14	4,290	(139)	(413)
Change in vacation accrual	23	(76)	318	(570)
Change in provision for aircraft maintenance	8	80,514	60,818	20,344
Change in customer loyalty program provision	21	962	(1,415)	826
Foreign exchange loss, net		15,065	12,522	12,673
Finance income, excluding impairment	9	(6,274)	(1,789)	(1,183)
Finance costs, excluding impairment	9	39,140	46,813	35,370
Effect of COVID-19 related rent concessions	8, 25	-	881	(1,986)
Gain from early return of engine/aircraft	25	-	(490)	(2,844)
Impairment of property, plant and equipment	11	-	-	14,722
Operating cash flow before movements in working capital		**365,523**	**275,861**	**54,617**
Change in trade and other receivables		(3,807)	(3,830)	23,486
Change in prepaid expenses and prepayments		3,271	(6,402)	30,099
Change in inventories		(481)	(3,515)	4,043
Change in trade and other payables and provision for aircraft maintenance		(732)	4,081	(76,397)
Change in deferred revenue		21,930	20,563	(30,632)
Change in other financial instruments		5,995	(7,383)	(308)
Cash generated from operations		**391,699**	**279,375**	**4,908**
Income tax paid		(47,003)	(3,965)	(3,517)
Interest received		6,274	1,627	1,170
Net cash generated from operating activities		**350,970**	**277,037**	**2,561**
INVESTING ACTIVITIES:				
Purchase of property, plant and equipment		(48,270)	(31,682)	(30,287)
Proceed from sale and leaseback transaction		-	8,719	33,410
Proceeds from disposal of property, plant and equipment		1,974	3,982	2,967
Purchase of intangible assets		(659)	(541)	(828)
Bank and Guarantee deposits placed		(25,286)	(4,115)	(3,578)
Bank and Guarantee deposits withdrawn		11,882	10,583	6,788
Net cash (used in)/generated from investing activities		**(60,359)**	**(13,054)**	**8,472**

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	2022	2021	2020
FINANCING ACTIVITIES:				
Repayment of lease liabilities	25	(173,501)	(93,553)	(100,020)
Interest paid	25	(38,354)	(49,088)	(29,587)
Repayment of borrowings and additional financing from sale and leaseback	25	(104,395)	(106,794)	(66,290)
Proceeds from borrowings and additional financing from sale and leaseback	25	52,706	12,305	210,958
Net cash (used in)/generated from financing activities		**(263,544)**	**(237,130)**	**15,061**
NET INCREASE IN CASH AND BANK BALANCES		**27,067**	**26,853**	**26,094**
Effect of exchange rate changes on cash and bank balances held in foreign currencies		(535)	(1,849)	(1,180)
Effects of movements in ECL on cash and bank balances		(1)	(1)	(2)
CASH AND BANK BALANCES, at the beginning of the year		226,357	201,354	176,442
CASH AND BANK BALANCES, at the end of the year	18	**252,888**	**226,357**	**201,354**

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

Joint Stock Company 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 (USD 18). Taking control of the Subsidiary will enable the Group to separate part of its business in the future. The Subsidiary did not operate during 2020, 2021 and 2022.

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, Astana. As at 31 December 2022, the Group operated 43 aircraft that are acquired under lease.

The Parent Company re-registered its office in 2010 from Astana, 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 Company, respectively.

2. Basis of accounting

Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Standards as issued by the International Accounting Standards Board ("IFRS Standards").

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 IFRS 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 2022. 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

Since the first quarter 2020, the COVID-19 pandemic had a significant impact on the aviation industry. As of 31 December 2022, travel restrictions related to COVID-19 were abolished in Kazakhstan and most countries around the world. The Group is monitoring the situation on an ongoing basis.

Going concern

The Group's cash position remains strong. As of 31 December 2022 the Group's cash and bank balances increased by USD 26,531 thousand compared to 31 December 2021, whereas the Group had repaid substantial part of its bank loans in the amount of USD 104,027 thousand. As at 31 December 2022, the Group's net current liabilities were USD 33,095 thousand (2021: USD 26,970 thousand; 2020: USD 60,748 thousand).

With regard to a possible new COVID-19 wave, management believes that its impact would not be as significant as the impact of the first wave in March-April 2020. Whereas increase in price of jet fuel has negative effect on the Group's profitability, the Group's strong fuel hedge positions lessens the adverse effect.

Management has concluded that there is no material uncertainty regarding the Group's ability to continue as a going concern and management considered it appropriate for the going concern assumption to be adopted in preparing the consolidated financial statements.

Regional geopolitical conflicts

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

In 2021, the respective revenue shares of the Group on routes to Russia and Ukraine were at 8% and 2% respectively. The Group has reallocated vacant capacity from suspended routes to other destinations which resulted in revenue increase comparing to 2021.

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 value, 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.

Segment 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 standards 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 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.

Customer loyalty program

Sales of tickets that result in award credits for customers, under the Group'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 Group's performance obligations have been fulfilled.

Travel agents' commissions

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

Reservation costs

Reservation costs 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 same 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 2.66% per annum (2021: 2.25%, 2020: 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 functional currency of the Group entities (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 2022, 31 December 2021 and 31 December 2020 and for the years then ended:

	Average rate			**Reporting date spot-rate**		
USD	**2022**	**2021**	**2020**	**31 December 2022**	**31 December 2021**	**31 December 2020**
1,000 Tenge (KZT)	2.17	2.35	2.42	2.16	2.32	2.38
Euro (EUR)	1.05	1.18	1.14	1.07	1.13	1.23
British Pound (GBP)	1.23	1.38	1.28	1.20	1.35	1.37

The following table summarises KZT exchange rates at 31 December 2022, 31 December 2021 and 31 December 2020 and for the years then ended:

	Average rate			**Reporting date spot-rate**		
KZT	**2022**	**2021**	**2020**	**31 December 2022**	**31 December 2021**	**31 December 2020**
US Dollar (USD)	460.48	426.03	412.95	462.65	431.8	420.91
Euro (EUR)	484.22	503.88	471.44	492.86	489.1	516.79
British Pound (GBP)	568.22	586.25	529.91	556.57	583.32	574.88

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 measured on an undiscounted basis and are expensed 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, tax paid for the current period 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 amortization and impairment losses. Amortization 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 – 12,000 flight hours, 3,000 - 8,000 flight cycles and 18-36 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. However, see Note 19 for derivatives designated as hedging instruments.
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 SOFR, 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.

Derivatives and hedging activities

Initial recognition and subsequent measurement

The Group uses derivative financial instruments such as commodity derivatives to hedge its risks associated with jet-fuel price fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which the derivative contracts are entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The fair value of commodity derivatives are determined by reference to available market information and swap/forward valuation methodology. Any gains or losses arising from changes in fair value of derivatives are taken directly to consolidated statement of profit or loss, except for the effective portion and cost of hedging for cash flow hedges, which arerecognised in OCI.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment;
- Hedges of a net investment in a foreign operation.

The Group considers transactions with the probability of occurrence more than ninety percent highly probable transactions.

At the inception of the hedge, the Group formally designates and documents the hedging relationship to which the Group wishes to apply hedge accounting, and the risk management objective and strategy for undertaking the hedge. That documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the entity will assess whether the hedging relationship meets the hedge effectiveness requirements (including its analysis of the sources of hedge ineffectiveness and how it determines the hedge ratio).

Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis at each reporting date or upon a significant change in the circumstances affecting the hedge effectiveness requirements, whichever comes first. The assessment relates to expectations about hedge effectiveness and is therefore only forward-looking.

Hedges that meet the strict criteria for hedge accounting are accounted for as described below:

Cash flow hedges

The effective portion of the gains or losses on the hedging instrument is recognised directly in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the consolidated statement of profit or loss.

The Group uses fuel options contracts as hedges of its exposure to jet fuel price fluctuations in forecast transactions and firm commitments. The ineffective portion relating to the ineffective portion relating to commodity contracts is recognised in the consolidated statement of profit or loss.

Amounts recognised as OCI are transferred to the consolidated statement of profit or loss when the hedged transaction affects the consolidated statement of profit or loss, such as when the hedged financial expense is recognised or when a forecast transaction occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity is transferred to the consolidated statement of profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in OCI remains in OCI until the forecast transaction or firm commitment affects consolidated statement of profit or loss.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

Cost of hedging

If the time value of a purchased option is separated and excluded from the designated hedging instrument, then the excluded portion is separately accounted for as a cost of hedging. As such, the change in fair value of the excluded portion is recognised in OCI and accumulated in a separate component of equity to the extent that it relates to the hedged item.

As a result of the above accounting, fluctuations in the fair value of the time value element will be accounted in OCI, both positive and negative. At the maturity date, the time value of option becomes zero, the fair value is equal to the intrinsic value.

Crude oil commodity options

The Group has also entered into certain crude oil commodity options to mitigate the risk of variability of future cash flows on jet fuel consumptions. These are just purely economic hedges and changes to its value are directly charged to the consolidated statement of profit or loss within ‘Fuel and oil costs’.

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

New standards and interpretations not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

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

- *Classification of Liabilities as Current or Non-current (Amendments to IAS 1);*
- *IFRS 17 Insurance Contracts and amendments to* IFRS 17 *Insurance Contracts;*
- *Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2;*
- *Definition of Accounting Estimate – Amendments to IAS 8;*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12.*

5. Critical accounting judgments and key sources of estimation uncertainty

The preparation of consolidated financial statements in conformity with IFRS standards 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 22).

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.

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 and 2022 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 dollar denominated sales will continue in 2023, thus, the functional currency of the Company is still 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 2022, 2021 and 2020, allowances for doubtful accounts were equal to USD 997 thousand, USD 1,935 thousand and USD 2,096 thousand, respectively (Note 16).

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 2022 impairment allowances were equal to USD 45,524 thousand as disclosed in Note 16 (31 December 2021: USD 46,604 thousand, 31 December 2020: USD 47,538 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 2022, the Group recognised a write-down for obsolete and slow-moving inventories in the amount of USD 5,858 thousand (2021: USD 1,568 thousand, 2020: USD 1,707 thousand) (Note 14).

Customer loyalty program

The Group'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 Group uses critical judgements and estimates in regard to the value per point by Nomad club members.

The Group 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 Group 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 and compliance with tax legislation

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. As at 31 December 2022 the Group concluded that it is probable that future taxable profits will be available against which the deferred tax asset will be utilised.

Tax 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.

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 2022, 2021 and 2020:

’000 USD Profit or loss statement	2022 Air Astana	2022 FlyArystan	Inter-group elimination	Total
Revenue and other income				
Passenger revenue	782,911	215,209	-	998,120
Cargo and mail revenue	20,673	1,451	-	22,124
Other income	10,853	1,285	-	12,138
Lease	61,474	-	(61,474)	-
Total revenue and other income	**875,911**	**217,945**	**(61,474)**	**1,032,382**
Operating expenses				
Fuel and oil costs	(175,701)	(56,183)	-	(231,884)
Employee and crew costs	(116,876)	(32,031)	-	(148,907)
Depreciation and amortization	(132,959)	(2,219)	-	(135,178)
Engineering and maintenance	(118,252)	(33,582)	25,943	(125,891)
Handling, landing fees and route charges	(65,835)	(19,098)	-	(84,933)
Passenger service	(68,639)	(11,682)	-	(80,321)
Selling costs	(31,057)	(2,197)	-	(33,254)
Insurance	(6,148)	(2,169)	-	(8,317)
IT and communication costs	(4,252)	(1,491)	-	(5,743)
Consultancy, legal and professional services	(4,181)	(77)	-	(4,258)
Aircraft lease costs	(3,737)	(35,687)	35,531	(3,893)
Property and office costs	(2,344)	(139)	-	(2,483)
Taxes	(1,427)	-	-	(1,427)
Impairment loss on trade receivables	(447)	53	-	(394)
Other operating costs	(16,040)	(744)	-	(16,784)
Total operating expenses	**(747,895)**	**(197,246)**	**61,474**	**(883,667)**
Operating profit	**128,016**	**20,699**	**-**	**148,715**

’000 USD **Profit or 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 income	6,414	1,432	-	7,846
Lease	54,375	-	(54,375)	-
Gain from sale and leaseback transaction	4,628	-		4,628
Total revenue and other income	**659,740**	**156,473**	**(54,375)**	**761,838**
Operating expenses				
Fuel and oil costs	(97,895)	(38,663)	-	(136,558)
Depreciation and amortization	(119,505)	(1,327)	-	(120,832)
Employee and crew costs	(92,006)	(24,259)	-	(116,265)
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)
Selling costs	(23,130)	(1,945)	-	(25,075)
Insurance	(6,395)	(1,655)	-	(8,050)
IT and communication costs	(3,832)	(743)	-	(4,575)
Aircraft lease costs	(3,432)	(32,272)	32,042	(3,662)
Consultancy, legal and professional services	(3,334)	(58)	-	(3,392)
Property and office costs	(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 expenses	**(559,203)**	**(154,837)**	**54,375**	**(659,665)**
Operating profit	**100,537**	**1,636**	**-**	**102,173**

’000 USD Profit or 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 income	10,557	476	-	11,033
Lease	29,464	-	(29,464)	-
Gain from sale and leaseback transaction	6,257	-	-	6,257
Total revenue and other income	**372,358**	**57,370**	**(29,464)**	**400,264**
Operating expenses				
Depreciation and amortization	(100,756)	(279)	-	(101,035)
Employee and crew costs	(77,285)	(9,845)	-	(87,130)
Fuel and oil costs	(70,637)	(18,575)	-	(89,212)
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 lease costs	(3,297)	(18,982)	18,878	(3,401)
Insurance	(5,389)	(787)	-	(6,176)
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 and office costs	(2,400)	(25)	-	(2,425)
Impairment loss on trade receivables	115	(232)	-	(117)
Other operating costs	(24,091)	(275)	-	(24,366)
Total operating expenses	**(425,508)**	**(73,534)**	**29,464**	**(469,578)**
Operating loss	**(53,150)**	**(16,164)**	**-**	**(69,314)**

7. Revenue and other income

’000 USD	**2022**	**2021**	**2020**
Passenger revenue			
Scheduled passenger flights including:	931,393	663,379	340,599
Fuel surcharge	*91,836*	*60,764*	*39,406*
Airport services	*45,773*	*32,459*	*16,845*
Excess baggage	*6,920*	*5,718*	*3,449*
Charter flights	66,727	52,415	17,814
	998,120	**715,794**	**358,413**

Passenger revenue increased by USD 282,326 thousand during 2022 as compared to 2021 primarily due to the restoration in demand.

Passenger revenue for 2020 was lower by USD 357,381 thousand as compared to 2021 primarily due to the decrease in demand for air travel in 2020 as a result of the worldwide spread of COVID-19 and the associated shelter-in-place directives and travel restrictions.

’000 USD	**2022**	**2021**	**2020**
Cargo and mail revenue			
Cargo – Regular	19,121	13,975	9,754
Cargo – Charter	1,207	17,910	13,511
Mail	1,796	1,685	1,296
	22,124	**33,570**	**24,561**

’000 USD	**2022**	**2021**	**2020**
Other income			
Other income	7,421	3,183	6,496
Gain on disposal of property, plant and equipment and other assets	2,239	2,489	1,458
Income from ground services	1,204	1,281	1,140
Other	1,274	893	1,939
	12,138	**7,846**	**11,033**

In December 2022 the Group recognized income from insurance claim in other income in the amount of USD 4,581 thousand. The insurance claim was based on an incident with aircraft which happened in July 2022.

Based on negotiations with the manufacturer in 2015, the Group purchased a spare engine in November 2021 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.

During 2022, 2021 and 2020 passenger, cargo and mail revenue, representing total revenue from contracts with customers, were generated from the following destinations:

’000 USD	**2022**	**2021**	**2020**
Domestic	364,204	309,171	173,063
Asia and Middle East	256,729	155,897	84,440
Europe	286,330	136,080	76,935
CIS	112,981	148,216	48,536
Total revenue from passenger and cargo	**1,020,244**	**749,364**	**382,974**

8. Operating expenses

’000 USD	**2022**	**2021**	**2020**
Employee and crew costs			
Wages and salaries of operational personnel	87,182	69,930	49,846
Wages and salaries of administrative personnel	19,701	16,941	10,835
Accommodation and allowance	12,875	8,427	6,349
Social tax	10,668	8,159	4,904
Wages and salaries of sales personnel	6,641	5,178	3,853
Training	5,894	4,002	4,828
Contract crew	27	19	3,695
Other	5,919	3,609	2,820
	148,907	**116,265**	**87,130**

The average number of employees during 2022 was 5,001 (2021: 4,683; 2020: 5,035).

’000 USD	**2022**	**2021**	**2020**
Engineering and maintenance			
Maintenance – provisions (Note 22)	80,514	60,818	20,344
Maintenance – components	19,315	7,417	5,749
Maintenance – variable lease payments	11,314	12,914	5,988
Spare parts	12,150	10,709	9,023
Technical inspection	2,598	2,724	2,094
	125,891	**94,582**	**43,198**

’000 USD	**2022**	**2021**	**2020**
Handling, landing fees and route charges			
Handling charge	35,989	28,832	18,489
Aero navigation	29,497	23,247	16,608
Landing fees	17,826	16,612	10,792
Meteorological services	142	164	49
Other	1,479	1,242	1,287
	84,933	**70,097**	**47,225**

’000 USD	**2022**	**2021**	**2020**
Passenger service			
Airport charges	39,148	29,596	15,329
Catering	22,301	16,249	10,252
In-flight entertainment	5,317	4,664	3,482
Security	4,130	2,842	1,685
Other	9,425	7,543	5,817
	80,321	**60,894**	**36,565**

’000 USD	2022	2021	2020
Selling costs			
Reservation costs	19,719	15,965	11,142
Commissions	7,129	4,157	2,978
Advertising	5,669	4,431	2,648
Interline commissions	370	234	93
Other	367	288	232
	33,254	**25,075**	**17,093**

’000 USD	2022	2021	2020
Aircraft lease costs			
Leased engine on wing costs	2,390	656	994
Lease of engines and rotable spare parts	868	1,413	1,413
Variable lease charges	393	332	133
Lease return costs	242	380	663
Effect of COVID-19 related rent concessions (Note 25)	-	881	(1,986)
Fixed lease charges of aircraft and engine	-	-	2,184
	3,893	**3,662**	**3,401**

In 2022, due to restorations of the operating activity, the Group’s operating expenses increased in comparison with 2021 and 2020.

9. Finance income and costs

’000 USD	2022	2021	2020
Finance income			
Interest income on bank deposits	6,274	1,621	1,157
Reversal of impairment allowance on financial assets	721	616	244
Other	-	168	26
	6,995	**2,405**	**1,427**

’000 USD	2022	2021	2020
Finance costs			
Interest expense on lease liabilities (Note 25)	35,239	35,448	28,640
Interest expense on bank loans (Note 25)	3,256	11,296	6,104
Financial assets and liabilities held at FVTPL	239	-	542
Impairment allowance on financial assets	114	253	706
Other	406	69	84
	39,254	**47,066**	**36,076**

10. Income tax (expense)/benefit

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

'000 USD	**2022**	**2021**	**2020**
Current income tax			
Current income tax	(42,599)	(4,707)	(1)
Adjustment recognised in the current year in relation to the current tax of prior years	1,376	(416)	(597)
	(41,223)	**(5,123)**	**(598)**
Deferred tax expense			
Deferred income tax benefit/(expense)	18,246	(3,708)	23,301
	18,246	**(3,708)**	**23,301**
	(22,977)	**(8,831)**	**22,703**

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 2022, 2021 and 2020 is presented in the table below:

'000 USD	**2022**	**2021**	**2020**
Deferred tax assets			
Lease liabilities	123,633	106,091	102,052
Provision for aircraft maintenance	37,929	25,433	16,614
Trade and other payables	3,843	5,482	2,030
Trade receivables	3,805	2,285	1,562
Tax loss carried forward	-	1,381	21,561
Other	1,172	355	-
Total deferred tax assets	**170,382**	**141,027**	**143,819**
Deferred tax liabilities			
Right of use assets	(113,204)	(97,434)	(94,146)
Difference in depreciable value of property, plant and equipment and intangible assets	(34,074)	(36,043)	(37,300)
Inventories	(2,809)	(2,182)	(2,031)
Prepaid expenses	(768)	(1,091)	(1,451)
Other	(1,040)	(1,566)	(120)
Total deferred tax liabilities	**(151,895)**	**(138,316)**	**(135,048)**
Net deferred tax assets	**18,487**	**2,711**	**8,771**

As at 31 December 2022 the Group concluded that it is probable that future taxable profits will be available against which the deferred tax asset will be utilised.

During 2022, the total amount of tax loss carried forward was utilized fully (tax loss carried forward as of 31 December 2021: USD 6,905 thousand; 31 December 2020: USD 107,805 thousand).

Movements in deferred tax assets and liabilities presented above were recorded in profit or loss accounts, except for USD 2,470 thousand related to carried forward corporate income tax movements, which were recognised in equity relating to the realised portion of deferred tax on cash flows hedge and effective portion of changes in fair value. (2021: USD 2,352 thousand; 2020: USD 2,290 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 tax asset was recognized for tax losses from derivative instruments. During 2021 and 2022 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 2022, 2021 and 2020 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% (2021 and 2020: 20%) to the actual income tax (expense)/ benefit recorded in the Group's consolidated statement of profit or loss:

'000 USD	**2022**	**2021**	**2020**
Profit/(loss) before tax	**101,391**	**44,990**	**(116,636)**
Corporate income tax, %	20%	20%	20%
Income tax at statutory rate	(20,278)	(8,998)	23,327
Recognition of previously unrecognized tax losses	-	1,381	-
USD forex effect	350	617	2,550
Tax effect of non-deductible expenses	(3,049)	(1,831)	(3,174)
Income tax (expense)/benefit	**(22,977)**	**(8,831)**	**22,703**

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 2020	**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**
Additions	30,274	3,069	275	116	187,365	9,995	231,094
Disposals	(6,894)	(189)	-	(215)	(4,818)	-	(12,116)
Transfers to inventories	(2)	-	-	-	-	-	(2)
At 31 December 2022	**102,892**	**11,987**	**38,324**	**2,682**	**1,265,967**	**10,179**	**1,432,031**

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 2020	**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**
Charge for the year	8,579	907	3,607	186	121,265	-	134,544
Disposals	(5,816)	(173)	-	(157)	(4,807)	-	(10,953)
At 31 December 2022	**39,485**	**7,595**	**14,051**	**1,534**	**551,781**	**-**	**614,446**
Net book value							
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**
At 31 December 2022	**63,407**	**4,392**	**24,273**	**1,148**	**714,186**	**10,179**	**817,585**

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 714,186 thousand (2021: USD 648,097 thousand; 2020: USD 633,115 thousand) (Note 25). The total amount of Aircraft Under Lease as at 31 December 2022 includes fourteen Airbus aircraft related to the FlyArystan division with a net book value of USD 181,708 thousand (2021: ten Airbus aircraft with a net book value of USD 118,216 thousand; 2020: seven Airbus aircraft with a net book value of USD 91,254 thousand).

As per the loan agreement with JSC Halyk Bank of Kazakhstan the Technical Center (Hangar) in Astana with a carrying amount of USD 18,730 thousand was pledged in favor of JSC Halyk Bank of Kazakhstan on 5 May 2021 (Note 24). In 2022, the land plot, where the above-mentioned Aviation Technical Center is located, was divided into two separate parts. A new separated land plot, where the Group plans to allocate the Flight Simulation Equipment, is planned to be pledged to the European Bank for Reconstruction and Development (EBRD). The main land plot where Aviation Technical Center is located will remain pledged in JSC Halyk Bank of Kazakhstan.

The cost of fully depreciated items in 2022 is USD 6,929 thousand (2021: USD 3,864 thousand; 2020: USD 4,993 thousand).

Impairment

As at 31 December 2022 and 31 December 2021 there were no indicators of impairment.

The COVID-19 outbreak developed rapidly in early 2020. Since many countries required businesses to limit or suspend operations and implemented travel restrictions and quarantine measures, the management concluded at the time that there are indications that the assets might be impaired. One of the responses to the crisis was 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 would no longer be in use until the end of existing leases terms. The impairment losses for these aircraft were 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 exceeded 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 exceeded the net book value of the Group's assets.

12. Depreciation and amortization

'000 USD	**2022**	**2021**	**2020**
Depreciation of property, plant and equipment (Note 11)	134,544	120,173	100,158
Amortization of intangible assets	634	659	877
Total	**135,178**	**120,832**	**101,035**

13. Guarantee deposits

'000 USD	**31 December 2022**	**31 December 2021**	**31 December 2020**
Non-current			
Guarantee deposits for leased aircraft	29,311	17,549	19,064
Other guarantee deposits	481	828	1,491
Impairment allowances	(272)	(403)	(145)
	29,520	**17,974**	**20,410**
Current			
Other guarantee deposits	1,723	1,450	1,277
Guarantee deposits to secure Letters of Credit for maintenance liabilities	1,258	-	4,425
Guarantee deposits for leased aircraft	538	124	124
Impairment allowances	(3)	(6)	(12)
	3,516	**1,568**	**5,814**
	33,036	**19,542**	**26,224**

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 judgement that such lessors are rated at CCC by S&P Global Ratings.

In 2020 the Group 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 Group'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 2022**	**31 December 2021**	**31 December 2020**
Within one year	1,796	124	4,549
After one year but not more than five years	10,517	6,305	5,925
More than five years	18,842	11,288	13,212
	31,155	**17,717**	**23,686**
Fair value adjustment	(48)	(44)	(73)
	31,107	**17,673**	**23,613**

The main driver for increases in guarantee deposits for leased aircraft in 2022 was the additional 16 aircraft committed for delivery in 2023-2026.

14. Inventories

’000 USD	31 December 2022	31 December 2021	31 December 2020
Spare parts	36,980	34,258	32,193
Fuel	6,581	7,112	4,687
Crockery	2,879	3,902	4,553
Goods in transit	2,277	2,530	715
De-icing liquid	1,791	827	853
Uniforms	1,288	1,049	1,284
Promotional materials	670	1,470	2,042
Blank forms	269	282	413
Other	2,298	1,693	1,338
	55,033	**53,123**	**48,078**
Less: cumulative write-down for obsolete and slow-moving inventories	(5,858)	(1,568)	(1,707)
	49,175	**51,555**	**46,371**

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

’000 USD	2022	2021	2020
Cumulative write-down for obsolete and slow-moving inventories at the beginning of the year	**(1,568)**	**(1,707)**	**(2,120)**
Write-down for the year	(8,029)	(34)	(573)
Reversal of previous write-down for the year	3,739	173	986
Cumulative write-down for obsolete and slow-moving inventories at the end of the year	**(5,858)**	**(1,568)**	**(1,707)**

15. Prepayments

’000 USD	31 December 2022	31 December 2021	31 December 2020
Non-current			
Advances for services	9,165	7,306	4,593
Prepayments for long-term assets	6,352	8,993	7,760
	15,517	**16,299**	**12,353**
Current			
Advances for goods	11,088	13,288	1,467
Advances for services	8,138	12,594	13,435
Prepayments of leases without transfer of legal title	2,003	1,147	982
	21,229	**27,029**	**15,884**
Less: impairment allowance for prepayments	(218)	(495)	(498)
	21,011	**26,534**	**15,386**

As at 31 December 2022, prepayments for long-term assets include prepayments to Boeing as pre-delivery payment for three aircraft (Note 28).

The movements in the impairment allowance for the years ended 31 December 2022, 31 December 2021 and 31 December 2020 were:

’000 USD	2022	2021	2020
At the beginning of the year	**(495)**	**(498)**	**(423)**
Accrued during the year	(451)	(8)	(100)
Reversed during the year	728	11	25
Allowance for doubtful debt at the end of the year	**(218)**	**(495)**	**(498)**

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.

16. Trade and other receivables

'000 USD	31 December 2022	31 December 2021	31 December 2020
Non-current			
Other financial assets	45,524	47,092	47,538
Due from employees and Ab-initio pilot trainees	1,300	3,123	3,285
	46,824	**50,215**	**50,823**
Less: impairment allowance	(45,524)	(46,604)	(47,538)
	1,300	**3,611**	**3,285**
Current			
Trade receivables	20,119	14,906	10,897
Due from employees and Ab-initio pilot trainees	1,337	993	1,419
Receivable from lessors – variable lease reimbursement	848	170	-
	22,304	**16,069**	**12,316**
Less: impairment allowance	(997)	(1,935)	(2,096)
	21,307	**14,134**	**10,220**

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 Group 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 Group 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 Group recognised an additional impairment allowance for KazInvestBank JSC, Alfa Bank and Delta Bank JSC.

As at 31 December 2022 the allowance for those banks comprises 100% of the gross balances.

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

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

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

'000 USD	2022	2021	2020
US Dollar	8,353	2,453	2,359
Tenge	8,161	12,334	8,364
Euro	1,232	756	1,330
Russian Rouble	7	401	214
Other	4,854	1,801	1,238
	22,607	**17,745**	**13,505**

The movements in impairment allowance for the years ended 31 December 2022, 31 December 2021 and 31 December 2020 were:

'000 USD	2022	2021	2020
At the beginning of the year	**(48,539)**	**(49,634)**	**(49,881)**
Accrued during the year	(220)	(1,562)	(2,623)
Reversed during the year	1,588	2,175	1,917
Foreign currency difference	650	482	953
At the end of the year	**(46,521)**	**(48,539)**	**(49,634)**

17. Other taxes prepaid

'000 USD	31 December 2022	31 December 2021	31 December 2020
Value-added tax recoverable	7,826	7,590	14,896
Other taxes prepaid	552	119	270
	8,378	**7,709**	**15,166**

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

18. Cash and bank balances

'000 USD	31 December 2022	31 December 2021	31 December 2020
Term deposits with local banks with an initial maturity of less than 3 months	155,476	81,595	62,705
Current accounts with foreign banks	82,254	102,172	85,451
Current accounts with local banks	14,712	42,488	53,074
Cash in hand	183	107	122
Accrued interest	272	3	9
	252,897	**226,365**	**201,361**
Impairment allowances	(9)	(8)	(7)
	252,888	**226,357**	**201,354**

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

'000 USD	2022	2021	2020
US Dollar	229,006	217,119	177,753
Tenge	12,766	2,285	18,187
Euro	4,634	1,652	752
Indian Rupee	2,705	425	635
British Pound	1,520	2,712	284
Chinese Yuan	558	203	2,493
Uzbek Som	336	266	61
Russian Rouble	188	285	582
Other	1,175	1,410	607
	252,888	**226,357**	**201,354**

19. Other financial assets

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

Gain on fuel options of USD 12,145 thousand was netted off with fuel costs for the year ended 31 December 2022. Comparative figures for the year ended 31 December 2021 of USD 8,013 thousand have been reclassified from finance income to fuel costs accordingly.

	Call option (purchase)
At 1 January 2020	**234**
Acquisition	308
Net realized loss on financial assets and liabilities at fair value through profit or loss	(542)
At 31 December 2020	**-**
At 1 January 2021	**-**
Acquisition	4,460
Gain included in “fuel and oil costs”	8,013
Payments on exercised contracts	(5,090)
At 31 December 2021	**7,383**
At 1 January 2022	**7,383**
Acquisition	1,388
Gain included in “fuel and oil costs”	12,145
Payments on exercised contracts	(19,121)
Reclassification to accounts receivable on exercised instruments	(407)
Gain included in OCI - Net change in fair value	272
At 31 December 2022	**1,660**

20. Equity

As at 31 December 2022, 2021 and 2020, 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 standards. A distribution cannot be made when equity is negative or if distribution would result in negative equity or the Company’s insolvency.

As at 31 December 2022 the Company had retained earnings, including the profit for the current year, of USD 169,990 thousand (2021: USD 91,576 thousand; 2020: USD 55,417 thousand).

No dividends were declared during 2022 (2021: nil; 2020: nil).

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

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 (2021: 17,000 shares; 2020: 17,000 shares). The Company has no instruments with potential dilutive effect.

’000 USD	**2022**	**2021**	**2020**
Profit/(loss) for the year	78,414	36,159	(93,933)
Number of ordinary shares	17,000	17,000	17,000
Earnings/(loss) per share – basic and diluted (USD)	**4,613**	**2,127**	**(5,525)**

21. Deferred revenue

’000 USD	**31 December 2022**	**31 December 2021**	**31 December 2020**
Unearned transportation revenue	70,998	49,068	28,505
Customer loyalty program provision	9,154	8,192	9,607
	80,152	**57,260**	**38,112**

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 2022.

22. Provision for aircraft maintenance

’000 USD	**31 December 2022**	**31 December 2021**	**31 December 2020**
Engines	155,955	98,667	62,906
D-Check	13,464	12,430	6,807
C-Check	5,683	3,588	4,314
Provision for redelivery of aircraft	4,963	3,936	3,701
Auxiliary Power unit	4,698	4,002	2,301
Landing gear	4,880	4,543	3,041
	189,643	**127,166**	**83,070**

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

’000 USD	**2022**	**2021**	**2020**
At 1 January	**127,166**	**83,070**	**91,262**
Accrued during the year (Note 8)	82,503	61,348	34,718
Used during the year	(18,037)	(16,722)	(33,870)
Reversed during the year (Note 8)	(1,989)	(530)	(14,374)
Recognised in property, plant and equipment	-	-	5,334
At 31 December	**189,643**	**127,166**	**83,070**

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 Group 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 and 2022 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 with favourable contractual conditions, where variable maintenance reserves are paid to lessors decreased due to return of such aircraft.

The planned utilisation of these provisions is as follows:

’000 USD	**31 December 2022**	**31 December 2021**	**31 December 2020**
Within one year	71,685	40,710	37,533
During the second year	38,651	37,809	16,428
During the third year	46,648	30,159	7,921
After the third year	32,659	18,488	21,188
Total provision for aircraft maintenance	**189,643**	**127,166**	**83,070**
Less: current portion	71,685	40,710	37,533
Non-current portion	**117,958**	**86,456**	**45,537**

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.

23. Trade and other payables

’000 USD	**31 December 2022**	**31 December 2021**	**31 December 2020**
Trade payables	47,425	35,375	21,847
Advances received	12,232	5,424	5,869
Deposits received from agents	6,844	3,441	2,010
Accrued bonuses	6,559	11,425	139
Due to employees	5,071	4,490	5,892
Vacation pay accrual	1,321	1,397	1,079
Taxes payable	1,065	740	1,109
Pension contribution	773	580	424
Deferred revenue refund	6	-	843
Other	109	117	119
	81,405	**62,989**	**39,331**

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

’000 USD	**31 December 2022**	**31 December 2021**	**31 December 2020**
US Dollar	33,230	16,361	11,240
Tenge	33,088	39,424	21,745
Euro	3,900	2,846	3,111
GBP	671	519	147
Russian roubles	43	312	150
Other	10,473	3,527	2,938
	81,405	**62,989**	**39,331**

24. Loans

’000 USD	31 December 2022	31 December 2021	31 December 2020
Non-current			
Loan	4,162	4,759	53,004
	4,162	**4,759**	**53,004**
Current			
Current portion of loan	7,889	57,320	105,968
Interest payable	45	207	5,041
	7,934	**57,527**	**111,009**

On 3 December 2015 the Group concluded a loan agreement of USD 14,000 thousand with the EBRD for 10 years for the purpose of construction of a Technical Centre (Hangar) in Astana, which was also pledged to the EBRD under this loan. 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).

On 12 August 2019, the Group opened a Credit Line in JSC Halyk Bank of Kazakhstan for USD 40,000 thousand for 3 years, for the purpose of working capital financing. Later, during 2020, the credit line was increased up to USD 160,000 thousand and tenor extended until 10 September 2025. The credit line in JSC Halyk Bank of Kazakhstan allows taking borrowings both in KZT and USD. The average interest rate for borrowings in USD is 6% per annum and 19.75% per annum for loans in KZT (mirroring current economic and financial situation in the country). In order to release the Hangar in Astana from the pledge and respond to collateral requirement of JSC Halyk Bank of Kazakhstan the loan with EBRD for the hangar and aviation technical centre in Astana was fully refinanced with JSC Halyk Bank of Kazakhstan’s credit facilities on 20 September 2020. The EBRD loan has been fully repaid in 2020 in the amount of KZT 2,978,000 thousand (equivalent USD 6,969 thousand). In January 2020, the Group has repaid its short-term loan from JSC Halyk Bank of Kazakhstan which was received in 2019 in the amount of USD 9,000 thousand. During 2020 The Group has received USD 95,000 thousand and KZT 47,322,000 thousand (equivalent USD 114,118 thousand) under the Credit Line from JSC Halyk Bank of Kazakhstan out of which USD 50,000 thousand was repaid during 2020 according to the schedule.

As per the loan agreement with JSC Halyk Bank of Kazakhstan the Technical Center (Hangar) in Astana with a carrying amount of USD 18,730 thousand was pledged in favor of JSC Halyk Bank of Kazakhstan on 5 May 2021 (Note 11). During 2021 the Group received borrowings from JSC Halyk Bank of Kazakhstan within the existing Credit Line in the amount of USD 10,000 thousand and KZT 1,000,000 thousand (equivalent USD 2,305 thousand). At the same year the Group has repaid USD 25,000 thousand and KZT 35,013,000 thousand (equivalent USD 81,444 thousand), out of which significant part was ahead of schedule.

In the first quarter of 2022 the Group has received available facilities from JSC Halyk Bank of Kazakhstan in the amount of USD 10,000 thousand and KZT 13,500,000 thousand (equivalent USD 27,705 thousand). During 2022 the Group has fully repaid all the borrowed facilities from JSC Halyk Bank of Kazakhstan. In 2022, the land plot, where the above-mentioned Aviation Technical Center is located, was divided into two separate parts. A new separated land plot, where the Group plans to allocate the Flight Simulation Equipment, is planned to be pledged to EBRD. The main land plot where Aviation Technical Center is located will remain pledged in JSC Halyk Bank of Kazakhstan.

On 31 August 2021, the Group entered into a multi-currency Loan Agreement with EBRD for the total amount of USD 50,000 thousand. Uncommitted Tranche 2 in the amount of USD 15,000 thousand is for the purpose of financing capital expenditures (flight simulation facility, which will be pledged to the EBRD) and Committed Tranche 1 in the amount of USD 35,000 thousand is for working capital needs (COVID-19 package). In February and March 2022, the Group withdrew USD 5,000 thousand and USD 10,000 thousand, respectively for working capital needs.

In April 2022, EBRD committed Tranche 2. The Group partially repaid its loan from EBRD in amount of USD 3,750 thousand, according to the existing schedule.

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

'000 USD	31 December 2022	31 December 2021	31 December 2020
US Dollar	12,096	31,196	48,148
Tenge	-	31,090	115,865
	12,096	**62,286**	**164,013**

25. Lease liabilities

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

As at 31 December 2022 the Group has five Airbus and three Boeing 767 aircraft under fixed interest lease agreements with transfer of title (2021: five Airbus and three Boeing 767 aircraft; 2020: five Airbus and three Boeing 767 aircraft).

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

The Group's leases with transfer of title are subject to certain covenants. These covenants impose restrictions in respect of certain transactions, including, but not limited to restrictions in respect of indebtedness. Certain lease agreements with transfer of title include covenants as regards to change of ownership of the Group. These requirements have been met as at 31 December 2022, 2021 and 2020.

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

The Group's obligations under leases are secured by the lessors' title to the leased assets. These assets have a carrying value of USD 714,186 thousand (2021: USD 648,097 thousand; 2020: USD 633,115 thousand) (Note 11).

	Minimum lease payments			**Present value of minimum lease payments**		
'000 USD	**31 December 2022**	**31 December 2021**	**31 December 2020**	**31 December 2022**	**31 December 2021**	**31 December 2020**
Not later than one year	196,804	177,178	161,337	158,593	146,354	132,340
Later than one year and not later than five years	537,167	545,269	525,764	463,293	484,301	463,503
Later than five years	119,600	101,281	114,849	110,918	96,238	108,819
	853,571	**823,728**	**801,950**	**732,804**	**726,893**	**704,662**
Less: future finance charges	(120,767)	(96,835)	(97,288)	-	-	-
Present value of minimum lease payments	**732,804**	**726,893**	**704,662**	**732,804**	**726,893**	**704,662**

	Minimum lease payments			Present value of minimum lease payments		
'000 USD	**31 December 2022**	**31 December 2021**	**31 December 2020**	**31 December 2022**	**31 December 2021**	**31 December 2020**
Included in the consolidated financial statements as:						
- current portion of lease obligations	-	-	-	158,593	146,354	132,340
- non-current portion of lease obligations	-	-	-	574,211	580,539	572,322
	-	**-**	**-**	**732,804**	**726,893**	**704,662**

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 24)**	**Lease liabilities**	**Total**
Balance as at 1 January 2022	**62,286**	**726,893**	**789,179**
Repayment of borrowings	(104,027)	-	(104,027)
Proceed from borrowings	52,706	-	52,706
Repayment of lease liabilities	-	(173,501)	(173,501)
Repayment of additional financing	(368)	-	(368)
Interest paid	(3,367)	(34,987)	(38,354)
Total changes from financing cash flows	**(55,056)**	**(208,488)**	**(263,544)**
Effect of changes in foreign exchange rates	1,610	(298)	1,312
Other changes			
Additional adjustment - new leases	-	179,458	179,458
Interest expense (Note 9)	3,256	35,239	38,495
Total other changes	**4,866**	**214,399**	**219,265**
Balance as at 31 December 2022	**12,096**	**732,804**	**744,900**

'000 USD	**Loans (Note 24)**	**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 24)	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**

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 2022 a foreign currency loss of USD 32,020 thousand (2021: USD 44,098 thousand; 2020: USD 55,857 thousand), before deferred income tax of USD 6,404 thousand (2021: USD 8,820 thousand; 2020: USD 11,171 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 2022 the amount reclassified from the hedging reserve to foreign exchange loss in the consolidated statement of comprehensive income was USD 12,078 thousand (before deferred income tax of USD 2,416 thousand) (2021: 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).

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.

26. Financial instruments

Exposure to credit, interest rate, currency and commodity price risk arises in the normal course of the Group’s business. The Group does not hedge its exposure to such risks, other than commodity price risk and interest rate risks arising from lease contractual obligations 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 Notes 24 and 25) and equity of the Group (comprising issued capital, functional currency translation reserve, reserve on hedging instruments and retained earnings as detailed in Note 20).

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

The Group does not have a target gearing ratio.

Credit risk

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

The maximum exposure to credit risk related to financial instruments, such as cash, guarantee deposits and accounts receivable, is calculated 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 2022, 31 December 2021 and 31 December 2020 there was no significant concentration of credit risk in respect of trade accounts receivable (Note 16).

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 in 2017 and reviewed the credit ratings of the major banks in Kazakhstan and placed its main amounts due from banks in banks with ratings of “BBB- or higher. The carrying amounts of financial assets represent the maximum credit exposure. Impairment losses on financial assets recognised in profit or loss were as follows:

’000 USD	**Note**	**2022**	**2021**	**2020**
Reversal/(accrual) of impairment loss on trade and other receivables and prepayments	15, 16	1,645	616	(706)
Reversal/(accrual) of impairment loss on guarantee deposits	13	134	(252)	244
Accrual of impairment loss on cash and bank balances	18	(1)	(1)	(2)
		1,778	**363**	**(464)**

Trade and other receivables

’000 USD	**31 December 2022**	**31 December 2021**	**31 December 2020**
Default banks	45,524	47,092	47,538
Trade receivables	20,119	14,906	10,897
Amounts due from employees	2,637	4,116	4,704
Receivable from lessors	848	170	-
Total gross carrying amount	**69,128**	**66,284**	**63,139**
Impairment allowance	(46,521)	(48,539)	(49,634)
Total net carrying amount	**22,607**	**17,745**	**13,505**

Trade receivables

The sale of tickets is the main revenue source of the Group. The Group uses agents who sell tickets on behalf of the Group 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. 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 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 Group then decides whether to stop dealing with such agents until the negative factors are resolved.

The Group works only with IATA accredited agents.

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

At 31 December 2022, fifteen debtors including IATA Billing Settlement Plans (BSPs) as collecting agencies from the worldwide travel agencies comprised 52% of the Group's trade and other receivables excluding banks in default (at 31 December 2021: eight debtors comprised 46%; at 31 December 2020: eight debtors comprised 58%).

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	**31 December 2022**	**31 December 2021**
BBB- to AAA	848	-
Without ratings	-	170
Gross carrying amounts	848	**170**
Impairment allowance	-	(5)
Balance at 31 December	**848**	**165**

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	**2022**	**2021**	**2020**
Balance at 1 January	**48,539**	**49,634**	**49,881**
Accrual of impairment allowance	220	1,562	2,623
Foreign currency difference	(650)	(482)	(953)
Reversal of impairment allowance	(1,588)	(2,175)	(1,917)
Balance at 31 December	**46,521**	**48,539**	**49,634**

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:

'000 USD	31 December 2022	31 December 2021	31 December 2020
Credit rating			
BBB- to AAA	27,990	15,289	22,736
C to CCC+	1,721	2,850	826
Without ratings	3,600	1,812	2,819
Gross carrying amounts (amortised cost before impairment)	**33,311**	**19,951**	**26,381**
Impairment allowance	(275)	(409)	(157)
Total net carrying amount	**33,036**	**19,542**	**26,224**

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

'000 USD	2022	2021	2020
Balance at 1 January	**(409)**	**(157)**	**(401)**
Net remeasurement of loss allowance	134	(252)	244
Balance at 31 December	**(275)**	**(409)**	**(157)**

Cash and bank balances

The Group held cash and bank balances of USD 252,888 thousand at 31 December 2022 (2021: USD 226,357 thousand; 2020: USD 201,354 thousand). The cash and bank balances are held with bank and financial institution counterparties, which are rated BBB- to A+, based on S&P Global ratings.

Impairment on cash and bank balances 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 bank balances 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 bank balances to those used for bank and guarantee deposits. The following table presents an analysis of the credit quality of cash and bank balances measured at amortised cost:

'000 USD	31 December 2022			31 December 2021			31 December 2020		
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+	232,795	(8)	232,787	189,811	(5)	189,806	152,381	(3)	152,378
B+ to BB+	19,919	(1)	19,918	36,447	(3)	36,444	48,858	(4)	48,854
Without ratings	183	-	183	107	-	107	122	-	122
	252,897	**(9)**	**252,888**	**226,365**	**(8)**	**226,357**	**201,361**	**(7)**	**201,354**

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 16, 18, 23 and 24. 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 2022		31 December 2021		31 December 2020	
		Tenge	Euro	Tenge	Euro	Tenge	Euro
Assets							
Other taxes prepaid	17	8,378	-	7,709	-	15,166	-
Trade and other receivables	16	8,161	1,232	12,334	756	8,364	1,330
Income tax prepaid		8,978	-	2,630	-	3,266	-
Cash and bank balances	18	12,766	4,634	2,285	1,652	18,187	752
Guarantee deposits		177	306	145	443	59	504
Total		**38,460**	**6,172**	**25,103**	**2,851**	**45,042**	**2,586**
Liabilities							
Trade and other payables	23	33,088	3,900	39,424	2,846	21,745	3,111
Loans	24	-	-	31,090	-	115,865	-
Lease liabilities		3,260	-	4,427	-	2,099	-
Total		**36,348**	**3,900**	**74,941**	**2,846**	**139,709**	**3,111**
Net position		**2,112**	**2,272**	**(49,838)**	**5**	**(94,667)**	**(525)**

In 2022 the following table details the Group's sensitivity of weakening of the US Dollar against the Tenge by 21% (2021 and 2020: 10% and 11%) and Euro by 10.6% (2021 and 2020: 9% and 7%) and strengthening of the US Dollar against the Tenge by 21% (2021 and 2020: 13% and 11%) and Euro by 10.6% (2021 and 2020: 9% and 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
31 December 2022	**21%**	**10.6%**	**(21%)**	**(10.6%)**
Profit/(loss)	355	193	(355)	(193)

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

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 and assets. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

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

’000 USD	Up to 3 months	3 months to 1 year	1-5 years	Over 5 years	Total
31 December 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
Financial liabilities					
Non-interest bearing					
Trade and other payables	53,384	3,441	-	-	56,825
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
31 December 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	30,343	2,010	-	-	32,353
Fixed rate					
Loans	8,020	116,511	58,092	-	182,623
Lease liabilities	38,045	123,292	525,764	114,849	801,950

Fair values

Cash and bank balances

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

Fuel call options

The Group uses options to hedge the risk of jet fuel price movement. The Group uses standard market instruments for fuel hedging purposes, such as "call option" (where the premium is paid in advance by the Group to cover the risk of increases of commodity price above the predetermined level). Since there is no possibility to hedge the risk of changes in jet fuel prices purchased from call option suppliers, the Group 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 Group determines the volume of jet fuel that will be hedged before executing the deal. Hedging is carried out according to the Fuel hedging policy approved by the directors and shareholders of the Group. The Group determines the economic relationship between the hedge instrument and the hedge item by analyzing the historic price movement of aviation fuel and Brent by performing a regression analysis. The resulting Beta coefficient is assessed for statistical significance and used as a hedge ratio.

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

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

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 2022;
- 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: 3% according to the Group estimations.

These hedge items are highly probable future transactions planned for the first half of 2023. The hedge instrument is the crude oil call option with the strike prices of USD 85 per barrel. Based on the hedge ratio of 1.157, the Group hedged 274,096 barrels of fuel as of 31 December 2022. Due to the short-term maturity the Group does not expect significant changes in the fair value of the instruments.

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

Interest rate option

In November 2022, the Group has entered into Zero-Cost Collar option (hereinafter referred as "Collar") agreement in order to hedge against the interest rate fluctuations related to operating lease contracts of one future aircraft delivery. An interest risk arises from the time difference between the contract signature and actual delivery of an aircraft. The planned delivery date and contract maturity is February 2023.

To estimate the payouts and fair value of the Collar, Binomial Tree method was applied. The following key inputs were included in the evaluation model:

- SOFR spot rate 3.60%;
- The Collar Strike Rate-Cap 3.59%;
- Risk-free rate based on the U.S. Treasury notes;
- Risk-free rate based on the Kazakhstan Eurobonds.

Level 2 fair values for financial assets and liabilities at fair value through profit or loss have been generally derived using the inputs which are observable. The most significant input into this valuation approach is time left to maturity of the deal.

The Group 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 3.6% (2021: lower by 1%; 2020: lower by 1%).

27. 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 standards, 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 2022, 2021 and 2020 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 26.

28. 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 supplier precludes it from disclosing information on the purchase cost of the aircraft.

Lease commitments

Aircraft

Aircraft leases are for terms of between 5 to 12 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 2022**	**31 December 2021**	**31 December 2020**
Within one year	14,070	9,372	8,958
After one year but not more than five years	406,869	64,494	131,245
More than five years	747,355	55,489	129,689
	1,168,294	**129,355**	**269,892**

In 2021 the Group signed operating lease agreements for four A320neo aircraft with expected delivery dates in 2022-2023, one was delivered in December 2022 and for one A320CEO aircraft that was delivered in May 2022.

In 2022 the Group signed operating lease agreements for twelve A320neo aircraft, two were delivered in September and November 2022, rest are expected in 2023-2024 and for three A321neo with expected delivery dates in 2023-2024 both for expansion and replacement of retiring aircraft. Also, the Airline signed the operating lease for three B787-9 aircraft with deliveries in 2025-2026.

In 2021 the Group has signed agreements for Full-flight simulator delivery and Simulator center construction in Astana. The simulator has been delivered to the airline. Full-flight simulator installation and commissioning are scheduled for the second quarter of 2023.

Non-cancellable commitments related to the Simulator project:

'000 USD	**31 December 2022**	**31 December 2021**
Within one year	993	6,385
	993	**6,385**

Insurance

Aviation insurance

Air Astana puts substantial attention in contracting insurance coverage for its aircraft operations and hence hedges aviation risks with 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 standards 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.

29. 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	2022	2021	2020
Salaries and bonuses	6,582	6,010	5,149
Social tax	625	556	448
	7,207	**6,566**	**5,597**

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. The Group has established its buying and approval process for purchases and sales of products and services. Both sales and purchase transactions are conducted in the ordinary course of the Group's business on terms comparable to those with other entities that are not state-controlled.

The following table represents the related party transactions:

'000 USD	2022		2021		2020	
Services received	**Transaction value**	**Outstanding balance**	**Transaction value**	**Outstanding balance**	**Transaction value**	**Outstanding balance**
State-owned companies	104,951	2,279	37,025	(1,608)	15,205	(3,952)
Shareholders and their subsidiaries	31,642	(32)	11,408	(2,203)	1,610	(26)
	136,593	**2,247**	**48,433**	**(3,811)**	**16,815**	**(3,978)**

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

'000 USD	2022		2021		2020	
Services provided by the Group	**Transaction value**	**Outstanding balance**	**Transaction value**	**Outstanding balance**	**Transaction value**	**Outstanding balance**
Shareholders and their subsidiaries	1,305	3,469	1,254	430	1,031	177
State-owned companies	-	-	-	3	-	8
	1,305	**3,469**	**1,254**	**433**	**1,031**	**185**

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

Transactions with government-related entities

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

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

30. Approval of the consolidated financial statements

The consolidated financial statements were approved by the management of the Group and authorised for issue on 24 February 2023.