

**Jazeera Airways K.S.C.P.
Kuwait**

**Condensed Consolidated Interim Financial Information (Unaudited)
and
Independent Auditor's Review Report
31 March 2024**

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REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF JAZEERA AIRWAYS K.S.C.P.

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Jazeera Airways K.S.C.P. (the "Parent Company") and its subsidiaries (together called "the Group") as at 31 March 2024, and the related condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 - Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 - Interim Financial Reporting.

Report on other Legal and Regulatory Requirements

Based on our review, the interim financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any material violations of the Companies Law No. 1 of 2016, as amended, and its Executive Regulations or of the Memorandum of Incorporation and Articles of Association, as amended, of the Parent Company, during the three-month period ended 31 March 2024, that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any material violations of the provisions of Law No. 7 of 2010, concerning the Capital Markets Authority and its related regulations, as amended, during the three-month period ended 31 March 2024, that might have had a material effect on the business of the Parent Company or on its financial position.



Bader A. Al-Wazzan

License No. 62A

Deloitte & Touche - Al-Wazzan & Co.


Kuwait

30 April 2024

**Condensed Consolidated Statement of Financial Position (Unaudited)
as at 31 March 2024**

	Note	Kuwaiti Dinars		
		31 March 2024 (Unaudited)	31 December 2023 (Audited)	31 March 2023 (Unaudited)
ASSETS				
Non-current assets				
Property and equipment	3	74,756,470	75,239,066	45,243,551
Right to use asset	4	134,874,777	139,979,376	140,793,746
Advance for maintenance		9,935,210	8,932,982	8,338,564
Security deposits		913,256	935,988	1,888,113
		<u>220,479,713</u>	<u>225,087,412</u>	<u>196,263,974</u>
Current assets				
Inventories		4,707,145	4,321,867	2,641,812
Security deposits		146,360	238,385	441,547
Trade and other receivables		25,883,933	23,883,468	23,071,123
Cash and bank balances	5	38,791,922	32,904,993	49,528,613
		<u>69,529,360</u>	<u>61,348,713</u>	<u>75,683,095</u>
Total assets		<u>290,009,073</u>	<u>286,436,125</u>	<u>271,947,069</u>
LIABILITIES AND EQUITY				
Equity				
Share capital	6	22,000,000	22,000,000	22,000,000
Legal reserve		3,488,227	3,488,227	2,843,811
Hedge reserve	14	(187,601)	-	(458,619)
Retained earnings		(2,689,520)	8,940	3,000,424
Total equity		<u>22,611,106</u>	<u>25,497,167</u>	<u>27,385,616</u>
Non-current liabilities				
Post-employment benefits		4,248,766	3,891,800	3,271,051
Maintenance payables		33,792,780	22,883,216	18,354,511
Lease liabilities	7	120,581,549	125,722,010	128,857,685
Term loan/Murabaha payables		38,500,000	28,500,000	4,005,637
		<u>197,123,095</u>	<u>180,997,026</u>	<u>154,488,884</u>
Current liabilities				
Maintenance payables		3,811,382	8,404,941	9,359,235
Lease liabilities	7	24,966,589	25,144,865	22,140,902
Term loan/Murabaha payables		1,000,000	1,000,000	854,559
Trade and other payables		27,199,159	29,816,435	41,979,659
Deferred revenue		13,297,742	10,128,349	15,738,214
Bank overdrafts	5	-	5,447,342	-
		<u>70,274,872</u>	<u>79,941,932</u>	<u>90,072,569</u>
Total liabilities and equity		<u>290,009,073</u>	<u>286,436,125</u>	<u>271,947,069</u>

The accompanying notes 1 to 15 are an integral part of this condensed consolidated interim financial information.



Marwan Marzouq Boodai
Chairman



Jazeera Airways K.S.C.P.
Kuwait

**Condensed Consolidated Statement of Profit or Loss (Unaudited) -
Three months ended 31 March 2024**

	Note	Kuwaiti Dinars	
		Three months ended	
		2024	2023
Revenue	8	46,359,630	48,326,771
Operating costs	9	(43,448,757)	(42,576,145)
Gross profit		2,910,873	5,750,626
Other operating income		492,784	558,676
General and administrative expenses	10	(1,628,209)	(2,123,241)
Finance costs		(1,957,627)	(1,749,354)
Foreign currency (loss)/gain		(2,516,281)	76,959
Expected Credit Loss (ECL) - financial assets		-	(74,460)
(Loss)/profit before contribution and taxes		(2,698,460)	2,439,206
Zakat		-	(28,724)
Contribution to Kuwait Foundation for the Advancement of Sciences		-	(21,953)
National Labour Support Tax		-	(71,810)
(Loss)/profit for the period		(2,698,460)	2,316,719
Attributable to:			
Shareholders of the Parent Company		(2,698,460)	2,316,719
(Loss)/earnings per share (fils)			
Basic & diluted	11	(12.27)	10.53

The accompanying notes 1 to 15 are an integral part of this condensed consolidated interim financial information.

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Unaudited) -
Three months ended 31 March 2024**

	Kuwaiti Dinars	
	Three months ended 31 March	
	2024	2023
(Loss)/profit for the period	(2,698,460)	2,316,719
Other comprehensive income		
Items that may be reclassified subsequently to statement of profit or loss		
Hedge reserve – Cash flow hedge	(187,601)	(458,619)
Total comprehensive (loss)/income for the period	<u>(2,886,061)</u>	<u>1,858,100</u>
Attributable to:		
Shareholders of the Parent Company	<u>(2,886,061)</u>	<u>1,858,100</u>

The accompanying notes 1 to 15 are an integral part of this condensed consolidated interim financial information.

**Condensed Consolidated Statement of Changes in Equity (Unaudited) –
Three months ended 31 March 2024**

	Kuwaiti Dinars				Total equity
	Share capital	Legal reserve	Hedge reserve	Retained earnings	
At 1 January 2024	22,000,000	3,488,227	-	8,940	25,497,167
Total comprehensive loss for the period	-	-	(187,601)	(2,698,460)	(2,886,061)
At 31 March 2024	<u>22,000,000</u>	<u>3,488,227</u>	<u>(187,601)</u>	<u>(2,689,520)</u>	<u>22,611,106</u>
As at 1 January 2023	22,000,000	2,843,811	-	11,683,441	36,527,252
Total comprehensive income for the period	-	-	(458,619)	2,316,719	1,858,100
Dividend payable	-	-	-	(10,999,736)	(10,999,736)
At 31 March 2023	<u>22,000,000</u>	<u>2,843,811</u>	<u>(458,619)</u>	<u>3,000,424</u>	<u>27,385,616</u>

The accompanying notes 1 to 15 are an integral part of this condensed consolidated interim financial information.

**Condensed Consolidated Statement of Cash Flows (Unaudited) –
Three months ended 31 March 2024**

	Note	Kuwaiti Dinars	
		31 March 2024 (Unaudited)	31 March 2023 (Unaudited)
Cash flows from operating activities			
(Loss)/profit before contribution and taxes		(2,698,460)	2,439,206
<i>Adjustments for:</i>			
Depreciation	3,4	5,712,120	4,893,248
Finance costs		1,957,627	1,749,354
Foreign exchange loss/(gain)-unrealised		528,811	(76,959)
Provision for post-employment benefits		491,066	406,451
Expected credit losses on financial assets		-	74,460
Other operating income- interest income		(411,745)	(519,401)
Cash flows from operating activities before working capital changes		5,579,419	8,966,359
<i>Changes in:</i>			
- inventories		(385,278)	(215,071)
- trade and other receivables		(2,077,667)	(4,588,554)
- security deposits		78,190	(31,536)
- advance for maintenance		(1,002,228)	(1,104,223)
- maintenance payables		3,079,469	748,609
- trade and other payables		(41,779)	994,756
- deferred revenue		3,169,393	1,382,858
Cash generated from operations		8,399,519	6,153,198
Post-employment benefits paid		(134,100)	(47,700)
Net cash from operating activities		8,265,419	6,105,498
Cash flows from investing activities			
Purchase of property and equipment	3	(335,207)	(1,673,391)
Interest income received		314,769	512,542
Deposits with original maturity of more than three months	5	(23,685,475)	2,129,768
Net cash (used in)/from investing activities		(23,705,913)	968,919
Cash flows from financing activities			
Re-payment of lease liabilities		(4,990,381)	(4,542,451)
Finance costs paid		(1,920,329)	(1,749,354)
Receipts from/(repayment of) term loan		10,000,000	(414,724)
Net cash from/(used in) financing activities		3,089,290	(6,706,529)
Net (decrease)/increase in cash and cash equivalents		(12,351,204)	367,888
Cash and cash equivalents at beginning of period	5	23,457,651	29,645,525
Cash and cash equivalents at end of period	5	11,106,447	30,013,413

The accompanying notes 1 to 15 are an integral part of this condensed consolidated interim financial information.

1. Constitution and activities

Jazeera Airways K.S.C.P. (the “Parent Company”) was incorporated by Amiri Decree on 3 March 2004 as a Kuwaiti Public Shareholding Company under the laws of Kuwait and is engaged in the business of air transportation and commercial passenger services under a license from the Directorate General of Civil Aviation.

The objects of the Parent Company are –

- Air transportation and related activities
- Investing surplus funds in investment and real estate portfolios managed by specialized companies or entities.

The Parent Company has the following subsidiaries:

Name of the Company	Country of Incorporation	Percentage of Holding	
		2024	2023
Jazeera Airport services Company (formerly known as “Al Sahaab Aviation Services W.L.L.”)	Kuwait	99.99%	99.99%
Kuwaitia Free Zone/ Duty Free Management Co S.P.C.	Kuwait	99.99%	99.99%
Jazeera Safeguard Co. S.P.C	Kuwait	100%	-
Jazeera Academy Co. S.P.C.	Kuwait	100%	-
Jazeera Airways Company L.L.C	Kingdom of Saudi Arabia	49%	-

The Parent Company and its subsidiaries are together referred to in this condensed consolidated interim financial information as the Group.

The address of the registered office of the Parent Company is Kuwait International Airport, P.O. Box 29288, Safat 13153, Kuwait.

This condensed consolidated interim financial information was approved for issue by the Board of Directors on 30 April 2024.

2. Basis of preparation and material accounting policy information

Basis of preparation

This condensed consolidated interim financial information of the Group is prepared in accordance with International Accounting Standard (“IAS”) 34: Interim Financial Reporting.

This condensed consolidated interim financial information does not contain all information and disclosures required for complete consolidated financial information prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) (“IFRSs”). In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included in this condensed consolidated interim financial information. Operating results for the three-month ended 31 March 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024. For more details, refer to the annual audited consolidated financial information of the Group for the financial year ended 31 December 2023.

The condensed consolidated interim financial information is presented in Kuwaiti Dinars (“KD”).

Notes to the Condensed Consolidated Interim Financial Information (Unaudited) – 31 March 2024

Changes in accounting policy and disclosures

The accounting policies used in the preparation of the condensed consolidated interim financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2023. Certain amendments and interpretations apply for the first time in 2024, but do not have an impact on the condensed consolidated interim financial information of the Group.

Judgement and estimates

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2023.

3. Property and equipment

	Kuwaiti Dinars					
	Engines & rotables	Leasehold improvements	Furniture & equipment	Vehicles	Capital work-in-progress	Total
Cost						
As at 31 December 2023	27,330,899	17,945,616	6,500,291	105,809	38,679,294	90,561,909
Additions	82,546	-	45,208	11,600	195,853	335,207
As at 31 March 2024	27,413,445	17,945,616	6,545,499	117,409	38,875,147	90,897,116
Depreciation						
As at 31 December 2023	3,850,607	6,674,498	4,747,538	50,200	-	15,322,843
Charge for the period	598,529	102,456	112,853	3,965	-	817,803
As at 31 March 2024	4,449,136	6,776,954	4,860,391	54,165	-	16,140,646
Net book value						
As at 31 March 2024	22,964,309	11,168,662	1,685,108	63,244	38,875,147	74,756,470
As at 31 December 2023	23,480,293	11,271,118	1,752,754	55,607	38,679,294	75,239,066
As at 31 March 2023	4,925,323	11,447,766	1,652,318	36,345	27,181,799	45,243,551

Capital work-in-progress includes payment towards purchase of aircraft (refer Note 15).

Depreciation has been allocated in the condensed consolidated statement of profit or loss as follows:

	Kuwaiti Dinars	
	Three months ended 31 March (Unaudited)	
	2024	2023
Operating costs	704,951	280,848
General and administrative expenses	112,852	179,811
	817,803	460,659

Notes to the Condensed Consolidated Interim Financial Information (Unaudited) – 31 March 2024

4. Right of use assets

	Kuwaiti Dinars			Total
	Aircraft	Aircraft engines	Leasehold land	
Cost				
As at 31 December 2023	189,718,689	10,498,914	10,676,694	210,894,297
Adjustments	(125,715)	-	(84,567)	(210,282)
As at 31 March 2024	189,592,974	10,498,914	10,592,127	210,684,015
Depreciation				
As at 31 December 2023	66,726,947	2,706,975	1,480,999	70,914,921
Charge for the period	4,587,620	255,488	51,209	4,894,317
As at 31 March 2024	71,314,567	2,962,463	1,532,208	75,809,238
Net book value				
As at 31 March 2024	118,278,407	7,536,451	9,059,919	134,874,777
As at 31 December 2023	122,991,742	7,791,939	9,195,695	139,979,376
As at 31 March 2023	121,519,958	10,176,069	9,097,719	140,793,746

5. Cash and bank balances

	Kuwaiti Dinars		
	31 March 2024 (Unaudited)	31 December 2023 (Audited)	31 March 2023 (Unaudited)
Cash on hand	68,634	83,317	51,791
Current account with banks	11,096,684	28,880,547	12,412,482
Time deposits with banks	27,685,475	4,000,000	37,081,510
	38,850,793	32,963,864	49,545,783
Expected credit loss	(58,871)	(58,871)	(17,170)
	38,791,922	32,904,993	49,528,613
Overdraft	-	(5,447,342)	-
Deposits with original maturity exceeding three months	(27,685,475)	(4,000,000)	(19,515,200)
Cash and cash equivalents in the statement of cash flows	11,106,447	23,457,651	30,013,413

6. Share capital

	Kuwaiti Dinars		
	31 March 2024 (Unaudited)	31 December 2023 (Audited)	31 March 2023 (Unaudited)
Authorised, issued and fully paid in cash: 220,000,000 (31 December 2023: 220,000,000; 31 March 2023: 220,000,000) shares of 100 fils each	22,000,000	22,000,000	22,000,000

Notes to the Condensed Consolidated Interim Financial Information (Unaudited) – 31 March 2024

7. Lease liabilities

	Kuwaiti Dinars		
	31 March 2024 (Unaudited)	31 December 2023 (Audited)	31 March 2023 (Unaudited)
At the beginning of the period/year	150,866,875	155,884,047	155,884,047
Additions	-	13,585,517	-
Adjustments	(210,282)	(440,909)	-
Finance costs	1,491,433	6,028,108	1,481,865
Payments	(6,481,814)	(24,238,464)	(6,024,316)
Foreign currency (gain)/loss	(118,074)	48,576	(343,009)
At the end of the period/year	145,548,138	150,866,875	150,998,587

The above is segregated as:

	Kuwaiti Dinars		
	31 March 2024 (Unaudited)	31 December 2023 (Audited)	31 March 2023 (Unaudited)
Current	24,966,589	25,144,865	22,140,902
Non-current	120,581,549	125,722,010	128,857,685
	145,548,138	150,866,875	150,998,587

8. Revenue

	Kuwaiti Dinars	
	Three months ended 31 March (Unaudited)	
	2024	2023
Passenger revenue	38,806,219	41,498,981
Ancillary revenue	3,957,020	3,516,053
Cargo revenue	466,300	535,932
Terminal revenue	3,130,091	2,775,805
	46,359,630	48,326,771

Notes to the Condensed Consolidated Interim Financial Information (Unaudited) – 31 March 2024

9. Operating costs

	Kuwaiti Dinars	
	Three months ended 31 March (Unaudited)	
	2024	2023
Aircraft maintenance cost	7,371,243	6,814,433
Depreciation (Refer Note 3&4)	5,599,268	4,713,437
Aircraft fuel	13,696,062	14,758,055
Staff costs	6,797,828	6,554,806
Overflying, landing and ground handling charges	7,119,113	6,519,888
Lease rentals	-	661,966
Insurance	324,610	304,917
Passenger meals	587,780	610,767
Reservation system expenses	198,238	148,502
Others	1,754,615	1,489,374
	<u>43,448,757</u>	<u>42,576,145</u>

10. General and administrative expenses

	Kuwaiti Dinars	
	Three months ended 31 March (Unaudited)	
	2024	2023
Staff costs	352,140	307,739
Marketing	353,319	750,449
Depreciation (Refer Note 3)	112,852	179,811
Professional and consultancy	96,631	96,392
Travel	53,956	45,838
Others	659,311	743,012
	<u>1,628,209</u>	<u>2,123,241</u>

11. (Loss)/earnings per share

(Loss)/earnings per share is calculated based on the (loss)/earnings attributable to the equity shareholders of the Parent Company for the period and the weighted average number of shares outstanding, as follows:

	Kuwaiti Dinars	
	Three months ended 31 March (Unaudited)	
	2024	2023
(Loss)/earnings for the period	(2,698,460)	2,316,719
Weighted average number of shares outstanding	220,000,000	220,000,000
(Loss)/earnings per share (fils) – Basic & Diluted	<u>(12.27)</u>	<u>10.53</u>

Notes to the Condensed Consolidated Interim Financial Information (Unaudited) – 31 March 2024

12. Related party transactions and balances

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In the ordinary course of business, the Group enters into transactions with related parties (directors, key managerial personnel and group companies). Pricing policies and terms of these transactions are approved by the Group's management. Transactions and balances with related parties not disclosed elsewhere in this condensed consolidated interim financial information are as follows:

	Kuwaiti Dinars		
	31 March 2024 (Unaudited)	31 December 2023 (Audited)	31 March 2023 (Unaudited)
Balances			
Due from related parties	29,399	51,465	62,998
		Kuwaiti Dinars	
		Three months ended 31 March (Unaudited)	
		2024	2023
Transactions			
Sales and services		169,074	171,352
General and administrative expenses		135,321	141,571
Key management compensation			
Salaries and other employment benefits		406,658	565,268

13. Segment information

The Group's operating segments are the operation of passenger airline service and operation and maintenance of Terminal.

Following is the segment information of the three months ended 31 March:

	Kuwaiti Dinars					
	Passenger airline service		Terminal operations		Total	
	2024	2023	2024	2023	2024	2023
Segment revenue	43,229,539	45,550,967	3,130,091	2,775,804	46,359,630	48,326,771
Segment expenses	46,959,580	44,050,598	633,667	646,289	47,593,247	44,696,887
Other operating income (including interest income)	492,784	558,676	-	-	492,784	558,676
Finance costs	1,820,266	1,619,088	137,361	130,266	1,957,627	1,749,354
Segment results	(5,057,523)	439,957	2,359,063	1,999,249	(2,698,460)	2,439,206
Assets:						
Segment assets	275,070,880	250,119,531	14,938,193	21,827,538	290,009,073	271,947,069
Liabilities:						
Segment liabilities	259,127,539	236,155,582	8,270,428	8,405,871	267,397,967	244,561,453
Capital expenditure	191,298	1,535,208	143,909	138,183	335,207	1,673,391
Depreciation	5,567,707	4,723,958	144,413	169,290	5,712,120	4,893,248

14. Derivative financial instruments

The table below shows the notional amounts analysed by the term to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the period-end and are not indicative of either market or credit risk. All derivative contracts are fair valued based on observable market data.

The Company's fuel forward contracts are treated as cash-flow hedges of forecast fuel purchases for risks arising from the commodity price of fuel.

At 31 March 2024:	Kuwaiti Dinars	Nominal quantity by term to maturity		
		Negative fair value	Within 3 months	3-24 months

Derivatives held for hedging:

Cash flow hedges-Commodity (oil) forward contracts	187,601	255,000	510,000	765,000
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At 31 December 2023:

Kuwaiti Dinars	Nominal quantity by term to maturity		
	Negative fair value	Within 3 months	3-24 months

Derivatives held for hedging:

Cash flow hedges-Commodity (oil) forward contracts	-	-	-	-
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At 31 March 2023:

Kuwaiti Dinars	Nominal quantity by term to maturity		
	Negative fair value	Within 3 months	3-24 months

Derivatives held for hedging:

Cash flow hedges-Commodity (oil) forward contracts	458,619	225,000	450,000	675,000
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15. Commitments and contingent liabilities

	Kuwaiti Dinars		
	31 March 2024 (Unaudited)	31 December 2023 (Audited)	31 March 2023 (Unaudited)
Capital commitments	368,479,242	366,613,487	368,772,503
Bank guarantees	66,626,713	64,638,367	55,301,780
	<u>435,105,955</u>	<u>431,251,854</u>	<u>424,074,283</u>

The above bank guarantee include guarantee to the lessors amounting to KD 57,797,522 (31 December 2023: KD 56,218,627; 31 March 2023: KD 49,076,552) for the aircraft maintenance in lieu of payments for Maintenance Reserve under the lease agreement.

Capital commitments include commitment towards purchase of aircraft and engines.