15 March 2024

Air Astana Joint Stock Company

("Air Astana Group" or "the Group" or "the Company")

Full Year Results for the 12 months ending 31 December 2023

Strong passenger and capacity growth on sustained domestic and international demand for air travel; positive outlook for 2024

Highlights

- **Strong and resilient growth amid volatile market conditions**
    - Total revenue and other income was USD 1.2B (2022: 1.0B), an increase of 13.8% and 15.6% excluding extraordinary market event (EME)[1]
    - Operating profit was USD 136.0M (2022: USD 148.7M), an increase of 12.9% excluding EME and gain from fuel hedging (FH)[2]
    - Profit after tax was USD 68.7M (2022: USD 78.4M), an increase of 21.5% excluding EME and FH
    - RPK increased by 11.3% to 14.6B (2022: 13.2B)
    - ASK increased by 11.1% to 17.7B (2022: 15.9B)
    - RASK increased by 2.4% to US 6.6¢ or 4.0% excluding EME
- **Record passenger numbers; fleet and network expansion across Air Astana and FlyArystan**
    - Total number of Group passengers carried increased by 10.1% to 8.1M with an average load factor of 82.8% (2022: 82.7%)
    - Group fleet size expanded to 49 aircraft during the period (2022: 43 aircraft)
    - Number of flights increased to key destinations such as Turkey, India, Thailand, Uzbekistan, Georgia and the Gulf, and expanded number of flights to China with reinstatement of Beijing
    - Group's international network further expanded with new routes to Jeddah and Doha, as well as FlyArystan's seasonal routes from regions to Antalya and Dubai
- **High operational efficiency and industry-leading margins**
    - Adjusted EBITDAR[3] increased by 4.3% to USD 300.8M and by 15.7% excluding EME and FH
    - Adjusted EBITDAR margin[4] remained stable at 25.6% (2022: 27.9% and 25.6% adjusted by EME and FH)
    - CASK of USD5.9¢ (2022: USD5.6¢)

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1 Adjusted EBITDAR for 2022 benefitted from the impact of partial mobilization in Russia which caused an extraordinary market event (EME), inflow citizens from Russia to and through Kazakhstan with impact of USD16.2M.
2 Adjusted EBITDAR for 2022 benefitted from gain from fuel hedging (FH) in the amount of USD 12.1M.
3 Defined as profit for the period before income tax (expense)/ benefit, finance income, finance costs, foreign exchange loss, net and depreciation and amortisation and lease costs (comprising aircraft variable lease charges, spare engine lease charges, lease of spare parts, property lease costs (office accommodation rent), rental of plant, machinery and ground equipment).
4 Defined as Adjusted EBITDAR expressed as a percentage of total revenue and other income.

- **Robust financial position**
  - Cash as of 31 December 2023 was USD 274.0M (2022: USD 252.9M), equivalent to 23.3% of annual sales, excluding available facilities in the amount of USD 163.7M (pro forma liquidity ratio is 37.3%)
  - Group NAD / Adjusted EBITDAR reduced to 1.5x (2022: 1.7x), driven by organic cash generation and reduction in year-end lease liability balance
  - Lease liabilities decreased to USD 718.9M (2022: USD 732.8M), despite growth in fleet
  - The Company is at a very advanced stage in positive negotiations for an agreement with Pratt & Whitney that will provide compensation and other support
- **Continued delivery of operational excellence**
  - OTP was 79.5%, up 7.2% YoY
  - Air Astana was awarded the Skytrax Award for “Best Airline in Central Asia and CIS” for the 11th time and was awarded “Best Service in Central Asia and CIS” for the second time. FlyArystan was awarded the Skytrax Award for "Best low-cost carrier in Central Asia and CIS" for the first time.
  - Commissioned a new Flight Training Centre in Astana, equipped with the latest generation flight simulators and cabin crew training simulator, certified by the EASA
  - Successfully completed the first six-year C-Check at the carrier’s engineering and technical centre in Astana and the ninth IOSA audit.

Peter Foster, CEO of Air Astana Group, said:

“We are pleased to report our first set of results as a public company following our successful IPO across three stock exchanges last month. Air Astana delivered another strong year of growth in 2023 with record passenger numbers and increased capacity. All our markets continue to perform well and we have demonstrated our ability to grow the business and maintain sector-leading margins while managing cost headwinds across the industry. As result, the Group EBITDAR excluding EME and FH has continued to expand by another 16% in 2023.

The Group is scaling its operations across both the full-service and low-cost carrier markets to gain market share and further develop our leadership position in our extended home market of Central Asia and the Caucasus, which is characterised by low air travel penetration. Our international customer base continues to evolve with an expanded network of destinations as we capitalise on our strategic location between air travel mega markets. This is underpinned by our young, modern, fuel-efficient fleet, which increased during 2023 with the net addition of six new aircraft to close the year with a fleet size of 49. This number has risen to 50 post period end and will increase to at least 56 by the end of 2024.

The IPO proceeds will enable us to further expand our operations and increase our carrying capacity. We are well positioned to capture the growth opportunities from developing the underserved aviation market in Kazakhstan and improving international connectivity.”

Operational and Financial Summary

	2023	2022	% YoY
Passengers (millions)	**8.1**	**7.3**	**10.1%**
Aircraft (end of period - fleet)	**49**	**43**	**14.0%**
Load factor	**82.8%**	**82.7%**	**0.1%**
Revenue and other income (million USD)	**1,174.5**	**1,032.4**	**13.8%**
excluding EME and FH	-	*1,016.2*	*15.6%*
Adjusted EBITDAR ('000 USD)	**300,794**	**288,382**	**4.3%**
excluding EME and FH	-	*260,084*	*15.7%*
ASK (billions)	**17.7**	**15.9**	**11.1%**
RPK (billions)	**14.6**	**13.2**	**11.3%**
RASK (US cents)	**6.64**	**6.48**	**2.4%**
excluding EME and FH	-	*6.38*	*4.0%*
CASK (US cents)	**5.87**	**5.55**	**5.8%**
excluding EME and FH	-	*5.63*	*4.3%*
Cash and bank balances ('000 USD)	**274,006**	**252,888**	**8.4%**
NAD ('000 USD)	**445,299**	**492,012**	**(9.5%)**
OTP Group	**79.5%**	**74.1%**	**7.2%**

Outlook

The Group expects to report further growth in 2024, underpinned by increased capacity and fleet expansion. This comprises the net addition of seven aircraft, increasing the total fleet to 56 aircraft from 49 at 2023 year-end. The growth will be sustained across both brands, in particular at FlyArystan and on international routes.

The Group's extended home market of Central Asia and Caucasus remains a leading growth opportunity, characterised by low penetration for air travel and the Group's strong market position. In addition, nearby mega markets including China and India as well as lifestyle destinations in Asia, Gulf, Turkey and Europe present further growth opportunities for the Group.

While CASK is expected to outpace the RASK in 2024, the mid-term EBITDAR expectation is mid-to-high 20s EBITDAR margin and the load factor to remain broadly consistent with 2023.

In the medium term, financial robustness is expected to continue, with the liquidity ratio above 25% and the leverage below 3.0x NAD/EBITDAR.

Conference Call

Management will host a presentation webcast and live Q&A conference call on 15 March 2024 at 10:00 UK time (15:00 Astana time). The 2023 results presentation and recording of the webcast will be made available on the Company's website at https://ir.airastana.com.

To register for the event, visit the following pages:

In English language:

https://www.lsegissuerservices.com/spark/AIRASTANAJOINTSTOCKCOMPANY/events/77402f21-fe56-4a20-92f1-5b294f59e5fe

In Kazakh language:

https://www.lsegissuerservices.com/spark/AIRASTANAJOINTSTOCKCOMPANY/events/482972a9-a02e-4dd9-9010-e0c213af3981

In Russian language:

https://www.lsegissuerservices.com/spark/AIRASTANAJOINTSTOCKCOMPANY/events/529d095a-09dc-4807-b448-3eea4842e741

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About the Air Astana Group

Air Astana Group is the largest airline group in Central Asia and the Caucasus regions by revenue and fleet size. The Group operates a fleet of 50 aircraft split between Air Astana, its full-service airline that operated its inaugural flight in 2002, and FlyArystan, its low-cost airline established in 2019. The Group provides scheduled, point-to-point and transit, short-haul and long-haul air travel and cargo on domestic, regional and international routes across Central Asia, the Caucasus, the Far East, the Middle East, India and Europe. In 2023, Air Astana was recognised eleven times in a row as the "Best Airline in Central Asia and CIS" at the Skytrax World Airline Awards and received a five-star rating in the major airline category by the APEX. FlyArystan was also awarded the Skytrax Award for “Best low-cost carrier in Central Asia and CIS” for the first time, and is one of the twelve Skytrax 4-Star airlines globally. The Group is listed on the Kazakhstan Stock Exchange, Astana International Exchange and London Stock Exchange (ticker symbol: AIRA).

Glossary

For definitions of terms, please refer to the Glossary below the Financial Review.

Operational Review

In 2023, the Group made strong progress in its strategy to deliver profitable growth in its domestic, near-home and international markets, capitalising on an underserved domestic market in Kazakhstan and increased air travel connectivity to neighbouring territories and further abroad.

Fleet and network expansion

The Group continues to support growth by fleet and network expansion. This is strategically important as it provides its airline brands with increased flexibility to add capacity on new routes as opportunities arise in the fast-developing aviation markets of Central Asia.

In 2023, total aircraft increased from 43 to 49 at year end, flying to 43 destinations on 91 routes. Split out by brand, Air Astana added two aircraft – an Airbus A321LRneo and A320neo – bringing its fleet size to 31 aircraft across the A320 family, Boeing 767 and Embraer E190. FlyArystan increased its fleet by four, taking delivery of A320 aircraft with 188 seat configuration, which brings its total fleet to 18 aircraft exclusively across the A320 family. The net addition of six aircraft in 2023 focused on narrowbody A320neo to service home and near-home markets, supporting the addition of new routes and the densification of existing routes. The fleet remains young and modern with an average age of 5.3 years across the Group.

The Group already operates more routes and serves more destinations than any other airline in Kazakhstan, Central Asia and the Caucasus. This dominant market position was extended in 2023 with the introduction of new routes to important destinations in Asia. Air Astana introduced four new routes to Jeddah, Doha and Tel Aviv (suspended), and reinstated flights to Beijing in China. Meanwhile, FlyArystan launched routes to Delhi, Doha, Tashkent and Urumchi, as well as seasonal routes from regions to Antalya and Dubai.

Increased carrying capacity and sustained load factor

The successful execution of the fleet expansion strategy in 2023 resulted in an 11.1% increase in Group ASK to 17.7B and 11.3% increase in Group RPK to 14.6B. This continued the Group's sector-leading recovery post-COVID with ASK up 19.7% and RPK up 40.2% on 2019. Despite the increased carrying capacity, prudent management ensured the Company successfully maintained a strong load factor of 82.8% at Group level, consistent with 82.7% in 2022 and significantly up on pre-COVID levels of 70.7% in 2019. This was particularly strong within FlyArystan, which increased its load factor from 86.7% to 89.2% (flown; sold load factor 93%) while growing ASK by 14.8% YoY.

The Group RASK expanded by 2.4% in the period compared to the previous year, a continuation of the positive trend for three consecutive years.

The Group stopped all flights to, from and over Russia in March 2022, which remains the case. The RASK in 2022 had been positively impacted by the non-recurring impact associated with the inflow of citizens from Russia to and through Kazakhstan in Q4 2022 by road and other means, following partial mobilization. This tailwind did not re-occur in Q4 2023. Excluding the impact of Russia mobilization in 2022, RASK growth in 2023 was 4.0% YoY.

Split out by airline brand, the continued optimisation of Air Astana's offering drove RASK growth of 2.4% for the airline in 2023, with a cumulative RASK growth of 26.0% since 2019. Meanwhile, FlyArystan saw RASK growth of 11.0% in 2023, which reflected the continued optimisation of the network, as well as growth in higher-RASK opportunities in international markets.

FlyArystan's independent management within the Air Astana Group allows it to operate with one of the lowest CASK among internationally comparable LCCs. This enables it to compete on new routes at a lower breakeven load factor compared to the higher CASK airlines with which it competes.

A domestic champion and leader in the Central Asia and the Caucasus regions

The Air Astana Group remains the largest airline group in Central Asia and the Caucasus based on number of seats. Within the domestic Kazakhstan market, the Group's market share was 67% at 9.3M total seats. Since its launch in 2019, FlyArystan has grown its share of the domestic market from 12% to 37%, highlighting the popularity of FlyArystan's affordable airfares in its home market and its important role in making low-cost travel attainable for a greater proportion of the Kazakhstan population.

Despite recent growth, the Kazakhstan market continues to be underserved, with a low propensity to travel creating significant untapped growth opportunities. Air travel penetration in Kazakhstan remains only approximately half the level of comparable emerging economies such as Turkey and Malaysia and even lower in the region.

Significant growth in international traffic

Leveraging its leading position connecting Central Asia region with the rest of the world and the continued liberalisation of air travel, the Air Astana Group reached 45% market share on international routes from Kazakhstan in 2023. The Group's international passenger base has evolved significantly in recent years, with both Air Astana and FlyArystan exiting the Russian/Ukrainian markets. This has been replaced by expansion of their networks to other international destinations, such as Turkey, Georgia, UAE, Uzbekistan, Thailand, Greece, Montenegro and others. The Company saw international ASK grow by 15.5% to 10.0B, compared to domestic ASK at 5.9% to 7.7B. International RPK increased by 13.4% to 7.6B, compared to domestic RPK by 9.1% to 7.0B. In particular, FlyArystan's low-cost carrier model continues to stimulate air traffic demand in Central Asia and Caucasus region, with an exceptional 30.6% international ASK growth in 2023.

Management of Pratt & Whitney PW1100G Engines

In July 2023, Pratt & Whitney issued a product recall of engines due to contaminated material used during engine manufacture, causing operational disruptions for global airlines utilising A320neo aircraft. The Air Astana Group currently has 28 A320neo aircraft equipped with the affected PW1100G engines.

The Company has scheduled 32 engine removals. The Company is well placed to continue to mitigate the operational impact through resting the existing engines to manage the remaining cycles, net seven aircraft additions to the fleet in 2024, optional additional CEO capacity and lease / purchase of spare engines. To date, the Company has five existing additional spare engines and is expecting three more engines (two leased and one purchased) in 2024. Looking forward, the Company is pleased to note that it is at a very advanced stage in positive negotiations for an agreement with Pratt & Whitney that will provide compensation and other support to the Company for the impact to its operations arising from the GTF neo engine availability issues.

Commitment to operational excellence and safety

The Group remains focused on delivering operational excellence to maintain its fleet of aircraft with rigorous safety standards and providing advanced training to its pilot and cabin crew staff.

In September 2023, the Group commissioned its new Flight Training Centre in Astana, demonstrating its commitment to maintaining high standards of pilot performance. The centre includes Kazakhstan's first full-flight simulator, acquired from L3Harris and the first in Central Asia to be certified by the EASA. The device, which simulates up to six levels of motion using accumulated flight data, guarantees that the aerodynamics, flight control and ground handling characteristics reflect reality. In addition to pilot training, the Group invested training facilities for cabin crew, including a Cabin Emergency Evacuation Trainer and a Real Fire Fighting Trainer required for mandatory recurring training.

In December 2023, the Group successfully completed its first six-year C-Check at the carrier's engineering and technical center in Astana. This was followed by the completion of the Group's ninth IOSA audit. The Group was first audited in 2007 and has subsequently reaffirmed its commitment to safety standards every two years. The next audit will take place in 2025.

Fuel-efficiency with highest sustainability standards

The Group remains at the forefront of environmental initiatives, with one of the youngest fleets in the industry and continuous efforts to reduce its CO_2 footprint. In 2023, the Group's CO_2 emission per RPK dropped to 0.076, demonstrating a consistent decrease since 2015.

A ten-year Low-Carbon Development Programme was developed in 2023, which has set goals for the Group's reduction of greenhouse gas emissions and is consistent with Kazakhstan's goal to achieve carbon neutrality by 2060. As part of this programme, the Company is replacing old generation Airbus-family aircraft with new generation A320 and A321neos equipped with new engines that, according to Airbus, deliver up to 20% reduction in fuel consumption, 20% reduction in CO_2 (NO_X) emissions and 50% noise reduction when compared to the prior generation of A320ceo family aircraft.

During this period, the Company also signed a Memorandum of Strategic Partnership with PetroChina Int. Kazakhstan for SAF production. The Group is part of the project sponsored by the EBRD, exploring options to develop SAF production in Kazakhstan along with KazMunaiGas.

Award-winning customer service and employee engagement

The Group continues to be recognised for its award-winning levels of customer service. In 2023, Air Astana was recognised as 'Best Airline in Central Asia and CIS' at the Skytrax World Airline Awards for the eleventh consecutive year and 'Best Service in Central Asia and CIS' for the second time. FlyArystan was also recognised by Skytrax as 'Best low-cost carrier in Central Asia and CIS' for the first time and was rated 4-Star by Skytrax, one of the twelve LCC's in this category globally. Air Astana received several awards in the period by the APEX, including a five-star rating in the major airline category.

Air Astana's NPS and CSAT averages in 2023 were 46 and 79, respectively, a 28% and 5% improvement against 2022 averages of 36 and 75. FlyArystan's NPS and CSAT averages in 2023 were 37 and 84, respectively, also an improvement of 16% and 2% against 2022 averages of 32 and 84 respectively.

In 2023 FlyArystan launched several initiatives aimed at enhancing its customer experience. This includes the launch of streaming in-flight entertainment by adopting a bring your own device (BYOD) policy and installing 36 self-service check-in kiosks "iJan" across all domestic airports in which FlyArystan operates.

The Group continues to engage with its staff as an employer of choice in Kazakhstan. In 2023, the Group achieved recognition as the 'Most Attractive Employer' within the transportation sector and ranked second among 100 companies in Kazakhstan with more than 1,000 employees, as revealed by The Talentist, an extensive employer brand perception study conducted by Ipsos. Furthermore, 2023 employee engagement survey results scored 4.13 out of 5.0, an improvement from 4.10 in 2022.

Financial Review

2023 was the third year of sustained growth for the Group across operational and financial metrics following the double crisis caused by the COVID-19 pandemic and the Russia-Ukraine conflict.

These results are presented on both a statutory basis and adjusted to exclude the impact of two factors in 2022: firstly, the EME of the partial mobilization in Russia in Q4 2022, which resulted in a one-off inflow citizens from Russia to and through Kazakhstan between September and December 2022 with a revenue impact of USD 16.2M; and secondly, a gain from FH to the amount of USD 12.1M. It is management's belief that this adjustment better represents the underlying performance of the Company.

Group revenue and other income increased by USD 142.1M or 13.8% in 2023 to USD 1,174.5M, compared to USD 1,032.4M in 2022. Excluding EME in 2022, revenue and other income increased by USD 158.3M or 15.6%.

Adjusted EBITDAR grew by USD 12.4M or 4.3% to USD 300.8M compared to USD 288.4M in 2022. Excluding EME and FH, Adjusted EBITDAR increased by USD 40.7M or 15.7% compared to USD 260.1M in 2022.

Operating profit fell by USD 12.7M or 8.6% to USD 136.0M compared to USD 148.7M in 2022. Excluding the effect of EME and FH, operating profit increased by USD 15.6M or 12.9% from USD 120.4M in 2022.

Profit for the year was USD 68.7M, a reduction of USD 9.7M or 12.4% on 2022. Excluding EME and FH in 2022, profit increased by USD 12.2M or 21.5%.

Net finance expenses increased by USD 2.8M or 8.8% to USD 35.1M in 2023 compared to USD 32.3M in 2022 primarily due to interest expense on lease liabilities by USD 9.3M as a result of aircraft fleet expansion. However, interest income on bank deposits increased by USD 7.8M.

Net foreign exchange loss for 2023 was USD 13.8M, an improvement of USD 1.3M compared to a loss of USD 15.1M reported in 2022.

Total cash at the end of December 2023 was USD 274.0M, an increase of USD 21.1M or 8.4% compared to end of December 2022 (excluding available facilities totalling USD 163.7M).

Revenue Drivers

The increase in 2023 revenue and other income was achieved by 11.1% and 2.4% growth in ASK and RASK respectively.

Group (million USD)	2023	2022	Change (USD)	Change, %
Revenue and other income				
Passenger revenue	1,143.6	998.1	145.5	14.6%
Cargo and mail revenue	22.5	22.1	0.4	1.8%
Other income	8.4	12.1	(3.7)	(30.8%)
Total revenue and other income	**1,174.5**	**1,032.4**	**142.1**	**13.8%**

During 2023, international ASK growth of 15.5% outpaced the domestic growth of 5.9% by almost three times. Both the Air Astana and FlyArystan brands expanded in their extended home market of Central Asia and the Caucasus as well as nearby international markets. While international ASK growth was double digit across both brands, FlyArystan's international growth of 30.6% outpaced Air Astana's 13.6%. The recovery of airport charges and the Kazakhstan Identity & Security fee starting from June 2023 were further contributors to the revenue increase.

Cargo revenue and mail revenue went up by USD 0.4M in total mainly due to a 2% increase in cargo volumes, cargo type mix and increased co-mail revenue on domestic routes.
Other income was lower by USD 3.7M due to insurance claims satisfied in December 2022 totalling USD 4.6M.

Cost Drivers

Total operating costs increased by USD 154.9M or 17.5% compared to 2022, or by USD 142.7M or 15.9% excluding FH. This mainly resulted from the 11.1% increase in capacity YoY.

Group (million USD)	2023	2022	Change (USD)	Change, %
Operating expenses				
Fuel and oil costs	279.2	231.9	47.3	20.4%
Employee and crew costs	193.1	148.9	44.2	29.7%
Depreciation and amortization	162.0	135.2	26.8	19.9%
Engineering and maintenance	108.2	125.9	(17.7)	(14.1%)
Handling, landing fees and route charges	105.7	84.9	20.8	24.5%
Passenger service	101.1	80.3	20.8	25.9%
Selling costs	40.4	33.3	7.2	21.6%
Other	48.8	43.3	5.5	12.7%
Total operating expenses	**1,038.5**	**883.7**	**154.9**	**17.5%**

In 2023, fuel costs went up by USD 47.3M or 20.4%. In the base year of 2022, the Company recorded a fuel hedge gain totalling USD 12.1M, excluding which the increase would have been USD 35.1M or 14.4%. The fuel consumption increased by 8.8% while average fuel cost per metric ton in 2022 was USD 786, up USD 32 or 4.2% compared to 2022.

Employee and crew costs increased by USD 44.2M or 29.7%, primarily impacted by the adjustment of pilot salaries which are broadly in line with the international market. In addition, number of employees across the Group increased by 4.6% (number of operational personnel increased by 5.1%, while number of administrative personnel went up by 2.0%). This cost base remains one of the lowest in the industry.

The depreciation and amortization cost increased by USD 26.8M or 19.9%, primarily driven by the growth in the fleet. This was partly offset by the engineering and maintenance costs that were reduced by USD 17.7M or 14.1% in 2023. In addition, in 2022 expenses for the repair of the thrust reverser were booked while the insurance claims reimbursement was recognised in December 2022 in the amount of USD 4.6M as other income.

Handling, landing fees and route charges, and passenger service charges increased by USD 20.8M each or 24.5% and 25.9% respectively. While this was impacted by general inflation, the key source of the cost growth was the higher increase of international ASKs in comparison to domestic (15.5% and 5.9% respectively).

Selling costs went up by USD 7.2M or 21.6% compared to 2022 mainly due to increased operations on higher cost international stations.

Other costs increased by USD 5.5M or 12.7% mainly due to increased expenses for insurance by USD 2.7M as a result from fleet expansion and increased operations as well as higher rates, and taxes by USD 2.5M mainly due to a lower comparison base in 2022 (adjustment of previously posted accruals withholding tax from non-resident companies) and increased expenses in 2023 due to taxes paid in India resulting from increased operations.

Mitigating industry-wide cost headwinds

The global airline industry continued to be impacted by cost inflationary pressures in 2023. The Group CASK grew by 5.8%, including the effect of: higher employee expenses mainly arising from pilot and crew salary increases; higher depreciation expenses due to fleet expansion; and higher passenger service expenses and handling, landing fees and route charges mainly due to increased operations on international routes and inflation. The fuel component of CASK grew by 8.4%, impacted by non-recurring USD 12.1M gain from fuel hedging in 2022 and increase in average fuel price by 4.2%. Excluding fuel hedge gain in 2022, the total Group CASK would have increased by 4.3% in 2023. Fuel burn per ASK improved by 2.1%.

Jet fuel prices and availability are subject to market fluctuations, local and global refining capacity, periods of market surplus and shortage, as well as meteorological, economic and political factors and events occurring throughout the world, which the Company can neither control nor accurately predict. Fuel costs accounted for 27% the Group's total operating expenses in 2023, compared to 26% in 2022. In 2023, the Group used approximately 348 thousand tonnes of jet fuel, compared to 320 thousand tonnes in 2022. The Company continued to take delivery of aircraft containing more fuel-efficient engines, such as the Airbus A320neo, Airbus A321neo and Airbus A321LRneo models, replacing older aircraft. Additionally, the Company seeks to manage fuel costs by procuring directly from fuel producers and refineries in Kazakhstan whenever possible, monitoring alternative suppliers for domestic and international stations, and training its pilots for efficient fuel management.

Overall, the Company remains focused on mitigating the cost headwinds, for example, carefully managing its relationship with key suppliers to ensure a high level of quality and consistency of supply, while protecting its cost position. Key suppliers for Air Astana Group include its airports, caterers and external maintenance providers.

Hedging strategy

Approximately 70% of the Company's fuel uplift is from Kazakhstan where it sources primarily direct from the refineries and manages the logistics including transportation. As result of avoiding intermediary organisations, the Company benefits from reduced costs.

Approximately 30% of fuel is sourced internationally, which the Company hedges using call options. The Group has fully hedged the anticipated international uplift for the first half of 2024 with positions at USD 80/bbl and USD 85/bbl.

Comfortable net debt position and strong balance sheet

Group NAD / Adjusted EBITDAR reduced from 1.7x in 2022 to 1.5x in 2023, driven by organic cash generation and reduction in year-end lease liability balance, comfortably within the Company's mid-term target of less than 3.0x.

The Company also repaid the EBRD loans of USD 47.7M (including the loan of USD 35M taken in 2023) and the finance lease deferrals of USD 21.6M ahead of schedule.

In 2023, the Company saw a reduction in lease liabilities from USD 732.8M to USD 718.9M despite growth in size of fleet. This was driven by the voluntary early repayment of EXIM deferrals and the depreciation of capitalised leases of existing aircraft.

The cash to sales ratio was at 23.3%, excluding the available facilities of USD 163.7M. Pro forma liquidity ratio was 37.3%, including unutilised facilities in the amount of USD 163.7M (14% of revenue).

Glossary of Terms

Adjusted EBITDAR: Defined as profit for the period before income tax (expense)/ benefit, finance income, finance costs, foreign exchange loss, net and depreciation and amortisation and lease costs (comprising aircraft variable lease charges, spare engine lease charges, lease of spare parts, property lease costs (office accommodation rent), rental of plant, machinery and ground equipment).

ASK: Available Seat Kilometres

APEX: Airline Passenger Experience Association

CASK: Cost per Available Seat Kilometre

CIS: Commonwealth of Independent States

CSAT: Customer Satisfaction Score

EASA: European Aviation Safety Agency

EBRD: European Bank for Reconstruction and Development

EME: Extraordinary Market Event arising from the partial mobilization in Russia in Q4 2022, which resulted in a one-off inflow citizens from Russia to and through Kazakhstan between September and December 2022

EXIM: Export Import Bank of the United States

FH: Fuel Hedging

IOSA: International Air Transport Association's Operational Safety Audit

LCC: Low-cost carrier

NAD: Net Adjusted Debt

NPS: Net Promoter Score

OTP: On Time Performance

RASK: Revenue per Available Seat Kilometres

RPK: Revenue Passenger Kilometres

SAF: Sustainable Aviation Fuel

YoY: Year-on-Year

Income Statement

'000 USD	2023	2022	Change (USD)	Change, %
Revenue and other income				
Passenger revenue	1,143,596	998,120	145,476	15%
Cargo and mail revenue	22,519	22,124	395	2%
Other income	8,399	12,138	(3,739)	(31%)
Gain from sale and leaseback transaction	-	-		
Total revenue and other income	**1,174,514**	**1,032,382**	**142,132**	**14%**
Operating expenses				
Fuel and oil costs	(279,172)	(231,884)	47,288	20%
Employee and crew costs	(193,067)	(148,907)	44,160	30%
Depreciation and amortisation	(162,011)	(135,178)	26,833	20%
Engineering and maintenance	(108,180)	(125,891)	(17,711)	(14%)
Handling, landing fees and route charges	(105,727)	(84,933)	20,794	24%
Passenger service	(101,136)	(80,321)	20,815	26%
Selling costs	(40,431)	(33,254)	7,177	22%
Insurance	(10,981)	(8,317)	2,664	32%
IT and communication costs	(6,538)	(5,743)	795	14%
Consultancy, legal and professional services	(5,729)	(4,258)	1,471	35%
Taxes	(3,920)	(1,427)	2,493	175%
Property and office costs	(3,865)	(2,483)	1,382	56%
Aircraft lease costs	(2,217)	(3,893)	(1,676)	(43%)
Impairment loss on trade receivables	(124)	(394)	(270)	(69%)
Other operating costs	(15,435)	(16,784)	(1,349)	(8%)
Total operating expenses	**(1,038,533)**	**(883,667)**	**154,866**	**18%**
Operating profit	**135,981**	**148,715**	**(12,734)**	**(9%)**
Finance income	14,806	6,995	7,811	112%
Finance costs	(49,892)	(39,254)	10,638	27%
Foreign exchange loss, net	(13,803)	(15,065)	(1,262)	(8%)
Profit before tax	**87,092**	**101,391**	**(14,299)**	**(14%)**
Income tax expense	(18,387)	(22,977)	(4,590)	(20%)
Profit for the year	**68,705**	**78,414**	**(9,709)**	**(12%)**
Basic and diluted earnings per share (USD)	**0.225**	**0.256**	**(0.031)**	**(12%)**

Consolidated Balance Sheet

’000 USD	31 December 2023	31 December 2022	Change (USD)	Change, %
ASSETS				
Non-current assets				
Property, plant and equipment	853,320	817,585	35,735	4%
Intangible assets	2,836	1,553	1,283	83%
Prepayments	18,451	15,517	2,934	19%
Guarantee deposits	33,302	29,520	3,782	13%
Deferred tax assets	37,040	18,487	18,553	100%
Trade and other receivables	1,343	1,300	43	3%
	946,292	**883,962**	**62,330**	**7%**
Current assets				
Inventories	67,548	49,175	18,373	37%
Prepayments	24,825	21,011	3,814	18%
Income tax prepaid	13,259	8,978	4,281	48%
Trade and other receivables	23,525	21,307	2,218	10%
Other taxes prepaid	10,247	8,378	1,869	22%
Guarantee deposits	1,979	3,516	(1,537)	(44%)
Cash and bank balances	274,006	252,888	21,118	8%
Other financial assets	763	1,660	(897)	(54%)
	416,152	**366,913**	**49,239**	**13%**
Total assets	**1,362,444**	**1,250,875**	**111,569**	**9%**
EQUITY AND LIABILITIES				
Equity				
Share capital	17,000	17,000	-	-
Functional currency transition reserve	(9,324)	(9,324)	-	-
Reserve on hedging instruments, net of tax	(16,292)	(25,398)	9,106	(36%)
Retained earnings	221,975	169,990	51,985	31%
Total equity	**213,359**	**152,268**	**61,091**	**40%**
Non-current liabilities				
Loans	-	4,162	(4,162)	(100%)
Lease liabilities	543,896	574,211	(30,315)	(5%)
Provision for aircraft maintenance	148,618	117,958	30,660	26%
Employee benefits	623	2,268	(1,645)	(73%)
	693,137	**698,599**	**(5,462)**	**(1%)**
Current liabilities				
Loans	412	7,934	(7,522)	(95%)
Lease liabilities	174,997	158,593	16,404	10%
Deferred revenue	84,368	80,152	4,216	5%
Provision for aircraft maintenance	105,170	71,685	33,485	47%
Trade and other payables	91,001	81,405	9,596	12%
Other financial liabilities	-	239	(239)	(100%)
	455,948	**400,008**	**55,940**	**14%**
Total liabilities	**1,149,085**	**1,098,607**	**50,478**	**5%**
Total equity and liabilities	**1,362,444**	**1,250,875**	**111,569**	**9%**

Cash Flows

'000 USD	2023	2022	Change (USD)	Change, %
OPERATING ACTIVITIES:				
Profit before tax	**87,092**	**101,391**	**(14,299)**	**(14%)**
Adjustments for:				
Depreciation and amortisation of property, plant and equipment and intangible assets	162,011	135,178	26,833	20%
Gain on disposal of property, equipment and other assets	(3,499)	(2,239)	1,260	56%
Change in impairment allowance for trade receivables, prepayments, guarantee deposits and cash and bank balances	(76)	(2,428)	(2,352)	(97%)
Write-down of obsolete and slow-moving inventories	(621)	4,290	(4,911)	(114%)
Change in vacation accrual	(316)	(76)	240	316%
Accrual of provision for aircraft maintenance	85,830	80,514	5,316	7%
Change in customer loyalty program provision	2,774	962	1,812	188%
Foreign exchange loss, net	13,803	15,065	(1,262)	(8%)
Finance income, excluding impairment	(14,321)	(6,274)	8,047	128%
Finance costs, excluding impairment	49,462	39,140	10,322	26%
Operating cash flow before movements in working capital	**382,139**	**365,523**	**16,616**	**5%**
Change in trade and other receivables	(831)	(3,807)	(2,976)	(78%)
Change in prepaid expenses and prepayments	(5,625)	3,271	(8,896)	(272%)
Change in inventories	(16,787)	(481)	16,306	3,390%
Change in trade and other payables and provision for aircraft maintenance	(17,993)	(732)	17,261	2,358%
Change in deferred revenue	1,442	21,930	(20,488)	(93%)
Change in other financial instruments	(129)	5,995	(6,124)	(102%)
Cash generated from operations	**342,216**	**391,699**	**(49,483)**	**(13%)**
Income tax paid	(42,839)	(47,003)	(4,164)	(9%)
Interest received	14,081	6,274	7,807	124%
Net cash generated from operating activities	**313,458**	**350,970**	**(37,512)**	**(11%)**
INVESTING ACTIVITIES:				
Purchase of property, plant and equipment	(41,777)	(48,270)	(6,493)	(13%)
Proceeds from disposal of property, plant and equipment	4,980	1,974	3,006	152%
Purchase of intangible assets	(2,116)	(659)	1,457	221%
Bank and Guarantee deposits placed	(9,979)	(25,286)	(15,307)	(61%)
Bank and Guarantee deposits withdrawn	2,876	11,882	(9,006)	(76%)
Net cash used in investing activities	**(46,016)**	**(60,359)**	**(14,343)**	**(24%)**
FINANCING ACTIVITIES:				
Repayment of lease liabilities	(173,302)	(173,501)	(199)	0.11%
Interest paid	(42,717)	(38,354)	4,363	11%
Repayment of borrowings and additional financing from sale and leaseback	(46,640)	(104,395)	(57,755)	(55%)
Proceeds from borrowings and additional financing from sale and leaseback	35,000	52,706	(17,706)	(34%)
Dividends paid	(16,776)	-	16,776	-

Net cash used in financing activities	**(244,435)**	**(263,544)**	**(19,109)**	**(7%)**
NET INCREASE IN CASH AND BANK BALANCES	**23,007**	**27,067**	**(4,060)**	**(15%)**
Effect of exchange rate changes on cash and bank balances held in foreign currencies	(1,888)	(535)	1,353	253%
Effects of movements in ECL on cash and bank balances	(1)	(1)	-	-
CASH AND BANK BALANCES, at the beginning of the year	252,888	226,357	26,531	12%
CASH AND BANK BALANCES, at the end of the year	**274,006**	**252,888**	**21,118**	**8%**

Notes to the Financial Statements

For the full Financial Statements, including Notes, please refer to the Group's Investor Relations website: https://ir.airastana.com/