2024

ANNUAL REPORT

CONTENT

CHAIRMAN'S MESSAGE

Dear Shareholders,

It is my privilege to present to you Jazeera Airways' annual report for the year 2024. This year has been marked by strong financial performance, operational resilience, and strategic growth, further solidifying our position as a leading low-cost airline in the region.

FINANCIAL PERFORMANCE

Jazeera Airways delivered robust financial results in 2024, achieving a 66.2% increase in net profit to KD 10.2 million. Revenues also saw healthy growth, reaching KD 208.6 million, a 5.3% increase compared to the previous year. This substantial profit growth, achieved amidst industry-wide challenges, underscores our resilience, strategic focus, and effective cost management initiatives. These results are driven by sustained passenger demand and strategic network expansion.

20 YEARS STRONG

In 2025, Jazeera Airways celebrates 20 years of flying — a significant milestone in our industry. As we mark this momentous occasion, we remain steadfast in our vision to be the region's preferred value airline, delivering seamless, trusted, accessible, and affordable air travel experiences. This achievement would not have been possible without the unwavering support of our valued passengers, our dedicated employees, and other trusted stakeholders.

DIVIDEND RECOMMENDATION

The Board of Directors has recommended a dividend distribution of 40 fils per share for 2024. We are committed to delivering consistent value to our shareholders through prudent financial management, strategic investments, and a continued focus on customer satisfaction.

JOURNEY AHEAD

Jazeera has mapped an exciting journey ahead - built on solid momentum to deliver exceptional value and innovation in the years to come. As we drive forward with our efforts in digital transformation, we remain focused on enhancing connectivity and customer experience.

I extend my sincere gratitude to my fellow Board members, our management team, our employees, and especially our shareholders, for the continued support and confidence in Jazeera Airways.

We value your partnership and look forward to continuing this journey with you.

Yours sincerely,

Marwan M. Boodai

KD **10.2** m

NET PROFIT

40 fils

CASH DIVIDEND

CEO'S MESSAGE

Dear Shareholders,

2024 has been an extraordinary year for Jazeera Airways, marking 19 years of operations with record-breaking achievements. It is with immense pride that I present our annual report, reflecting a year of strong financial performance, strategic growth, operational excellence and laying the foundation for transformation as we approach 20 years of flying.

STRONG FINANCIAL PERFORMANCE

Our net profit for the year reached KD 10.2 million, a remarkable 66.2% increase compared to 2023. This success was driven by a combination of disciplined cost management, strong passenger growth, and strategic capacity management. Jazeera carried nearly 5 million passengers, reflecting a 5.1% year-over-year increase, while maintaining a solid market share of 30.5% in Kuwait.

OPERATIONAL SUCCESS

Operationally, 2024 was a milestone year. Although faced with global challenges, we continued to optimize our network, expand into key leisure markets, and launch 500,000 additional summer seats, enhancing connectivity across Europe and the Middle East.

During this period Jazeera recorded 18,374 aircraft movement — the highest in our history. Our On-Time Performance (OTP) improved significantly from 74% in

2023 to 86% in 2024, reinforcing our commitment to reliability while safety remained foremost throughout our operations. Additionally, we strengthened our fleet with one new aircraft and the acquisition of six Airbus A320 CEOs from our existing fleet, reducing unit costs and mitigating supply chain challenges.

ENHANCING PASSENGER EXPERIENCE

Passenger experience is at the forefront of our strategy, with enhancements including new in-flight meal options, flexible travel choices, and the introduction of Travel Cash for seamless currency transactions. Our sustainability initiatives also gained momentum, ranking third globally in fuel efficiency under the SkyBreathe® program.

20TH YEAR OF FLYING

As we look ahead to 2025, our 20th year of flying, we are laying the foundation of a new era of transformation with strategic focus on safety, customer experience, operational excellence and driving the lowest unit cost in the business . We will continue expanding our network, increasing revenue and driving digital transformation with a keen focus of safety, On-Time Performance (OTP) and passenger experience. Our fleet's seat capacity will increase through our densification program, allowing us to serve more passengers efficiently. We are also making key investments in Jazeera Terminal 5 and operational infrastructure to enhance passenger experience and operational efficiency. With the global travel market stabilizing and Kuwait's aviation sector poised for further growth, Jazeera is well-positioned for continued success.

I would like to extend my gratitude to you, our employees and other partners, for the unwavering support through the years. The foundation we have built ensures that Jazeera Airways remains a leader in affordable, reliable, and efficient air travel. As we mark nearly 20 years of success, with a clear vision and the trust of our stakeholders, Jazeera Airways is prepared to navigate toward a brighter future.

Sincerely,

Barathan Pasupathi

18,374

AIRCRAFT ROTATIONS

86%

OTP

PERFORMANCE HIGHLIGHTS 2024

GROUP OPERATING REVENUE
KD 208.6M
+5.3% over FY 2023

GROUP NET PROFIT
KD 10.2M
+66.2% over FY 2023

MARKET SHARE
30.5%
+0.6% over FY 2023

PASSENGERS
4.9M
+5.1% over FY 2023

FLIGHTS
36,801
vs. 35,652 in FY 2023

LOAD FACTOR
78.4%
+0.3% over FY 2023

AIRCRAFT UTILIZATION
12.1 Hours
-10.3% over FY 2023

ON TIME PERFORMANCE
86%
vs. 74% in FY 2023

NEW ROUTES
KRAKOW, POLAND
BATUMI, GEORGIA

AIRCRAFT
24
vs. 23 in FY 2023

STAFFPER AIRCRAFT
62
-12.5% over FY 2023

APP DOWNLOADS
1,233,148
+15.5% over FY 2023

OPERATIONAL UPDATE

DRIVING EFFICIENCY, EXPANDING CONNECTIVITY, AND ELEVATING THE PASSENGER EXPERIENCE

Jazeera Airways achieved remarkable operational milestones in 2024, reinforcing its position as a leading low-cost carrier in the region. The year was marked by record-breaking aircraft movement, enhanced on-time performance, strategic fleet expansion, and network growth.

Despite industry-wide challenges, the airline successfully optimized its operations, introduced new destinations, and enhanced passenger services, all while maintaining a strong focus on cost efficiency, safety, sustainability, and customer experience.

As Jazeera Airways enters its 20th year of operations, the airline continues to invest in fleet optimization, digital transformation, and infrastructure enhancements, ensuring sustainable growth and operational excellence in the years ahead.

NETWORK GROWTH AND MARKET EXPANSION

Jazeera Airways had the biggest summer season in 2024 with 500,000 leisure seats and new destinations. The network was expanded with two new leisure destinations connecting directly from Kuwait - Krakow in Poland and Batumi in Georgia. Seasonally suspended flights to Bhairahawa, Nepal were relaunched. To accommodate growing demand, frequencies of flights on other existing popular routes were also increased.

OPTIMIZING OPERATIONS FOR GROWTH

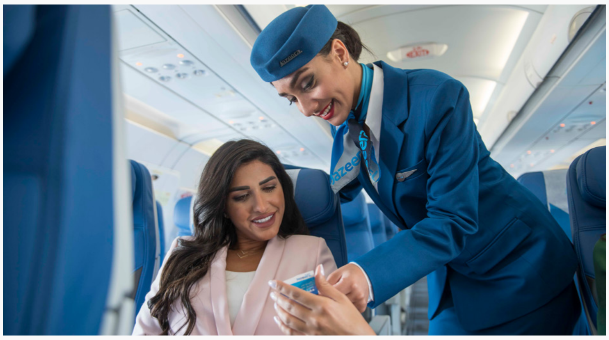
In 2024, Jazeera continued to enhance its operational performance, achieving an On-Time Performance of 86% with 18,374 aircraft movement, which were the highest ever.

To further support increasing passenger demand and build cost efficiency, Jazeera Airways strengthened its fleet strategy by acquiring six Airbus A320 CEOs from its existing fleet while adding one new aircraft.

ENHANCING PASSENGER EXPERIENCE

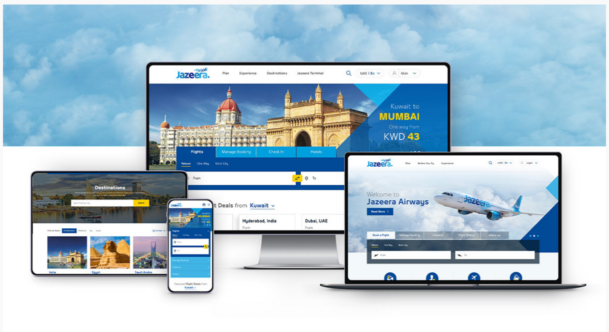
Jazeera Airways remains committed to delivering a seamless and customer-focused travel experience. In 2024, several service enhancements were introduced to ensure greater convenience and comfort for passengers, including:

Upgraded in-flight meal options including special meals, offering a wider selection of fresh and customizable meals



Flexible travel choices, allowing passengers to choose their journey preferences with greater ease

Introduction of 'Travel Cash', a seamless digital currency transaction solution for hassle-free foreign exchange management



Upgraded digital platforms, including an enhanced mobile app and website, offering improved booking and self-service capabilities

Upgrades to Terminal 5, to ensure a smoother passenger journey

COMMITMENT TO SUSTAINABLE AND RESPONSIBLE OPERATIONS

Sustainability and corporate responsibility remained core priorities for Jazeera Airways in 2024. The airline ranked third globally in fuel efficiency under the SkyBreathe® program, a testament to its efforts in fuel optimization and emissions reduction.

LOOKING AHEAD TO 2025: STRENGTHENING OPERATIONAL FOUNDATIONS

As Jazeera Airways enters its 20th year of operations, the airline will focus on sustained growth, digital transformation, service enhancements and driving unit cost reductions. With new destinations, services and a robust operational framework, focused on efficiency and service excellence, Jazeera Airways is well-positioned to continue its growth trajectory while maintaining its leadership as a top low-cost carrier in the region.

CORPORATE GOVERNANCE

Jazeera Airways K.S.C.P. Governance Report
For the year ended 31/12/ 2024

M/s. Shareholders of Jazeera Airways K.S.C.P.

FIRST: FRAMEWORK

The Board of Directors of Jazeera Airways K.S.C.P. is responsible for achieving the company's strategic objectives and, in turn, delivering value to its shareholders. It upholds governance standards in compliance with Law No. 7 of 2010, its Executive Bylaws, and subsequent amendments.

The Board has approved the company's organizational structure and governance manual, which define responsibilities and communication channels across different administrative levels. These frameworks also regulate relationships between shareholders, the Board of Directors, Executive Management and stakeholders.

Below is the company's Governance Report for the fiscal year ended December 31, 2024. Jazeera Airways K.S.C.P. implements governance standards and best practices through well-defined policies, procedures and mechanisms. The company ensures clear roles and responsibilities for the Board of Directors and Executive Management, prioritizing the protection of shareholders' rights, stakeholders, employees and the broader community.

SECOND: COMPLIANCE WITH GOVERNANCE RULES

Rule 1: Construct a balanced Board Composition.

Brief on the composition of the Board of Directors:

The Board of Directors of Jazeera Airways Company K.S.C.P. was elected by the General Assembly on December 20, 2023, for a three-year term. The majority of Board members are non-executive, and the Board includes two independent members. Collectively, the members bring diverse experience and specialized skills that enhance decision-making efficiency.

In its meeting on February 15, 2024, the Board approved amendments to Article 16 of the company's Articles of Association, increasing the number of Board members from eight to nine. The Board subsequently called for an Extraordinary General Assembly to discuss the recommendation.

The Extraordinary General Assembly, held on March 20, 2024, approved the amendment.

Following this, in its meeting held on April 30, 2024, the Board called for an Ordinary General Assembly to elect a new Board member for the remainder of the term.

On June 10, 2024, the Ordinary General Assembly elected M/s Al-Jisr United Real Estate Company W.L.L, represented by Mr. Rohit Ramachandran, as a new Board Member for the remainder of the term.

Later, in its meeting on December 8, 2024, the Board reviewed a letter from M/s Al-Jisr United Real Estate Company W.L.L., requesting the replacement of its representative Mr. Rohit Ramachandran with Mr. Ahmad Abdalla. The Board of Directors approved this replacement.

The Board of Directors is responsible for shaping the company's vision, mission, objectives and strategy, ensuring alignment with shareholder expectations. It prioritizes corporate governance by mitigating conflicts of interest and upholding the company’s best interests.

To ensure adherence to best practices, the Board has formed several committees to align with best practices. The governance manual outlines the composition, roles and responsibilities and the assessment of the performance of these committees. The manual also defines shareholders' rights, the code of conduct and company policies.

Additionally, the Board of Directors has approved the delegation of Authority matrix, clearly defining the authority levels of each of the Executive Management, the Board, and its committees.

The Board of Directors has been constituted in accordance with the Companies Law and Capital Markets Authority guidelines.

BOARD OF DIRECTORS

Marwan Boodai | Chairman, Non-Executive Board Member
Date of Election: 20/12/2023

Qualifications and Experience:
Mr. Marwan Boodai has led the transformation of BoodaiCorp since the 1990s, growing it from a mid-sized corporation into one of the largest and most reputable Kuwait-based conglomerates today. His approach relied on breaking into key and historically monopolized sectors in the service industry which included aviation, transportation, and mass media. Under his leadership, BoodaiCorp launched several industry-leading and successful companies, such as Jazeera Airways, City Group and Al Rai TV. Mr. Marwan serves as Vice Chairman of BoodaiCorp and Chairman of Jazeera Airways.

Mohammad J M Al-Mousa | Vice Chairman, Non-Executive Board Member
Date of Election: 20/12/2023

Qualifications and Experience:
Mr. Mohammad Almousa graduated in 2003 with a degree in Industrial and Management Systems Engineering from Kuwait University. He began his career at NICBM (National Industries Company for Building Materials), where he was responsible for coordinating between factories and the CEO to drive product development. In 2004, he transitioned to MRC (Metal and Recycling Company) as a Project Manager. Since co-founding Jamsons in November 2004, Mohammad has served as its Vice President and Managing Partner, shaping the firm's investment strategy and leading its growth into a respected and sizable family office with major investments across multiple asset classes. He remains actively involved in several companies spanning diverse industries where Jamsons holds significant stakes.

Marzouq Jassim Marzouq Boodai | Non-Executive Board Member
Date of Election: 20/12/2023

Qualifications and Experience:
Mr. Marzouq Boodai holds a Bachelor's Degree in Management Information Systems from the Gulf University for Science and Technology. He has experience in development of logistics services, passenger transport, and heavy equipment. He is the Chairman of City Group Co. K.S.C.P., Gulf Engineering Co K.S.C.C. and Kuwait Application Service Provider K.S.C.C. (KASP) in addition to being a Board Member at Al Rai Media Group K.S.C.C. and Jazeera Airways K.S.C.P.

Mishaal Musaed Alusaimi | Non-Executive Board Member
Date of Election: 20/12/2023

Qualifications and Experience:
Mr. Mishaal Alusaimi is the Group Chief Executive Officer of BoodaiCorp and has 30 years' experience in asset management, capital markets and property development. He has held various local and regional Board directorships. Prior to joining BoodaiCorp, he was the Acting Chairman and Managing Director of the Capital Markets Authority (CMA) in Kuwait. Throughout his career, he also held various management positions with Saffar Capital in Dubai, Mabanee, Kuwait Cement Company and Kuwait Investment Office in London. Mishaal, has a Bachelor's Degree in Business Administration (Finance and Marketing) from the University of San Diego, California, USA and has trained at the Kuwait Investment Authority, as well as J.P. Morgan & Co. in New York.

BOARD OF DIRECTORS

Hany Mohamed Shawky Younes | Non-Executive Board Member
Date of Election: 20/12/2023

Qualifications and Experience:
Mr. Hany Shawky joined BoodaiCorp in 2010 where he holds the position of Chief Investment Officer. He has more than 20 years of experience within the private equity, investment banking and equity research fields both in Egypt and Kuwait. Before joining BoodaiCorp, Hany was a Vice President - Private Equity in Global Investment House, Kuwait. He has a long track record of managing acquisition, post-acquisition and exit processes as well as working with portfolio companies on value creation initiatives. Hany serves as member of the Board of numerous companies including Jazeera Airways, City Group, Gulf Projects Company for Cooling and Electricity in Kuwait. He was also Chairman of Jordan Trade Facilities Company and a board member in Alumco LLC in Dubai amongst others. He has a bachelor's degree in commerce from Helwan University.

Dermot Mannion | Non-Executive Board Member
Date of Election: 20/12/2023

Qualifications and Experience:
Mr. Dermot Mannion is a Fellow of the Institute of Chartered Accountants in Ireland and is a graduate of Trinity College Business School, Dublin. He is former President Group Services at Emirates. In addition, he has served as CEO Aer Lingus and Deputy Chairman of Royal Brunei Airlines. Mr. Mannion is non-executive director (and Chairman of the Audit Committee) of Nordic Aviation Capital Limited in Ireland. He is also Chairman of Silver Aircraft Leasing Limited which is also based in Ireland.

Seham Haitham Alhussaini | Independent Board Member
Date of Election: 20/12/2023

Qualifications and Experience:
Ms. Seham Alhussaini began her career as a structural engineer, earning a BSc in Civil Engineering from the University of Texas at Austin before obtaining an MBA from Columbia Business School. She then spent four years as a management consultant with Strategy& (formerly Booz & Company) in New York, where she worked extensively on strategy and transformation projects in the financial services sector across North America. During this time, she advised leading banks, insurers, and asset managers on growth strategies, operational efficiency, digital transformation, and regulatory adaptation. Currently, Seham is the General Manager of Deliveroo in Kuwait and Qatar, where she has built both markets into formidable businesses, driving growth, operational excellence, and market leadership. Under her leadership, Deliveroo has expanded its footprint, strengthened its partnerships, and enhanced its customer experience in both countries. Prior to Deliveroo, Seham worked on multiple tech-based investments and projects for Agility's VC and tech ventures arm in Switzerland and Kuwait, focusing on innovation, digital transformation, and scaling technology-driven solutions. Seham has been a Board Member at Jazeera Airways since 2023, contributing her expertise in strategy, operations, and digital transformation to support the airline's growth and innovation.

Bertrand Philippe Grabowski | Independent Board Member
Date of Election: 20/12/2023

Qualifications and Experience:
Mr. Bertrand Grabowski holds a Master's degree in Business Administration from the University of Essec in France. Over the past six years, he has acted as the Senior Strategic Advisor to Dubai Aerospace Enterprise, Industry Advisor to CPPIB, Member of the Advisory Committee at Hudson Structured Capital Management. He is currently a Board Member of Flybondi, an Argentinean LCC since December 2016 and a non-executive Board Member of Ryanair. Most recently he is also acting as Senior Advisor to Avilease, the new Saudi Aircraft Lessor backed by the sovereign PIF. Previously Bertrand spent 11 years at DVB Bank SE in London as Board Member responsible for the Aviation activity of the Bank as well as Rail Financing. Under his leadership, a strong team effort has allowed the franchise of the Bank to expand to Aviation Asset Management and Aviation Investment. Before joining DVB, Bertrand spent four years at Citibank's London Asset Finance Group with primary responsibility over Europe and Japan. The Group delivered highly structured asset finance products out of Japan and Germany to first class airlines and railways operators worldwide. Before Citibank, Bertrand has worked in various positions at Banque Indosuez, renamed Credit Agricole Indosuez in Paris, Tokyo and New York. He was the Head of the Tokyo-based Asian Aviation Team for eight years and Tokyo Branch Manager, then New York Branch Manager with direct responsibility over all American based Asset Finance and LBO / PE activities for three years.

Ahmad Abdalla | Non-Executive Board Member
Date of Election: 08/12/2024

Qualifications and Experience:
Mr. Ahmad Abdalla joined BoodaiCorp in January 2013. He presently holds the position of Chief Operating Officer. Prior to that, he was a Senior Vice President with Agility where he has assumed several posts including Management Systems, Corporate Finance, and Human Capital. Prior to his tenure at Agility, he worked in North America for 18 years where he held different positions in the areas of Management and IT consulting with a client base focus in Fortune 500 companies. He has advised numerous clients on strategy development and management, organization restructuring, business performance management, and enterprise systems implementations. He serves on the board of several Group Companies including Jazeera Airways, Gulf Engineering and City Group. Ahmad has a Ph.D. in Mechanical Engineering from Columbia University in New York.

Krishnan Balakrishnan | Board Secretary
Date of Appointment: 20/12/2023

Qualifications and Experience:
Mr. Krishnan Balakrishnan is a Fellow of the Institute of Chartered Accountants and the Institute of Cost and Management Accountants in India and has 32 years of work experience in airlines, in India, Canada, Maldives and Kuwait. Throughout his career, he has held various senior management positions, including Board Directorships as well as 12 years as Company Secretary. In addition to his current role as a company secretary, Krishnan is the Deputy Chief Executive Officer (DCEO) and Chief Financial Officer (CFO) of Jazeera Airways.

Board of Directors' Meetings:

The Board of Directors of the Company held ten meetings during the year 2024. The following table summarizes the meetings and attendance of the Board members:

Member Name	Meeting # 1 6-Feb-24	Meeting # 2 15-Feb-24	Meeting # 3 4-Mar-24	Meeting # 4 30-Apr-24	Meeting # 5 10-Jun-24	Meeting # 6 07-Aug-24	Meeting # 7 15-Oct-24	Meeting # 8 4-Nov-24	Meeting # 9 8-Dec-24	Meeting # 10 10-Dec-24	Number of Meetings
Marwan Marzouq Boodai (Chairman)	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	10
Mohammad J M Al-Mousa (Vice Chairman)	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	10
Marzouq Jassim Marzouq Boodai (Member, Non-Executive)	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	10
Mishaal Musaed Alusaimi (Member, Non-Executive)	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	10
Hany Mohamed Shawky Younes (Member, Non-Executive)	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	10
Dermot Edward Mannion (Member, Non-Executive)	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	10
Bertrand Philippe Grabowski (Independent Member)	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	10
Seham Haitham Alhussaini (Independent Member)	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	10
Rohit Ramachandran (Member, Non-Executive)	Representative of a Board Member from 10/06/2024 to 08/12/2024				◆	◆		◆			3
Ahmad Abdalla (Member, Non-Executive)	Representative of a Board Member since 08/12/2024								◆		1
Krishnan Balakrishnan (Board Secretary)	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	10

Brief on how to implement the requirements of registration, coordination and keeping the minutes of the company's Board meetings:

The Board Secretary is responsible for:

- Managing and coordinating all activities relating to the Board of Directors in accordance with the relevant governance rules.
- Ensuring compliance with procedures approved by the Board in relation to the circulation of information between the Members, Board Committees and the executive management, under the supervision of the Chairman.
- Documenting the Board meeting minutes with a specific record.
- Ensuring proper delivery, circulation of information and coordination between Board Members and other stakeholders including the shareholders, Company departments and concerned employees.

The Board of Directors Secretary is responsible for coordinating and keeping minutes of the Board Meetings Procedures as follows:

- Notifying the Board Members about the Board meeting date three business days prior to the meeting except extraordinary meetings.
- Signing of the minutes of meetings by all attending members.
- Ensuring that the Board members have full and quick access to all minutes of meetings, information and records of the company.
- Archiving the Board minutes of meetings and committees to be available for proper auditing.

Independent Members' Acknowledgements

The Independent Members of the Board of Directors acknowledge their independence pursuant to the controls as stated in Article (2-3) of Chapter Two of Module Fifteen (Corporate Governance) of the Executive Bylaws of Law No. (7) of 2010 regarding the establishment of the Capital Markets Authority and regulating securities activities and its amendments.

Independent Member's acknowledgments of independence requirements are as follows:

الجزيرة.
Jazeera.

Independent Board member acknowledgement

I, the undersigned as an "Independent Board Member" in the Board of Directors of Jazeera Airways K.S.C.P., I hereby declare and confirm the following:

1. I do not hold 5% or more of the Company's shares.
2. I do not have a first-degree relation with any of the members of the Board of Directors or Executive Management members in the company or any other company in its Group or the related parties.
3. I am not a member of the Board of Directors in any company of the Group.
4. I am not an employee in the Company or any company in the Group or for any of the Stakeholders.
5. I am not an employee for corporate entities who own Control shares in the Company.
6. I have the qualifications, experiences and technical skills which are constituent with the Company's activities.
7. I do meet all board member independence requirements (of which the above serve as a non-exhaustive list) and I do not have any matter that contravenes with the independence requirements.
8. I undertake to notify the Company upon non-compliance to any of the above-mentioned independence requirements or any requirement determined by the regulatory entities (Ministry of Commerce and Industry and/or Capital Markets Authority).
9. The Company shall have right to take all required procedures should it be deemed that the above acknowledgement is not true.

Name of the Independent Board Member: Seham Haitham Alhussaini

Signature:

Jazeera Airways K.S.C.P.
Authorized and Paid Capital K.D 22,000,000
Commercial Registration Number 102546

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رقم السجل التجاري 102546

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الجزيرة.
Jazeera.

Independent Board member acknowledgement

I, the undersigned as an "Independent Board Member" in the Board of Directors of Jazeera Airways K.S.C.P., I hereby declare and confirm the following:

1. I do not hold 5% or more of the Company's shares.
2. I do not have a first-degree relation with any of the members of the Board of Directors or Executive Management members in the company or any other company in its Group or the related parties.
3. I am not a member of the Board of Directors in any company of the Group.
4. I am not an employee in the Company or any company in the Group or for any of the Stakeholders.
5. I am not an employee for corporate entities who own Control shares in the Company.
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9. The Company shall have right to take all required procedures should it be deemed that the above acknowledgement is not true.

Name of the Independent Board Member: Bertrand Philippe Grabowski

Signature:

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Rule 2: Establish appropriate roles and responsibilities

Brief on how the company defines a policy of the tasks, responsibilities and duties of each member of the Board of Directors and executive management as well as the powers and authorities delegated to the executive management

The Board of Directors has all powers and authorities required to manage the company and carry out all activities to achieve the company's objectives in accordance with the Memorandum of Association and Articles of Association of the company. The Board of Directors aims to accomplish the strategic goals of the company by ensuring that the executive management performs its assigned roles perfectly and to enhance the company's competitive capacity and achieve high growth rates. The company's Corporate Governance manual includes all the roles and responsibilities of the Board of Directors, Committees and the Executive Management.

Roles and Responsibilities of the Board of Directors:

1. Approving major goals, strategies, plans and policies, for the company including but not limited to:
   - Comprehensive company strategy and main work plans.
   - Company ideal capital structure and financial goals.
   - Performance goals, execution pursuing and company comprehensive performance.
   - Organizational and employment structures of the company and periodic review thereof.
2. Approving estimated annual budgets, quarterly information and annual financial statements.
3. Supervising the company's main capital expenses, assets ownership and disposal.
4. Ensuring the company's commitment to policies and procedures and ensuring the company's compliance with internal applicable rules and regulations.
5. Safeguarding accuracy and validity of data and information to be disclosed in accordance with applicable transparency and disclosure policies and rules.
6. Constructing effective communication channels that enable the company shareholders to have periodic as well as constant access to the company's various activities and essential developments therein.
7. Setting up a corporate governance framework that is supervised, monitored and amended if necessary.
8. Pursuing the performance of each Board member and executive management member subject to Key Performance Indicators (KPIs).
9. Forming specialized committees where the tenure, powers and responsibilities of the committee are clarified and monitored.
10. Ensuring that the company policies and procedures are clear and transparent so that resolutions can be reached and governance principles applied.
11. Segregating powers and authorities of both, the Board of Directors and executive management. In this regard, the Board has approved the following:
    a. Internal rules and regulations concerning the company's activities and its development, as well as any subsequent roles, and responsibilities amongst different organizational levels.
    b. Determining the powers authorized to the executive management and approving the delegation of authority.
12. Audit and supervise performance of executive management members and ensure their execution of all assigned roles so that the Board can:
    a. Ensure that the executive management's work is in accordance with policies and procedures approved by the Board.
    b. Hold periodic meetings with the executive management to discuss work issues and challenges while presenting and discussing important information relating to the company activities.
    c. Set performance measures for executive management consistent with company goals and strategy.
13. Appoint or terminate the services of any of the executive management members.
14. Determine the remuneration categories for employees whether fixed or variable.

15. Set a policy for regulating relationships with stakeholders to protect their rights.
16. Set a mechanism to regulate dealings with related parties to avoid conflict of interest.
17. Periodically ensure the applicable internal audit systems' efficiency in the company.
18. Recommend the appointment or replacement of independent auditors.
19. Approve the code of conduct, work ethics as well as the policies and procedures of the company.

Roles and Responsibilities of the Chairman:

1. Ensure that the Board discussed all major matters effectively and in a timely manner.
2. Represent the company before third parties in accordance with the company's articles of association.
3. Encourage all Members of the Board of Directors to provide full and effective contribution to Board affairs.
4. Communicate with shareholders and refer their opinions to the Board.
5. Encourage constructive relations and effective participation of the Board of Directors and executive management.
6. Present constructive criticism concerning issues of different points of view amongst members of the Board of Directors.

Executive Management

The Company activities are carried out by the executive management under the supervision and guidance of the Chief Executive Officer. This is aimed at striking a balance in the relationship between the company, its employees, investors, and customers, while ensuring that they work within the objectives of the company and allocate its resources appropriately to meet these objectives and to be in line with the company's policies and strategy.

The executive management is responsible for the Company's practices, activities and operations. Its roles and responsibilities are targeted to the achievement of objectives, overseeing day-to-day operations of the Company's activities, participation in strategic planning, preparation of budgets and financial reports.

The executive management members have the qualifications and experience that enable them to carry out their assigned roles in accordance with the governance framework.

Roles and Responsibilities of the Executive Management:

1. Implementation of the company strategic plans, related policies and internal regulations and ensuring their adequacy and effectiveness.
2. Providing recommendations regarding the applied strategy to achieve improvement and development through plans.
3. Full responsibility toward the company's general performance and work results.
4. Submit periodic financial and operational reports on the progress of the department's performance considering strategic plans and objectives.
5. Set accounting systems and prepare financial statements in accordance with international accounting standards approved by the CMA.
6. Manage all activities, human and financial resources, effectively maximize profits, reduce expenses and achieve objectives in line with corporate strategy.
7. Follow up the delegation of the authority and responsibilities in accordance with the delegation of the authority matrix.
8. Ensure employee compliance with the laws, regulations and policies to achieve the Company's strategy and provide reports containing recommendations on the constraints and required amendments.
9. Active participation in ethical values culture building and development in the Company.

Achievements of Board of Directors During the Year 2024:

In line with the Board's roles and responsibilities, the Board has:

- Approved the annual audited consolidated financial statements for the year ended 31/12/2023.
- Approved the interim financial statements.
- Approved the annual budget.
- Followed up and monitored the performance of the Board committees.
- Supervision of the performance of the Executive Management.
- Recommended the re-appointment of an independent auditor.
- Approved the strategic goals and growth plans for the next five years.
- Approved the agenda of the Ordinary and Extraordinary General Assembly.
- Call for the convening of the Ordinary and Extraordinary general Assembly meetings.

Requirements for the formation of independent specialized committees by the Board of Directors

The Board of Directors has formed specialized committees to help in accomplishing Board assigned roles in relation to supervising, strategic planning, governance, risk management and control. These committees are formed in accordance with the applicable governance rules and resolutions that include the committee Chairman and titles of members. Committees shall report to the Board on executing the work assigned to them.

First: Audit Committee

Tasks and achievements of the committee during the year:

External Audit:

- Review the interim and annual financial statements prior to submission to the Board and provide the Board of Directors with opinion and recommendation.
- Recommendation to the Board of Directors for replacement, appointment, or re-appointment of the external Auditor and the remuneration offered.
- In coordination with external auditors, review the implemented accounting policies and provide a recommendation to the Board of Directors in this regard.
- Follow up on the external Auditors work and ensure that no services aside from those related to audit functions (statutory audit) are delivered.

Internal Audit:

- Review and assess the annual internal audit work plan.
- Receive and review periodic reports on the results of the internal auditors' work.
- Review the management's responsiveness to the internal auditor's findings and recommendations.
- Provide input and direction to the appropriate escalation protocols for significant findings and issues.
- Monitor and assesses the quality and effectiveness of internal audit, and its role in the overall context of the company's risk management system.

Date of the committee's formation: 20/12/2023

The committee's term: 3 Years

The committee Chairman:	Hany Mohamed Shawky Younes
Composition of the committee:	Marzouq Jassim Marzouq Boodai Seham Haitham Alhussaini Krishnan Balakrishnan, Secretary Yew Meng Fong, Advisor to the Committee Khaled Helal, Advisor to the Committee Yusuf Kapadia, Advisor to the Committee
Numbers of meetings held during the year:	12 meetings as below:

Meetings held in respect of External Audit:

Member Name	Meeting # 1 04-Feb-24	Meeting # 2 28-Apr-24	Meeting # 3 01-Aug-24	Meeting # 4 30-Oct-24
Hany Mohamed Shawky Younes (Chairman, Non-Executive)	◆	◆	◆	◆
Marzouq Jassim Marzouq Boodai (Member, Non-Executive)	◆	◆	◆	◆
Seham Haitham Alhussaini (Independent Member)	◆	◆	◆	◆
Krishnan Balakrishnan (Secretary)	◆	◆	◆	◆

- The Company has appointed an independent external consultancy office to carry out the internal audit of the company's main operations. The committee followed the internal audit process through direct meetings with the respective consultants responsible for the internal audit:

Meetings held in respect of Internal Audit with external Consultancy office:

Member Name	Meeting # 1 15-Feb-24	Meeting # 2 18-Apr-24	Meeting # 3 20-May-24	Meeting # 4 05-Sep-24	Meeting # 5 05-Dec-24
Hany Mohamed Shawky Younes (Chairman, Non-Executive)	◆	◆	◆	◆	◆
Marzouq Jassim Marzouq Boodai (Member, Non-Executive)	◆	◆	◆	◆	◆
Seham Haitham Alhussaini (Independent Member)	◆	◆	◆	◆	◆
Krishnan Balakrishnan (Secretary)	◆	◆	◆	◆	◆

Meetings held in respect of Internal Audit internally:

Member Name	Meeting # 1 17-Mar-24	Meeting # 2 18-Apr-24	Meeting # 3 05-Dec-24
Hany Mohamed Shawky Younes (Chairman, Non-Executive)	◆	◆	◆
Marzouq Jassim Marzouq Boodai (Member, Non-Executive)	◆	◆	◆
Seham Haitham Alhussaini (Independent Member)	◆	◆	◆
Krishnan Balakrishnan (Secretary)	◆	◆	◆

Second: Risk Committee

Tasks and achievements of the committee during the year:

- Prepare and review risk management strategies and policies prior to Board approval and verify application of such strategies and policies and their appropriation to the company's activities.
- Evaluate systems and mechanisms of identifying, measuring, and monitoring various types of risks that may face the company.
- Assist the Board of Directors to identify and evaluate the company's acceptable risk level.
- Verify the independence of the risk management employees.
- Verify that the risk management employees fully understand the risks surrounding the company and raise awareness of employees concerning risk culture.
- Review the risk registers on a periodic basis.
- Review issues raised by the related audit committee, which may affect risk management in the company.

Date of the committee's formation: 20/12/2023

The committee's term: 3 Years

The committee Chairman: Hany Mohamed Shawky Younes

Composition of the committee:

Marzouq Jassim Marzouq Boodai
Seham Haitham Alhussaini
Krishnan Balakrishnan, Secretary
Yew Meng Fong, Advisor to the Committee
Khaled Helal, Advisor to the Committee
Yusuf Kapadia, Advisor to the Committee

Numbers of meetings held during the year: 4 meetings as below:

Member Name	Meeting # 1 21-Mar-24	Meeting # 2 01-Apr-24	Meeting # 3 18-Jul-24	Meeting # 4 30-Dec-24
Hany Mohamed Shawky Younes (Chairman, Non-Executive)	◆	◆	◆	◆
Marzouq Jassim Marzouq Boodai (Member, Non-Executive)	◆	◆	◆	◆
Seham Haitham Alhussaini (Independent Member)	◆	◆	◆	◆
Krishnan Balakrishnan (Secretary)	◆	◆	◆	◆

Third: Board Remuneration and Nominations Committee

Tasks and achievements of the committee during the year:	• Recommending the nomination and re-nomination of the members of the Board of Directors and executive management. • Setting the remuneration policy for members of the Board of Directors and executive management. • Annual review of the skills needed for Board membership, securing applications for executive positions when required as well as reviewing the applications. • Determining various remuneration categories for employees. • Preparing annual remunerations report on the remunerations given to the members of the Board of Directors, and the executive management as per CMA instructions. • Preparing job descriptions for Non-Executive members of the Board of Directors and independent members. • Ensuring that members of the Board of Directors independency is valid.
Date of the committee's formation:	20/12/2023
The committee's term:	3 Years
The committee Chairman:	Mishaal Musaed Alusaimi
Composition of the committee:	Mohammad J M Almousa Seham Haitham Alhussaini Ahmad Abdalla *
Numbers of meetings held during the year:	5 meetings as below:

Member Name	Meeting # 1 11-Jan-24	Meeting # 2 24-Mar-24	Meeting # 3 13-May-24	Meeting # 4 30-May-24	Meeting # 5 01-Aug-24
Mishaal Musaed Alusaimi (Chairman, Non-Executive)	◆	◆	◆	◆	◆
Mohammad J M Almousa (Member, Non-Executive)	◆	◆	◆	◆	◆
Seham Haitham Alhussaini (Independent Member)	◆	◆	◆	◆	◆
Ahmad Abdalla (Member, Non-Executive)	◆	◆	◆	◆	◆

* Ahmad Abdalla served as an Advisor to the BRNC Committee until 07/12/2024, after which he was appointed as a BRNC Member on 08/12/2024.

Application of the requirements that allow the Board of Directors members to obtain accurate and timely information.

The executive management provides full and accurate information as well as data, on time, to all the Board members, to help them to perform their duties efficiently.

The Board of Directors has ensured that all the required information and data are shared accurately and in a timely manner. The Board Secretary approves and leads mechanisms to ensure the accuracy and integrity of the company's reports. The Board Secretary works towards constructing effective communication channels between the Members of the Board, which facilitate the circulation of information and coordination amongst the Members of the Board of Directors, Stakeholders Shareholders and employees. The Company developed the basic structure of IT systems, especially reporting systems, to ensure that all reports are prepared accurately, in high quality to be submitted to the members of the Board of Directors on time to facilitate timely making of resolutions.

Rule 3: Recruit Highly Qualified Candidates for Members of the Board of Directors and Executive Management

Requirements for formation of the remunerations and nominations committee.

The Board remunerations and nominations committee helps the Board of Directors in performing its supervisory responsibilities. This includes compliance with the nominations and remuneration policies and procedures of the company, reviewing and approving the selection criteria and appointment procedures for Members of the Board of Directors and Executive Management, and ensures that the policy and methodology of nominations and remunerations fit the strategic objectives of the company.

The Board remunerations and nominations committee is formed, and its tenure is set from the date of the election of the Board of Directors until the end of the Board's membership period. The committee is formed in compliance with the governance rules stipulated in article no. 4-1 of the corporate governance manual. The formation of the committee includes one independent member and the Chairman of the committee, as a non-executive member per below:

Member Name	Position	Classification
Mishaal Musaed Alusaimi	Chairman	Non-Executive
Mohammad J M Almousa	Member	Non-Executive
Seham Haitham Alhussaini	Member	Independent
Ahmad Abdalla*	Member	Non-Executive

* Ahmad Abdalla served as an Advisor to the BRNC Committee until 07/12/2024, after which he was appointed as a BRNC Member on 08/12/2024.

Report on the remunerations to the Members of the Board of Directors and Executive Management.

Summary of the remuneration policy of the Board of Directors:

The remuneration of the Board of Directors is approved by the General Assembly upon the recommendation of BRNC. Total remuneration shall not exceed 10% of the net profit after deducting depreciation, provisions and distribution of profit for at least 5% of the capital to shareholders. It is recommended not to distribute remunerations to the Board members for the financial year ended 31/12/2024. The contractual attendance allowances for the financial year ending on 31/12/2024 were as follows:

Remuneration paid to the Board of Directors:

Remunerations and benefits of Members of Board of Directors							
Total number of members	Remunerations and benefits through the parent company			Remunerations and benefits through the subsidiaries			
	Fixed remuneration and benefits (Kuwaiti Dinar)	Variable remuneration and benefits (Kuwaiti Dinar)		Fixed remuneration and benefits (Kuwaiti Dinar)		Variable remuneration and benefits (Kuwaiti Dinar)	
	Health insurance	Annual remuneration	Attendance allowances	Health insurance	Monthly salaries (total of the year)	Annual remuneration	Committees' remuneration
9	0	0	KD 34,034	0	0	0	0

Summary of the remuneration policy for the Executive Management

Fixed Remuneration: The fixed remuneration is based on roles, assigned responsibilities, approved salary scale and grade matrix. A variable remuneration is related to the performance and the achievement of predefined goals.

Remuneration paid to five senior executives:

Total remunerations and benefits granted to five senior executives who have received the highest remunerations														
Total number of members	Remunerations and benefits through the parent company							Remunerations and benefits through the subsidiaries						
	Fixed remuneration and benefits (Kuwaiti Dinar)						Variable remuneration and benefits (Kuwaiti Dinar)	Fixed remuneration and benefits (Kuwaiti Dinar)						Variable remuneration and benefits (Kuwaiti Dinar)
	Monthly salaries (total of the year)	Health insurance	Annual tickets	Housing allowance	Transportation allowance	Children's education allowance	Annual remuneration	Monthly salaries (total of the year)	Health insurance	Annual tickets	Housing allowance	Transportation allowance	Children's education allowance	Annual remuneration
5	526,865	3,520	9,877	26,250	10,650	0	364,955	0	0	0	0	0	0	0

Any substantial deviations from the Remuneration policy approved by the Board of Directors:

None.

Rule 4: Safeguard the Integrity of Financial Reporting

Written undertakings by both the Board of Directors and the Executive Management of the soundness and integrity of the prepared financial reports.

The Members of the Board of Directors of Jazeera Airways K.S.C.P ensure that the financial statements and reports of the company have been prepared and presented in a fair and sound manner. These reports reflect the Financial Position of the company and operational results in accordance with accredited accounting standards applied in the State of Kuwait and approved by CMA. Board of Directors and Executive Management have signed acknowledgments relating to the integrity of Financial Reporting for the year ended 31/12/2024.

الجزيرة.
Jazeera.

Acknowledgement with Regard to Integrity of Financial Reporting

I, the Chairman together with the members of the Board of Directors of Jazeera Airways. K.S.C.P acknowledge and undertake the accuracy and soundness of the financial data provided to the external auditor. We also assure that the financial statements and the reports of the company had been prepared and presented in a fair and sound manner in accordance with the Accredited Accounting Standards applied in the State of Kuwait and the same reflects Financial Position as at 31 December 2024 based on information and reports provided by the executive management and auditors with diligence after applying best practice to verify the accuracy and soundness of the Financial Reports.

Marwan Marzouq Jassim Boodai Chairman	**Mohammad J M Almousa** Vice Chairman	**Marzouq Jassim Marzouq Boodai** Board Member
Mishaal Musaed Alusaimi Board Member	**Hany Mohamed Shawky Younes** Board Member	**Ahmad Abdalla** Board Member
Dermot Edward Mannion Board Member	**Bertrand Philippe Grabowski** Independent Board Member	**Seham Haitham Alhussaini** Independent Board Member

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الجزيرة.
Jazeera.

Acknowledgement with Regard to Integrity of Financial Reporting

We, the executive management of Jazeera Airways. K.S.C.P acknowledge and undertake that the company financial reports are provided soundly and fairly, they present all financial aspects of the company, including data and operational results and they are prepared in accordance with the Accredited Accounting Standards applied in the State of Kuwait and the same reflects Financial Position as at 31 December 2024.

Barathan Pasupathi
Chief Executive Officer

Krishnan Balakrishnan
Deputy Chief Executive Officer &
Chief Financial Officer

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Application of the formation requirements of the Audit Committee.

The Audit Committee helps the company's Board of Directors in:

- Fulfilling its responsibilities related to financial reporting, internal control systems and the Company's monitoring procedures for compliance with laws, regulations and professional code of conduct.

- Fulfilling its responsibilities relating to current and potential risks inherent to the Company's activities.

  - Identifying weaknesses and taking corrective action.

  - Determining the extent to which the governance rules are implemented to ensure that shareholders' objectives are in line with the company's management objectives and to enhance investor confidence in system efficiency that protects their rights. The committee incorporates the culture of liability inside the company through ensuring the soundness and integrity of financial reporting of the company, in addition to sufficiency and effectiveness of the conditions of internal audit systems applied in the company.

The Audit Committee has been formed in compliance with the governance rules stipulated in Article No. 5-6 of the Corporate Governance module. The formation of the committee includes one independent member.

The Chairman of the committee is a non-executive member and it also includes a member of educational, qualification and practical experience in the accounting and financial fields as below:

Member Name	Position	Classification
Hany Mohamed Shawky Younes	Chairman	Non-Executive
Marzouq Jassim Marzouq Boodai	Member	Non-Executive
Seham Haitham Alhussaini	Member	Independent
Krishnan Balakrishnan	Secretary	

There were no conflicts between the recommendations of the audit committee and the resolutions of the Board of Directors during the year 2024.

Verification of the independence and neutrality of the external Auditor

The Board of Directors is working towards reducing potential conflict of interest cases. The Audit Committee had verified the independence and integrity of the external auditor to recommend to the Board of Directors the appointment / re-appointment or replacement of the external auditor. It was verified that the external Auditor is independent from the company and its Board of Directors and that no services other than services related to the audit functions are provided to the company, which may affect the auditors' neutrality or independence. It was also verified that the Auditor is listed in the Capital Markets Authority's external auditors register. Accordingly, the Audit Committee recommended to the Board of Directors the re-appointment of the external auditor and the Ordinary General Assembly in its meeting held on 20/03/2024 approved the re-appointment of Mr. Bader Al Wazzan from Deloitte & Touche (Al Wazzan & Co) for the year 2024.

The audit committee held meetings with the external auditor to discuss opinions thereof prior to the submission of the interim/annual financials to the Board of Directors. The external Auditor is also invited to attend the General Assembly meetings.

Rule 5: Apply Sound Systems of Risk Management and Internal Audit

Application of requirements for the formation of a department/ an office/ an independent unit of risk management.

The company has applied effective systems and procedures of risk management to measure and monitor all types of risks to which the company is exposed to so as to identify, evaluate, measure and manage the main risks encountered by the company.

The Risk management unit ensures that the employees are aware of the importance of risk management and that the duties are carried out in line with the general risk management framework. The company has a risk officer responsible for measuring, monitoring, and mitigating all types of risks encountered by the company.

Application of the formation requirements of the Risk Management Committee.

The Risk Committee has been formed in compliance with the governance rules stipulated in Article No. 4-6 of the Corporate Governance module. The Chairman of the committee is non-executive member as below:

Member Name	Position	Classification
Hany Mohamed Shawky Younes	Chairman	Non-Executive
Marzouq Jassim Marzouq Boodai	Member	Non-Executive
Seham Haitham Alhussaini	Member	Independent
Krishnan Balakrishnan	Secretary	

Summary clarifying the control and internal audit systems.

The Board of Directors verifies the adequacy and effectiveness of the internal control systems necessary for the company's operations. It also verifies compliance with those systems. The company has effective internal control and audit systems that cover all the company’s activities to maintain sound financials, data accuracy and operational effectiveness. The company applies the internal principles of the internal control through:

- Sound identification of authorities and responsibilities
- Entire segregation of roles and elimination of conflicts of interest
- Inspection and dual audit
- Dual signature
- Approved Authority Matrix and segregation of duties

Application of requirements for the formation of the internal audit department/ office/ unit.

The Company has appointed an independent external consultancy office to carry out the internal audit of the company's main operations.

The committee held 12 meetings during the year ended 31/12/2024 and followed up the internal audit process through direct meetings with the respective consultants responsible for the internal audit in the meetings mentioned above.

The Company assigned an independent audit firm to evaluate and review the internal audit systems and prepare a report in this regard (Internal Control Report), the report submitted to the CMA on time.

Rule 6: Promote Code of Conduct and Ethical Standards

Business charter, including standards and determinants of code of conduct and ethical standards.

The Board of Directors approved the code of conduct and ethical standards for values in the Company. Integrity, accountability and respect are among the fundamental principles established in the code of conduct that includes best practices and professional behavior to achieve the interest of the company, shareholders, and other stakeholders. In addition, it provides an opportunity for members of the Board of Directors, Executive Management and employees to achieve the company's goals.

The code of conduct affirms the company's policy and constitutes a guideline for:

- Enhancing honest and ethical conduct, which reflects positively on the company
- Maintaining a corporate culture that upholds the integrity and dignity of each individual.
- Adhering to the laws, regulations and policies that govern the company's activities and operations and ensure a sound utilization of the company's assets.

Summary of the policies and mechanisms on reducing the conflicts of interest

The company applies procedures and mechanisms to avoid conflict of interest, whereby the Members of the Board are working towards the interests of shareholders, avoiding conflicts of interest, whether financial or non-financial, between their personal interests and carrying out their assigned roles.

These mechanisms aim to prevent conflicts of interest and use of internal information to achieve personal interests. These mechanisms are also part of the company's integrity commitment in dealing with related parties.

The company had established a set of policies and procedures to ensure that the company's assets and resources are not used to achieve personal interests, including the following:

Related party transactions

The related parties policy clarifies the guiding principles on how to conduct and manage transactions with related parties.

Information Confidentiality

The Board of Directors, the Executive Management and the employees are obliged to maintain the confidentiality of the information and data related to the company. Policies and procedures have been put in place to prevent any possible internal information leaking that would harm the interests of those dealing with the company.

Whistleblowing Policy

The Whistleblowing policy provides a work co-operative and transparent environment for all employees. It allows the employees to report improper or illegal activities and inappropriate behaviors to the Board of Directors, and these procedures are carried out within a framework that ensures protection for Whistle blowers and the necessary investigation and supervision of these procedures are being provided. The policy is uploaded on the company's website to be available for the employees and third parties.

Rule 7: Ensure Timely and High-Quality Disclosure and Transparency

Application of mechanisms for presentation and accurate and transparent disclosure that define aspects, areas and characteristics of disclosure.

The Company applies mechanisms for disclosure and transparency which are set to achieve fairness and transparency, preventing conflicts of interest and exploiting internal information. These mechanisms aim to organize the company's procedures relating to material information disclosure which cover all data that must be disclosed to the Capital Markets Authority. All disclosures, reports, interim and annual financial statements are available on the company's website as well as the annual reports.

Application of the requirements of the Board of Directors and executive management's disclosures.

The Company maintains a record of disclosures of the members of the Board of Directors and Executive Management. The records are updated and are accessible to all shareholders free of charge during the company's working hours.

Application of requirements for formation of a unit of investor affairs.

The Company has an investor relations unit, which is responsible for providing the necessary data, information and reports to its shareholders and potential investors through the means of disclosures such as the Company's website, Boursa Kuwait website and the quarterly conference held with analyst and investors.

The investor relations unit discloses data, information, and reports in a timely and accurate manner as per governance rules in order to provide all information required by shareholders and potential investors.

Develop the infrastructure for Information Technology for disclosure processes.

The Company has developed the infrastructure for Information Technology for disclosure processes. In compliance with the Corporate Governance rules stipulated in Article No. 8-8, the company has created a section on its website dedicated to Corporate Governance that displays all recent information and data that helps current and potential investors to exercise their rights and evaluate the company's performance.

- The online disclosure system through the Boursa website is followed.
- Contact the Capital Market Authority through e-mail and IFSAH portal to provide all required information and disclosures.
- The company website includes all the disclosures, interim and annual financial Statements.
- The company website includes information about the Board of Directors and executive management as well as an overview of the most important policies and regulations.

Rule 8: Respect the Rights of Shareholders

Application of requirements for the identification and protection of the general rights of shareholders, to ensure fairness and equality amongst all shareholders.

In compliance with CMA requirements and Corporate Governance rules, the company's MOA, AOA, polices and regulations include procedures necessary to protect the rights of stakeholders, especially shareholders. The company also ensures that all shareholders have access to their rights in a fair and equal manner. The general rights of shareholders include:

- Have access to data and information about the Company activity and operational strategy regularly.
- Receive the agreed upon share in dividends.
- Participate in meetings of the shareholders' general assembly and vote on the resolutions thereof.
- Elect Members of Board of Directors.

Creation of a special record at the Clearing Agency as part of the requirements for on-going monitoring of shareholders' data.

The Company has signed an agreement with Kuwait Clearing Company in order to keep a special record at the Kuwait Clearing Company, in which names, nationality, domicile and number of shares owned by each Shareholder shall be recorded. Any changes to the registered data are recorded according to the data received by the Clearing agency. Such records are updated through follow-up and coordination with the Clearing Company.

Encouraging shareholders to participate and vote in the company's general assembly meetings.

The General Assembly meeting is held upon the Board of Directors' invitation. The company encourages shareholders to participate in the Company's General Assembly meetings and vote on all its resolutions, which are considered an inherent right for all shareholders as stipulated in the company Memorandum of Association, articles of association and rules of respecting the rights of shareholders. Each shareholder is entitled to attend the General Assembly meeting with no fees as individuals or via proxy in order to vote on all resolutions made by the Annual General Assembly with the availability of data related to meetings agendas as well as Board of Directors report, Auditor's report, financial statements through the company website.

Rule 9: Recognize the Roles of Stakeholders

Conditions and policies that ensure protection and recognition of the rights of stakeholders.

The Company has established a policy to protect stakeholders' rights. The policy is ensuring to protect the rights of stakeholders pursuant to the related applicable laws in the State of Kuwait such as such as the Labor Law and the Companies Law and its bylaws. This is in addition to concluded agreements between parties and additional undertakings made by the company towards Stakeholders in order to reduce potential conflicts of interest, bearing in mind that none of the stakeholders get any advantages through dealings in agreements and transactions that take part in the company's normal operations. Through the company's good financial performance, it had protected all stakeholders rights and had provided stability. The parties who were considered as stakeholders were identified through the policy, and guidelines were developed on how to protect these rights.

Encouraging stakeholders to keep track of the company's various activities

The Board of Directors is working towards protecting the rights of stakeholders. The stakeholders in the company were identified as follows:

Regulatory authorities: The company adheres to the laws, executive regulations and instructions issued by the Capital Markets Authority, Boursa Kuwait, the Ministry of Commerce and Industry and any other related Regulatory authorities; it is also cooperated with all relevant regulatory authorities through follow-up as well as providing information, data, records and any other requirements by representatives of the relevant regulatory authorities.

Shareholders: The Company communicates with Shareholders and provides accurate and timely information through the quarterly investors/analysts' conference call. All financial and operational information is presented, and all inquiries and questions are answered.

Customers: The Company provides the best services to its customers and follows on customers' suggestions and complaints; this is in addition to improving communication with customers through modern means of communication to support the customers easily and on time.

Employees: The Company is keen to recruit national labor and develop the skills of all the Company's employees. The company's focus is on providing professional development and the necessary training programs and directing recruitment efforts towards recruiting and training the national labor force. The company enhances communication with employees through communication channels, notifications and periodic newsletters in order to unify the vision and understand the company's objectives.

Rule 10: Encourage and Enhance Performance

Application of the requirements for the development of mechanisms that allow Members of the Board of Directors and Executive Management to attend the training programs and courses regularly.

The continuous training of the Members Board of Directors and Executive Management is a cornerstone of good governance rules as it significantly contributes to enhancing the company's performance. Accordingly, the company has developed mechanisms that draw the interest of training aspects for the Members of a Board of Directors and executive management through training programs that ensure their well understand of the company operations, strategy, goals financial and operational aspects of all company activities and Legal and supervisory obligations.

Evaluating the performance of the Board as a whole, and the performance of each Member of the Board of Directors and the Executive Management.

The Company has developed mechanisms to evaluate the performance of the Board of Directors, Members of the Board and executive management through Key Performance Indicators (KPIs) related to the extent of achieving strategic goals and the sufficiency of internal control systems.

An overview of the Board of Director's efforts in asserting the importance of corporate value creation with the employees at the company through achieving the company's strategic goals and improving key performance indicators.

The Board of Directors is working on value creation inside the company in the short, medium and long term, accordingly the Board has approved the code of conduct that asserts the existence of the means to follow these practices and adhere to the highest professional standards and corporate values.

Rule 11: Focus on the Importance of Corporate Social Responsibility

A summary of the development of a policy to ensure a balance between each of the company goals and society goals

The company has developed and applied a policy to achieve a balance between its business and social goals. The company's policy covers corporate governance and ethics, environment and social, providing an effective framework to help enhance the company's overall performance.

Corporate Governance and Ethics: A commitment to values and ethical business practices while managing the business and its stakeholders.

Environment: Focus on the impact of the company's operations, efforts to offset this impact.

Social: Driving efforts to provide a safe, secure, fair and considerate environment for employees while giving back to the communities we live and do business in.

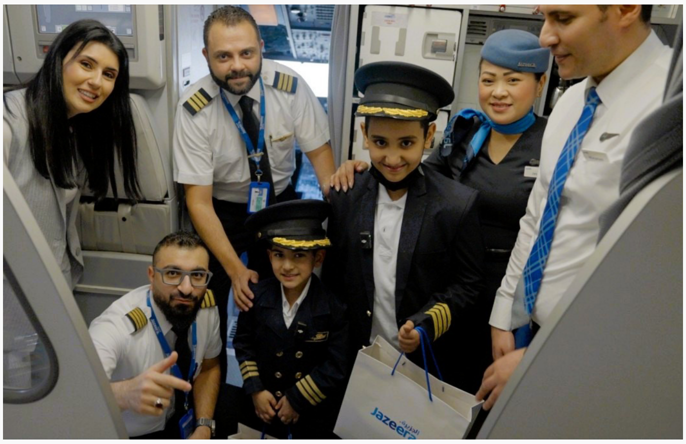
Brief about the programs and mechanisms helping to highlight the company's efforts exerted in the field of social work.

Corporate Philanthropy and Employee Volunteering:

- **Supporting initiatives** around health and education: Jazeera Airways picks projects/initiatives that help children's health, education or sport. Last year, this involved fulfilling the dreams of children who were battling cancer, partnering on a youth development initiative where high school students were introduced to careers in aviation and sponsoring Kuwaiti sportspersons.

- **Internships:** In an effort to develop soft skills and offer alternative career options to youth in the country, Jazeera Airways offers on the job training and internship opportunities.

- **Graduate Development Program:** Jazeera Airways offers exciting opportunities for young Kuwaiti nationals and fresh graduates. The company helps fresh graduates to develop their skills and competencies in the field of Aviation by training them in all airline-related functions. The training includes practical on-the-job responsibilities with clearly defined objectives.



Deloitte.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF JAZEERA AIRWAYS K.S.C.P.

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Jazeera Airways K.S.C.P. (the "Parent Company") and its subsidiaries (collectively the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy 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 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

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 Auditor's Responsibilities for the Audit of the 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), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition Total passenger and ancillary revenue recognized by the Group during the year amounted to KD 191,470,102. Deferred revenue, which represents cash received in advance for which the related service has not yet been performed, is carried at KD 12,837,723 in the consolidated statement of financial position. The Group recognises revenue from sale of passenger tickets in income when a passenger has flown or on expiry of ticket validity. The determination of passenger and ancillary revenue recognised involves complex information technology systems (IT) for tickets booked, utilised and expired. We have considered occurrence of revenue recorded as a key audit matter as it involves complicated IT systems that handle large volumes of transaction data. The accounting policy for revenue recognition for passenger revenue is set out in note 2.11 to the consolidated financial statements.	Our audit procedures included: • evaluation of the relevant IT systems, with the assistance of our internal IT specialists. • assessment of the relevant controls to determine if they had been designed and implemented effectively and tested the controls to determine if they were operating effectively. • for the passenger and ancillary service system used by the Group, we obtained and assessed the assurance report attesting the appropriateness and effectiveness of the internal control systems established by the service provider. • testing samples of passenger revenue transactions recorded during the year by verifying the consideration received and the evidence of when the services were provided. We performed the following procedures in relation to deferred revenue: • we agreed the amount of deferred revenue in the consolidated statement of financial position to a report received from the service provider. • we determined that the amounts in the abovementioned report represented cash received for services not rendered by the reporting date. • we reconciled the amount of deferred revenue to the cash received during the year and the revenue recognised. We also assessed the disclosures in the consolidated financial statements relating to this matter against the requirements of IFRS Accounting Standards.

Other information included in the Group's 2024 Annual Report

Management is responsible for the other information. Other information consists of the information included in the Group's 2024 Annual Report, other than the consolidated financial statements and our auditor's report thereon.

We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of our auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the 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.

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

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

- Identify and assess the risks of material misstatement of the 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 the 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 auditor's 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 auditor's 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.

- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming 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 to 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.

We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all the information that is required by the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violation of the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 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 audit, 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 year ended 31 December 2024, that might have had a material effect on the business of the Parent Company or on its financial position.

Bader A. Al-Wazzan
Licence No. 62A
Deloitte & Touche - Al-Wazzan & Co.

Kuwait
03 February 2025

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	Kuwaiti Dinars 2024	2023
Non-current assets			
Property and equipment	3	141,162,832	75,239,066
Right of use assets	4	119,908,939	139,979,376
Advance for maintenance	5	2,282,771	8,932,982
Security deposits	6	265,696	935,988
		263,620,238	225,087,412
Current assets			
Inventories		7,977,209	4,321,867
Security deposits	6	98,618	238,385
Trade and other receivables	7	16,376,798	23,883,468
Cash and bank balances	8	48,413,833	32,904,993
		72,866,458	61,348,713
Total assets		336,486,696	286,436,125
LIABILITIES AND EQUITY			
Equity			
Attributable to Parent Company's shareholders			
Share capital	9	22,000,000	22,000,000
Legal reserve	10	4,556,409	3,488,227
Retained earnings		8,879,958	8,940
Total equity		35,436,367	25,497,167
Non-current liabilities			
Post employment benefits	11	4,680,856	3,891,800
Maintenance payables	12	32,368,102	22,883,216
Lease liabilities	13	110,708,171	125,722,010
Term loan	14	61,500,000	28,500,000
		209,257,129	180,997,026
Current liabilities			
Maintenance payables	12	13,325,056	8,404,941
Lease liabilities	13	18,780,119	25,144,865
Term loan	14	14,000,000	1,000,000
Trade and other payables	15	32,850,302	29,816,435
Deferred revenue	16	12,837,723	10,128,349
Bank overdrafts	8	-	5,447,342
		91,793,200	79,941,932
Total liabilities and equity		336,486,696	286,436,125

Mohammad J M Al Mousa
Vice-chairman

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
YEAR ENDED 31 DECEMBER 2024

	Note	Kuwaiti Dinars 2024	2023
Revenue	16	208,569,919	198,081,266
Operating costs	17	(185,169,037)	(177,741,731)
Gross profit		23,400,882	20,339,535
Other operating income		3,544,990	1,584,240
General and administrative expenses	18	(6,132,044)	(8,576,959)
Finance costs		(8,619,205)	(7,045,113)
Foreign currency gain/(loss)		(1,512,806)	51,916
Expected credit loss - financial assets	3	-	90,541
Profit before contribution and taxes		10,681,817	6,444,160
Zakat		(114,709)	(73,331)
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(96,136)	(57,997)
National Labour Support Tax (NLST)		(286,772)	(183,328)
Profit for the year		10,184,200	6,129,504
Attributable to:			
Shareholders of the Parent Company		10,184,200	6,129,504
Earnings per share (fils)			
Basic & Diluted	19	46.29	27.86

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2024

	Kuwaiti Dinars	
	2024	**2023**
Profit for the year	10,184,200	6,129,504
Other comprehensive income (OCI)		
Other comprehensive income not to be reclassified to consolidated statement of profit or loss in subsequent periods:		
Re-measurements of post-employment benefit obligation	(245,000)	-
Total comprehensive income for the year	9,939,200	6,129,504
Attributable to:		
Shareholders of the Parent Company	9,939,200	6,129,504

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
YEAR ENDED 31 DECEMBER 2024

	Kuwaiti Dinars			
	Share Capital	Legal Reserve	Retained Earnings	Total Equity
At 1 January 2024	22,000,000	3,488,227	8,940	25,497,167
Total comprehensive income for the year	-	-	9,939,200	9,939,200
Transfer	-	1,068,182	(1,068,182)	-
At 31 December 2024	22,000,000	4,556,409	8,879,958	35,436,367
At 1 January 2023	22,000,000	2,843,811	11,683,441	36,527,252
Total comprehensive income for the year	-	-	6,129,504	6,129,504
Transfer	-	644,416	(644,416)	-
Dividend	-	-	(17,159,589)	(17,159,589)
At 31 December 2023	22,000,000	3,488,227	8,940	25,497,167

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2024

	Note	2024	2023
		Kuwaiti Dinars	
Cash flows from operating activities			
Profit before contribution and taxes		10,681,817	6,444,160
Adjustments for:			
Depreciation	3,4	23,718,281	20,810,106
Finance costs		8,619,205	7,045,113
Foreign exchange currency loss/(gain)		537,912	(51,916)
Provision for post employment benefits	11	1,098,556	1,409,134
Expected credit loss on financial assets		-	(90,541)
Other operating income- interest income		(2,145,878)	(1,305,721)
Cash flows from operating activities before working capital changes		42,509,893	34,260,335
Changes in:			
- advance for maintenance		(4,824,819)	(1,698,642)
- inventories		(3,655,343)	(1,895,126)
- security deposits		74,237	1,394,094
- trade and other receivables		3,335,357	(5,179,715)
- maintenance payables		14,405,001	4,164,833
- trade and other payables		1,535,257	1,134,771
- deferred revenue		2,709,374	(4,227,007)
Cash generated from operations		56,088,957	27,953,543
Post-employment benefits paid	11	(554,500)	(429,634)
Paid to Zakat, KFAS & NLST		(314,656)	(955,793)
Net cash from operating activities		55,219,801	26,568,116
Cash flows from investing activities			
Purchase of property and equipment	3	(54,873,624)	(33,626,785)
Interest income received		2,427,273	1,299,319
Deposits with original maturity of more than three months	8	(34,366,613)	17,644,968
Net cash used in investing activities		(86,812,964)	(14,682,498)
Cash flows from financing activities			
Dividend paid		-	(17,159,589)
Receipts from Term loan	14	57,000,000	30,000,000
Re-payment of term loan	14	(11,000,000)	(5,774,920)
Re-payment of lease liabilities	13	(19,789,304)	(18,210,356)
Finance costs paid		(8,027,964)	(6,886,926)
Net cash from/(used) in financing activities		18,182,732	(18,031,791)
Net decrease in cash and cash equivalents		(13,410,431)	(6,146,173)
Cash and cash equivalents at beginning of year	8	23,457,651	29,645,525
Expected credit loss on financial assets		-	(41,701)
Cash and cash equivalents at end of year	8	10,047,220	23,457,651

The accompanying notes are an integral part of these consolidated financial statements.

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 and operation and maintenance of an airport terminal in Kuwait (the Terminal).

The Parent Company is a subsidiary of Boodai Reliance Real Estate Company W.L.L.

The objects of the Company are –

- Air transportation services without the luxury services.
- Carry out all air transportation and other air services and all other related activities including people air transportation, cargo, goods and mails in Kuwait and abroad.
- Provide aircraft and other related asset purchasing services in favour of others and coordinate with the manufacturers.
- Provide both operating and financing lease services as needed and required by the clients "aviation companies".
- Market the aircraft to cover the medium and long-term needs of the aviation companies that ask for such services.
- Assist aviation companies to market their aircraft through sale or lease.
- Engage in providing and financing the technical support and various assets management services to aviation companies.
- Assist in co-investment processes specialized in the aviation industry.
- Invest whether partially or wholly in supplying aircraft, engines and spare parts as per needs of the clients "aviation companies" and manufacturers.
- Provide all aircraft related services to aviation companies and others whether in Kuwait or abroad, such as: handling, maintenance and other services.
- Booking tickets and passengers' services.
- Supply and deal in delivering and managing all services and products required by aviation sector, in order to properly carry out operations and maintain, support and provide aircraft customs brokerage services.
- Owning real estate and movable property to conduct its operations within the limits as stipulated by law.
- Providing services of financing aircraft purchase projects (in whole or in part) in light of the evaluation studies and determining the factors of risks associated with such projects.
- Establishing and utilizing aircraft service stations, warehouses, hangars, workshops, factories, as well as all machineries, devices and equipment related to the company's purposes.
- Investing in fields of air transportation of passengers, goods, facilities and utilities required to serve the company's purposes or its achievement.
- Founding and establishing branches and agencies of the company in Kuwait and abroad as well as conducting the businesses of ground, technical and commercial agency of Arabian and foreign airlines inside Kuwait and abroad.
- Providing service of tourism, travel and freight and conducting all its related businesses including land conveyance, holidays and flights' integrated services, car rental with or without a driver, as well as all touristic businesses related to the company's purposes, in addition to holding celebrations, competitions, exhibitions, currency exchange transactions and selling goods and products on the company's aircraft, offices and premises.
- Providing services of management and marketing in addition to the consultancy services related to the field of aircraft industry.
- Conducting all air cargo businesses inside and outside Kuwait within the limits as stipulated by law.
- Conducting all businesses of transporting, handling, distributing and customs clearance of goods related to air cargo.
- Establishing aviation, wireless studies, engineering, air and ground services institutes, in addition to training the technical personnel in the field of aviation and qualifying the Kuwaiti citizens in order to assume the technical, administrative and commercial businesses required to achieve the company's purposes.
- Owning and granting any privileges, leases or investments, as well as outsourcing any businesses or other rights related aircraft.
- 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	99.9%	99.9%
Kuwaitia Free Zone/Duty Free Management Co S.P.C.	Kuwait	99.9%	99.9%
Jazeera Safeguard Co. S.P.C	Kuwait	100%	100%
Jazeera Academy Co. S.P.C.	Kuwait	100%	100%
Jazeera Airways Company L.L.C	Kingdom of Saudi Arabia	49%	49%

The Parent Company and the subsidiary are together referred to in these consolidated financial position as the Group.

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

These consolidated financial statements were authorised for issue by the Board of Directors of the Group on 3 February 2025 and are subject to the approval of the shareholders at their forthcoming Annual General Meeting.

2. Basis of preparation and material accounting policy information

2.1 Basis of preparation

These consolidated financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS Accounting Standards) (IFRS) issued by the International Accounting Standards Board (IASB) and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). These consolidated financial statements are prepared under the historical cost basis of measurement.

These consolidated financial statements have been presented in Kuwaiti Dinar.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. It also requires management to exercise its judgment in the process of applying the accounting policies. The areas involving a high degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 26.

Going concern

The Group has performed an assessment of whether it is a going concern in the light of current economic conditions and all available information about future risks and uncertainties. The directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

2.2 Changes in accounting policies and disclosures

Effective for the current year

Following standard, interpretation or amendment are effective from the current year and are adopted by the Group, however, these does not have any impact on the consolidated financial statements of the year unless otherwise stated below:

- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures titled Supplier Finance Arrangements

  The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows.

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

  The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

  The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

- Amendments to IAS 1 Non-current Liabilities with Covenants

  The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

- Amendments to IFRS 16 Leases—Lease Liability in a Sale and Leaseback

  The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

  A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

Standards issued but not yet effective

At the date of authorization of these consolidated financial statements, the Group has not applied the following new and revised IFRS accounting standards that have been issued but are not yet effective:

Standard, interpretation, amendments	Description	Effective date
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability	The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not. The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments do not specify how an entity estimates the spot exchange rate to meet that objective. An entity can use an observable exchange rate without adjustment or another estimation technique.	1 January 2025

Standard, interpretation, amendments	Description	Effective date
Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments	These amendments: • clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; • clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; • add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and • make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).	1 January 2026
IFRS 18 Presentation and Disclosures in Financial Statements	IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share. IFRS 18 introduces new requirements to: • present specified categories and defined subtotals in the statement of profit or loss • provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements. • improve aggregation and disaggregation. Management anticipates that the application of this standard will have an impact on the consolidated financial statements in future periods.	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements. A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it. An entity is only permitted to apply IFRS 19 if, at the end of the reporting period: • it is a subsidiary (this includes an intermediate parent) • it does not have public accountability, and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.	1 January 2027

Management anticipates that these new standards, interpretations and amendments will be adopted in the consolidated financial statements in the period of initial application.

2.3 Business combinations

A business combination is the bringing together of separate entities or businesses into one reporting entity as a result of one entity, the acquirer, obtaining control of one or more other businesses. The acquisition method of accounting is used to account for business combinations. The consideration transferred for the acquisition is measured as the fair values of the assets transferred, equity interests issued and liabilities incurred or assumed at the date of the exchange. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. The acquisition related costs are expensed when incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination (net assets acquired in a business combination) are measured initially at their fair values at the acquisition date. Non-controlling interest in the subsidiary acquired is recognized at the non-controlling interest's proportionate share of the acquiree's net assets.

When a business combination is achieved in stages, the previously held equity interest in the acquiree is re-measured at its acquisition-date fair value and the resulting gain or loss is recognized in the consolidated statement of income. The fair value of the equity of the acquiree at the acquisition date is determined using valuation techniques and considering the outcome of recent transactions for similar assets in the same industry in the same geographical region.

The Company separately recognizes contingent liabilities assumed in a business combination if it is a present obligation that arises from past events and its fair value can be measured reliably.

An indemnification received from the seller in a business combination for the outcome of a contingency or uncertainty related to all or part of a specific asset or liability that is recognized at the acquisition date at its acquisition-date fair value is recognized as an indemnification asset at the acquisition date at its acquisition-date fair value.

The Company uses provisional values for the initial accounting of a business combination and recognizes any adjustment to these provisional values within the measurement period which is twelve months from the acquisition date.

2.4 Consolidation

The Group consolidates the financial statements of the Company and subsidiaries (i.e. investees that it controls) and investees controlled by its subsidiaries.

The Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- Voting rights and potential voting rights;

The financial statements of subsidiaries are included in the consolidated financial statements on a line-by-line basis, from the date on which control is transferred to the Group until the date that control ceases.

Non-controlling interest in an acquiree is stated at the non-controlling interest's proportionate share in the recognized amounts of the acquiree's identifiable net assets at the acquisition date and the non-controlling interest's share of changes in the equity since the date of the combination. Total comprehensive income is attributed to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Changes in the Group's ownership interest in a subsidiary that do not result in loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interest in the subsidiary and any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the Group's shareholders. Non-controlling interest is presented separately in the consolidated statements of financial position and statement of income. The non-controlling interests are classified as a financial liability to the extent there is an obligation to deliver cash or another financial asset to settle the non-controlling interest.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances based on latest audited financial statements of subsidiaries. Intra Group balances, transactions, income, expenses and dividends are eliminated in full. Profits and losses resulting from intra Group transactions that are recognized in assets are eliminated in full. Intracompany losses that indicate an impairment is recognized in the consolidated financial statements.

When the Company loses control of a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost as well as related non-controlling interests. Any investment retained is recognized at fair value at the date when control is lost. Any resulting difference along with amounts previously directly recognized in equity is transferred to the consolidated statement of income.

Goodwill

Goodwill arising in a business combination is computed as the excess of the aggregate of: the consideration transferred; the non-controlling interests proportionate share in the recognized amounts of the acquiree's net identifiable assets at the acquisition date, if any; and in a business combination achieved in stages the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree, over the net of the acquisition-date fair values of the identifiable assets acquired and liabilities assumed. Any deficit is a gain from a bargain purchase and is recognized directly in the consolidated statement of income.

Goodwill is allocated to each of the cash generating units for the purpose of impairment testing. Gains and losses on disposal of an entity or a part of an entity include the carrying amount of goodwill relating to the entity or the portion sold.

2.5 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated provisions for impairment, if any. The cost of property and equipment consists of their purchase price, other directly attributable costs incurred to bringing them up to operating condition and ready for their intended use and borrowing costs capitalised in accordance with the Group's accounting policy.

The cost of property and equipment less estimated residual values is depreciated on straight-line basis over their estimated useful lives as follows:

	Years
Aircraft	25
Engines	20
Rotables	2 - 20
Leasehold improvements	5 - 15
Building	50
Furniture & equipment	3 - 15
Vehicles	5

Capital work-in-progress is stated at cost. When the asset is ready for its intended use, it is transferred from capital work-in-progress to the appropriate category under property and equipment and is depreciated from that date.

Rotables are classified as property and equipment if they are expected to be used over more than one period and are depreciated over their useful lives.

An element of the cost of a new engine is attributed on its acquisition to prepaid maintenance and the subsequent costs incurred which lend enhancement to future periods, such as long-term scheduled maintenance and major overhaul is depreciated using the units of production method based on the estimated flying hours until the next major overhaul. All other maintenance costs are charged to the income statement as incurred.

Repairs and maintenance costs are charged to the consolidated statement of income during the period in which they are incurred. Major modifications and improvements to property and equipment are capitalised and depreciated over the remaining useful life of the related asset.

The residual value, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end. The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of income.

Manufacturers' credits

Credits received from manufacturers in connection with acquisition of aircraft and engines are reduced from the cost of the related aircraft and engines or are taken to consolidated statement of income, depending on the terms of the credit.

2.6 Leases

The Group as a lessee

The Group assesses whether contract is or contains a lease, at inception of the contract. The Group recognizes a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. On that date, the lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

On the commencement date, the Group measures the right of use at cost, which comprises of:

- the amount of the initial measurement of the lease liability.
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs, and
- an estimate of costs to be incurred for restoring the underlying asset to the condition required by the terms and conditions of the lease as a consequence of having used the underlying asset during a particular period. This is recognised as part of the cost of the right of use asset when the Group incurs the obligation for those costs, which may be at the commencement date or as a consequence of having used the asset during a particular period.

Subsequent measurement

After the commencement date, the Group measures lease liability by increasing the carrying amount to reflect interest on the lease liability (using the effective interest rate) and reducing the carrying amount to reflect the lease payment made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The constant periodic rate of interest is the discount rate used at the initial measurement of lease liability.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "operating cost" in statement of income.

For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

After the commencement date, the Group measures the right-of-use asset at cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight line basis over the shorter of the asset's useful life and the lease term. The Group determines whether a right of use asset is impaired and recognizes any impairment loss identified in the statement of income. The depreciation starts at the commencement date of the lease.

Sale and lease back

The Group enters into sale and leaseback transactions whereby it sells either new or mid-life aircraft engines and immediately leases them back. Where sale proceeds received are judged to reflect the fair value, any gain or loss arising on disposal is recognised in the consolidated statement of income to the extent that it relates to the rights that have been transferred. Gains and losses that relate to the rights that have been retained are included in the carrying amount of the right of use asset recognised at commencement of the lease. Where sale proceeds received are not at the fair value, any below market terms are recognised as a prepayment of lease payments, and above market terms are recognised as additional financing provided by the lessor.

The Group as a lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate consideration under the contract to each component.

2.7 Impairment of non-financial assets

If there is an indication that the carrying value of a non-financial asset such as property and equipment and right of use of assets is greater that its recoverable amount, it is tested for impairment and the asset is written down to its recoverable amount. Goodwill, if any, is tested, at least annually, for impairment.

The recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. In that case, they are grouped at the lowest levels for which there are separately identifiable cash flows, known as cash generating units for the purpose of assessing impairment of property and equipment and goodwill.

The 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 risk specific to the asset for which the estimates of future cash flows have not been adjusted. The Group prepares formal three years plan for its businesses. These plans are used for the value in use calculation. Long range growth rates are used for cash flows into perpetuity beyond the four to five year period. Fair value less costs to sell is determined using valuation techniques and considering the outcome of recent transactions for similar assets in the same industry in the same geographical region.

If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata, on the basis of the carrying amount of each asset in the unit. An impairment loss is recognized immediately in the consolidated statement of income unless the relevant assets are carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease to the extent of any previously recognized revaluation gain.

For non-financial assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of income. That relating to goodwill cannot be reversed in a subsequent period.

2.8 Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Classification of financial assets and financial liabilities

The Group classifies all its financial assets as "at amortised costs'.

A financial asset is subsequently measured at amortised cost if it meets both of the following conditions:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these are applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'Sell' business model and measured at Fair Value through Profit or Loss. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

Contractual cash flow characteristics test

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent Solely Payments of Principal and Interest (the 'SPPI test').

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a basic lending arrangement are typically the consideration for the time value of money, credit risk, other basic lending risks and a profit margin. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

Cash and bank balances, trade and other receivables and security deposits in the nature of financial assets are classified as financial assets carried at amortised cost.

Financial liabilities

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Recognition and de-recognition of financial assets and financial liabilities

A financial asset or a financial liability is recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (in whole or in part) is de-recognised when the contractual rights to receive cash flows from the financial asset has expired or the Group has transferred substantially all risks and rewards of ownership of the financial asset, or when it has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset and when it no longer retains control over the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and recognition of a new liability. 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 statement of income.

All regular way purchase and sale of financial assets are recognized using settlement date accounting. Changes in fair value between the trade date and settlement date are recognized in the statement of income or in the statement of comprehensive income in accordance with the policy applicable to the related instrument. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the market place.

Impairment of financial assets

The Group recognizes expected credit losses (ECL) on financial assets that are measured at amortized cost in accordance with IFRS 9.

The expected credit loss of a financial instrument is measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating range of possible outcomes; the time value of money; and past events, current conditions and forecast of future economic conditions. The ECL model applies to all financial instruments except investments in equity instruments. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

General approach

There is a three-stage approach to measuring ECL. Assets migrate through the following three stages based on the change in credit quality since initial recognition.

Stage 1 includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month expected credit losses ('ECL') are recognized. 12-month ECL are the expected credit losses that result from default events that are possible within 12 months after the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset weighted by the probability that the loss will occur in the next 12 months. The Group considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade".

Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognized. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument. Expected credit losses are the weighted average credit losses with the probability of default ('PD') as the weight. When determining whether the credit risk on a financial instrument has increased significantly, management considers reasonable and supportable information available, in order to compare the risk of a default occurring at the reporting date with the risk of a default occurring at initial recognition of the financial instrument.

The Group incorporates forward-looking information based on expected changes in macro- economic factors in assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognized as the difference between the financial asset's gross carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

Any adjustments to the carrying amount of the financial asset arising from expected credit losses is recognized in statement of income as an impairment gain or loss.

ECL are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD). The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the financial instruments and potential changes to the current amounts allowed under the contract including amortisation.

The EAD of a financial asset is its gross carrying amount. The LGD represents expected loss conditional on default, its expected value when realised and the time value of money.

Simplified approach

The Group applies the simplified approach to recognise lifetime expected credit losses for trade receivables. Accordingly, trade receivables which are not credit impaired and which do not have significant financing component are categorised under stage 2 and lifetime ECL is recognised.

Significant increase in credit risk

When determining whether the risk of default has increased significantly since initial recognition, the Group considers quantitative, qualitative information and backstop indicators and analysis based on the Group's historical experience and expert credit risk assessment, including forward-looking information.

For amounts due from banks, the Group uses the low credit risk exemption as permitted by IFRS 9 based on the external rating agency credit grades. If the financial instrument is rated below BBB- (sub investment grade) on the reporting date, the Group considers it as significant increase in credit risk.

Financial instrument is determined to have low credit risk if:

The financial instrument has a low risk of default,

- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

Credit-impaired financial assets

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, there is sufficient doubt about the ultimate collectability; or the customer is past due for more than 90 days.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade and other receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in statement of income.

Derivative financial instruments

Derivatives are recognised initially at fair value, at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in statement of income immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in statement of income depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk, interest rate risk and fuel price risk in fair value hedges, cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

In order to manage particular risks, the Group applies hedge accounting for transactions, which meet the specified criteria. At inception of the hedge relationship, the Group's formal hedge accounting documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge effectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

Fair value hedges

The fair value change on qualifying hedging instruments is recognised in statement of income except when the hedging instrument hedges an equity instrument designated at fair value through other comprehensive income (FVOCI) in which case it is recognised in other comprehensive income.

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in statement of income. For debt instruments measured at FVOCI, the carrying amount is not adjusted as it is already at fair value, but the hedging gain or loss is recognised in statement of income instead of other comprehensive income. When the hedged item is an equity instrument designated at FVOCI, the hedging gain or loss remains in other comprehensive income to match that of the hedging instrument.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of income, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to statement of income on disposal of hedge item.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in statement of income, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to statement of income in the periods when the hedged item affects statement of income, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the hedging reserve will not be recovered in the future, that amount is immediately reclassified to statement of income.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in hedge reserve at that time remains in equity and is reclassified to statement of income when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the hedge reserve is reclassified immediately to statement of income.

2.9 Inventories

Inventories, expendable parts and supplies are valued at the lower of weighted average cost and net realizable value after provision for slow moving and obsolete items.

2.10 Post-employment benefits

The Group employees are entitled to an end of service indemnity payable under the Kuwait Labor Law based on the employees' accumulated periods of service and latest entitlements of salaries and allowances. The present value of end of service indemnity payable, which is unfunded, is determined annually by actuarial valuations using the projected unit credit method. An actuarial valuation involves making various assumptions such as determination of the discount rate, future salary increases and mortality rates. These assumptions are reviewed at each reporting date.

Re-measurements, comprising actuarial gains and losses, are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurements recognized in other comprehensive income are reflected within equity under "Other Reserves" and will not be reclassified to statement of income.

Past service cost is recognised in statement of income when the plan amendment or curtailment occurs, or when the Group recognises related restructuring costs or termination benefits, if earlier. Gains or losses on settlement of a defined benefit plan are recognised when the settlement occurs. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset.

The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on settlement comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, any related actuarial gains and losses and past service cost that had not previously been recognised.

2.11 Revenue recognition

The Group recognises revenue when it satisfies a performance obligation by transferring a promised service to a customer. The service is transferred when the customer obtains the control of service. The timing of the transfer of control of service, at point in time or over time, should be determined to recognise revenue. Accordingly, the specific revenue recognition criteria applied to significant elements of revenue is set out below:

Passenger revenue arises from the sale of flight seats, administration fees and service fees and is measured as the price paid by the customer. Passenger revenue is recognised when the performance obligation has been completed. This is when the flight takes place and revenue thus is recognised point in time. Amounts paid by 'no-show' customers are recognised as passenger revenue when the booked service is provided, as such customers are not generally entitled to change flights or seek refunds once a flight has departed.

Ancillary revenue includes revenue from the provision of checked baggage, allocated seating, change fees, inflight sales and cargo revenue. These are recognised when the performance obligation is complete, which is generally when the related flight takes place and is measured as the price paid by the customer for the service booked and thus revenue is recognised point in time.

Unearned revenue from flights not yet flown is held in the statement of financial position until the performance obligation is complete, when it is taken to statement of income.

The Group earns revenue from advertisement contracts which is recognised point over time in proportion to the period of contract.

2.12 Provisions for liabilities

Provisions for liabilities are recognised when, as a result of past events, it is probable that an outflow of economic resources will be required to settle a present obligation (legal or constructive) and the amount can be reliably estimated.

The Group, as a lessee, has a contractual obligation to repair and maintain leased aircraft to a level that meets specified redelivery conditions that aircraft airframes, engines, landing gear and auxiliary power units must meet at the end of the lease term. This requires the Group to schedule periodic maintenance for engine performance restoration and aircraft checks over the lease term to conform to aircraft manufacturer and regulatory specifications. The Group estimates the related maintenance costs based on the contractual reserve rates per hour or cycle in the related lease agreement and recognizes that amount in the statement of income for actual hours or cycles flown. This is subject to adjustment based on actual cost and engineering technical estimates derived from actual and estimated aircraft and engine usage to the next related maintenance check.

2.13 Fair value measurement

Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For financial instruments quoted in an active market, fair value is determined by reference to quoted market prices. Bid prices are used for assets and offer prices are used for liabilities.

For unquoted financial instruments, fair value is determined by reference to the market value of a similar investment, discounted cash flows, other appropriate valuation models or brokers' quotes.

For financial instruments carried at amortized cost, the fair value is estimated by discounting future cash flows at the current market rate of return for similar financial instruments.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group determines classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.14 Contingencies

Contingent assets are not recognised as an asset till realisation becomes virtually certain. Contingent liabilities are not recognized as liabilities unless, as a result of past events, it is probable that an outflow of economic resources will be required to settle a present obligation (legal or constructive) and the amount can be reliably estimated.

	Kuwaiti Dinars						
	Aircraft	Engines & rotables	Leasehold improvements	Furniture & equipment	Vehicles	Capital work-in-progress	Total
Cost							
As at 31 December 2022	-	7,288,572	17,629,519	5,642,361	68,986	26,439,673	57,069,111
Additions	-	683,866	15,233	589,167	36,821	32,167,711	33,492,798
Transfers	-	19,358,462	300,864	268,764	-	(19,928,090)	-
As at 31 December 2023	-	27,330,900	17,945,616	6,500,292	105,807	38,679,294	90,561,909
Additions	55,599,072	-	82,554	196,952	9,220	17,633,386	73,521,184
Transfers	-	3,725,409	1,765	840,363	9,996	(4,577,533)	-
Disposal	-	(4,442,958)	-	-	-	-	(4,442,958)
As at 31 December 2024	55,599,072	26,613,351	18,029,935	7,537,607	125,023	51,735,147	159,640,135
Depreciation							
As at 31 December 2022	-	2,805,565	6,049,292	4,011,345	38,104	-	12,904,306
Charge for the year	-	1,045,042	625,206	736,193	12,096		2,418,537
As at 31 December 2023	-	3,850,607	6,674,498	4,747,538	50,200	-	15,322,843
Charge for the year	119,495	2,552,580	426,255	659,786	15,304	-	3,773,420
Disposal	-	(618,960)	-	-	-	-	(618,960)
As at 31 December 2024	119,495	5,784,227	7,100,753	5,407,324	65,504	-	18,477,303
Net book value							
As at 31 December 2024	55,479,577	20,829,124	10,929,182	2,130,283	59,519	51,735,147	141,162,832
As at 31 December 2023	-	23,480,293	11,271,118	1,752,754	55,607	38,679,294	75,239,066

Leasehold improvements include airport terminal and office building including park & fly constructed on leasehold land amounting to KD 9,580,337 (31 December 2023: KD 9,820,414) and KD 814,947 (31 December 2023: KD 879,516) respectively.

During December 2024 the Group completed the acquisition of six aircraft.

Capital work-in-progress includes payments made towards purchase of aircraft (refer Note 22) amounting to KD 43,133,257 (2023: 32,901,856).

During the year, following declaration of a leased engine as 'beyond economic repair', the Group transferred one of its own engine to the lessor. Following that, the Group recognised under Capital Work-in-progress an amount of KD 4,241,640 being an entitlement for its replacement from the manufacturer.

During Q4 2024, the Group reviewed and revised the estimated useful lives of its assets. Assuming these assets are held until the end of their estimated useful lives, the financial effect of this reassessment is to decrease the depreciation expense in the current year and until the end the useful lives. As a result of this change in accounting estimate, the depreciation charge for the current year decreased to KD 638,968 from KD 799,311. The total historical cost of the assets that are subject to the adjustments in their useful lives for the current year is KD 4,460,523.

Depreciation has been allocated in the consolidated statement of income as follows:

	Kuwaiti Dinars	
	2024	**2023**
Operating costs	3,115,491	1,682,744
General and administrative expenses	657,929	735,793
	3,773,420	2,418,537

4. Right of use assets

	Kuwaiti Dinars			
	Aircraft	**Aircraft engines**	**Leasehold land**	**Total**
Cost				
As at 31 December 2022	175,076,740	12,111,428	10,427,534	197,615,702
Additions	12,013,178	1,016,257	690,069	13,719,504
Modification/reclassification	2,628,771	(2,628,771)	(440,909)	(440,909)
As at 31 December 2023	189,718,689	10,498,914	10,676,694	210,894,297
Additions	2,617,929	-	33,990	2,651,919
Modification/reclassification	(121,587)	-	7,538,391	7,416,804
Termination	(26,821,067)	-	-	(26,821,067)
As at 31 December 2024	165,393,964	10,498,914	18,249,075	194,141,953
Depreciation				
As at 31 December 2022	49,640,363	1,602,724	1,280,266	52,523,353
Charge for the year	17,086,584	1,104,251	200,734	18,391,569
As at 31 December 2023	66,726,947	2,706,975	1,480,999	70,914,921
Charge for the year	18,614,427	1,027,568	302,866	19,944,861
Termination	(16,626,768)	-	-	(16,626,768)
As at 31 December 2024	68,714,606	3,734,543	1,783,865	74,233,014
Net book value				
As at 31 December 2024	96,679,358	6,764,371	16,465,210	119,908,939
As at 31 December 2023	122,991,742	7,791,939	9,195,695	139,979,376

The Group leases aircraft, engines and land for its operations. Lease contracts are typically made for fixed periods of 6 to 14 years for aircraft, 2 to 12 years for the engines and 50 years for leasehold land.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

5. Advance for maintenance

This represents advance given to lessors as maintenance reserve.

6. Security deposits

	Kuwaiti Dinars	
	2024	2023
Deposits with lessors	98,618	886,895
Other deposits	271,159	292,941
Expected credit loss	(5,463)	(5,463)
	364,314	1,174,373

The above is segregated as:

	Kuwaiti Dinars	
	2024	2023
Current	98,618	238,385
Non-current	265,696	935,988
	364,314	1,174,373

Deposits with lessors are payments made as security for any default in payment for lease rentals and maintenance obligation that the Group incurs under the lease contract. Any payment that is not expected to be reimbursed by the lessor is recognised immediately within operating expenses in the consolidated statement of income.

7. Trade and other receivables

	Kuwaiti Dinars	
	2024	2023
Trade receivables	6,441,842	8,278,545
Expected credit loss	(668,453)	(668,453)
	5,773,389	7,610,092
Prepayments	2,737,483	1,463,731
Other receivables including receivables from lessor	8,811,392	15,755,111
Expected credit loss	(945,466)	(945,466)
	10,603,409	16,273,376
	16,376,798	23,883,468

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	Kuwaiti Dinars	
	2024	2023
Kuwaiti Dinars	8,435,385	8,864,552
US Dollars	2,796,584	9,312,268
UAE Dirham	33,679	23,260
Egyptian Pounds	143,356	398,659
Euro	156,176	118,123
Indian Rupees	2,033,879	1,325,497
Others	2,777,739	3,841,109
	16,376,798	23,883,468

8. Cash and bank balances

	Kuwaiti Dinars	
	2024	2023
Cash on hand	56,880	83,317
Current account with banks	10,049,211	28,880,547
Time deposits with banks	38,366,613	4,000,000
Expected credit loss	(58,871)	(58,871)
	48,413,833	32,904,993
Less: Overdrafts	-	(5,447,342)
Deposits with original maturity for more than three months	(38,366,613)	(4,000,000)
Cash and cash equivalents in the statement of cash flows	10,047,220	23,457,651

The effective interest rate on time deposits as of 31 December 2024 was 4.8% to 5.6% (31 December 2023: 1.375% to 5.75%).

Cash and bank balances are denominated in the following currencies:

	Kuwaiti Dinars	
	2024	2023
Kuwaiti Dinars	43,470,091	24,773,809
US Dollars	1,990,013	1,097,261
UAE Dirham	462,784	100,883
Egyptian Pounds	267,310	5,564,515
Indian Rupees	432,419	400,784
Others	1,791,216	967,741
	48,413,833	32,904,993

9. Share capital

	Kuwaiti Dinars	
	2024	2023
Authorised, issued and fully paid in cash: 220,000,000 (31 December 2022: 220,000,000) shares of 100 fils each	22,000,000	22,000,000

Proposed dividend

The Board of Directors, subject to the approval of shareholders, recommends distribution of a cash dividend of 40 fils per share (31 December 2023 – Nil), amounting to KD 8,800,000 for the year ended 31 December 2024 (31 December 2023 – KD Nil) to the registered shareholders, after obtaining the necessary regulatory approvals.

10. Reserves

Legal reserve

In accordance with the Companies Law and the Parent Company's Articles of Association, 10% of net profit has to be appropriated to legal reserve. Accordingly, 10% of the profit before contributions to taxes has been appropriated to Legal Reserve. The legal reserve can be utilized only for distribution of a maximum dividend of up to 5% in years when the retained earnings are inadequate for this purpose.

Voluntary reserve

The Parent Company's Articles of Association stipulates that the Board of Directors shall propose appropriations to voluntary reserve, which should be approved by the shareholders. During the year, the Board of Directors did not propose any transfer to voluntary reserve. There is no restriction on the distribution of voluntary reserve.

11. Post-employment benefits

The Group measures its post-employment benefits liability using the projected unit credit method.

The Group provides post-employment benefits to its employees based on a defined benefit plan which is unfunded. The entitlement is based upon the employees' final salary and length of service, subject to the completion of a minimum service period, calculated under the provisions of the Kuwait Labour Law and is payable upon resignation or termination of the employee. The expected costs of these benefits are accrued over the period of employment.

The plan typically exposes the Group to actuarial risks such as discount rate risk, salary risk and withdrawal risk.

- Discount rate risk: A decrease in the discount rate will increase the plan liability.
- Salary risk: The present value of the post-employment benefit plan liability is calculated by reference to the estimated future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.
- Withdrawal risk: Benefits are paid when an employee leaves employment either through resignation or retirement. The rate of withdrawal therefore affects the timing of the payment.

The most recent actuarial valuation of the present value of the post-employment benefit obligation was carried out at 31 December 2024. The present value of the post-employment benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The principal assumptions in determining the post-employment benefit obligation are discount rate of 4.5% (2023: 4.625%), expected rate of salary increase at 4.5% (2023: 4.5%) depending on the employee category and expected rate of withdrawal in the range of 5% to 30% (2023: 5% to 30%).

Movements in the present value of the end of service benefits obligation in the current year were as follows:

	Kuwaiti Dinars	
	2024	2023
At the beginning of the year	3,891,800	2,912,300
Current service and interest cost	1,098,556	1,409,134
Re-measurement loss arising from changes in actuarial assumptions	245,000	-
Benefits paid	(554,500)	(429,634)
At the end of the year	4,680,856	3,891,800

Sensitivity analysis on the post-employment benefits:

The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

- If the discount rate is higher/(lower) by 0.25%, the post-employment benefits obligation would decrease by 70,400 (increase by KD 72,800).
- If the expected salary growth is higher/(lower) by 0.25%, the post-employment benefits obligation would increase by 140,900 (decrease by KD 127,700).
- If the turnover rate is higher/(lower) by 2%, the post-employment benefits obligation would decrease by 46,300 (increase by KD 47,400).

The sensitivity analysis presented above may not be representative of the actual change in the end of service benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

12. Maintenance payables

The Group estimates maintenance payables of leased aircraft and related engines, landing gear and auxiliary power units based on its commitments as a lessee in the aircraft operating lease agreements.

Movement

	Kuwaiti Dinars	
	2024	2023
At the beginning of the year	31,288,157	26,965,137
Charge for the year	19,698,945	12,186,967
Utilized during the year	(5,293,944)	(7,863,947)
At the end of the year	45,693,158	31,288,157

The above is segregated as:

	Kuwaiti Dinars	
	2024	2023
Current	13,325,056	8,404,941
Non-current	32,368,102	22,883,216
	45,693,158	31,288,157

The split of the current/non-current maintenance payables is based on the current expected maintenance event timings. If actual aircraft usage varies from expectation the timing of the utilisation of the maintenance payables could result in a material change in the classification between current and non-current.

13. Lease liabilities

	Kuwaiti Dinars	
	2024	**2023**
At the beginning of the year	150,866,875	155,884,047
Additions	2,651,919	13,585,517
Modification/adjustments	7,416,804	(440,909)
Termination	(11,412,814)	-
Finance costs	5,978,812	6,028,108
Payments including finance cost	(25,768,116)	(24,238,464)
Impact of foreign currency movement	(245,190)	48,576
At the end of the year	129,488,290	150,866,875

The above is segregated as:

	Kuwaiti Dinars	
	2024	**2023**
Current	18,780,119	25,144,865
Non-current	110,708,171	125,722,010
	129,488,290	150,866,875

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

The Group's weighted average incremental borrowing rate applied to the modified lease contracts was 5%.

The carrying amounts of the Group's lease liabilities are denominated in the following currencies:

	Kuwaiti Dinars	
	2024	**2023**
Kuwait Dinars	17,176,225	9,699,487
US Dollars	112,312,065	141,167,388
	129,488,290	150,866,875

14. Term loans

This represents KD denominated borrowings availed from local commercial banks repayable within 5 years. The effective interest rate on the facilities as of 31 December 2024 was 0.5% to 1% over CBDR (2023: 0.75% to 1% over CBDR).

The current and non-current amounts are as follows:

	Kuwaiti Dinars	
	2024	**2023**
Current	14,000,000	1,000,000
Non-current	61,500,000	28,500,000
	75,500,000	29,500,000

15. Trade and other payables

	Kuwaiti Dinars	
	2024	**2023**
Trade payables	6,211,134	4,918,190
Accrued expense	16,718,517	17,063,739
Tax payable	7,488,895	5,831,164
Staff leave payable	1,677,598	1,871,625
Kuwait Foundation for the Advancement of Sciences (KFAS)	96,136	57,997
Payable	658,022	73,720
Others	32,850,302	29,816,435

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	Kuwaiti Dinars	
	2024	**2023**
Kuwaiti Dinars	9,973,144	16,154,194
US Dollars	14,387,163	7,604,497
UAE Dirham	803,283	382,397
Egyptian Pounds	859,262	255,257
Euro	396,794	271,244
Indian Rupees	1,489,199	440,456
Others	4,941,457	4,708,390
	32,850,302	29,816,435

16. Revenue

Disaggregated revenue information

The total revenue disaggregated by major service lines is:

	Kuwaiti Dinars	
	2024	**2023**
Point in time	173,236,735	167,673,970
Passenger revenue	18,233,367	15,669,029
Ancillary revenue	2,076,271	2,147,157
Cargo revenue	11,136,393	9,756,266
Terminal revenue	204,682,766	195,246,422
	3,887,153	2,834,844
Lease income	208,569,919	198,081,266

The Group has recognized the following liabilities related to contract with customers.

Contract liabilities

	Kuwaiti Dinars	
	2024	**2023**
Deferred revenue	12,837,723	10,128,349
	12,837,723	10,128,349

As permitted under IFRS 15, the Group does not disclose transaction price allocated to the remaining performance obligations as it primarily provides services that corresponds directly with the value transferred to the customer.

17. Operating costs

	Kuwaiti Dinars	
	2024	2023
Aircraft maintenance cost	30,492,563	28,291,701
Depreciation	23,060,352	20,074,313
Aircraft fuel	59,845,639	58,737,138
Staff costs	28,289,723	26,264,275
Overflying, landing and ground handling charges	31,759,572	29,495,532
Lease rentals	24,695	3,781,143
Insurance	1,325,727	1,306,184
Passenger meal	2,094,484	2,917,557
Reservation system expenses	841,525	794,307
Others	7,434,757	6,079,581
	185,169,037	177,741,731

Lease rentals consist of short-term lease payments and variable lease payments.

18. General and administrative expenses

	Kuwaiti Dinars	
	2024	2023
Staff costs	723,585	1,244,515
Marketing	1,470,195	2,731,672
Depreciation	657,929	735,793
Professional and consultancy	338,068	439,903
Travel	179,046	240,044
Others	2,763,221	3,185,032
	6,132,044	8,576,959

19. Earnings per share

Earnings per share is calculated based on the earnings attributable to the equity shareholders of the Group for the year and the weighted average number of shares outstanding, as follows:

	2024	2023
	Kuwaiti Dinars	
Earnings for the year	10,184,200	6,129,504
	Shares	
Weighted average number of shares outstanding	220,000,000	220,000,000
Earnings per share (fils) – Basic & Diluted	46.29	27.86

20. Related party transactions and balances

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 management. Transactions and balances with related parties not disclosed elsewhere in these consolidated financial statements are as follows:

	Kuwaiti Dinars	
	2024	**2023**
Balance		
Due from related parties	81,544	51,465
Transactions		
Sales and services	832,058	647,765
General and administrative expenses	348,539	546,618
Key management compensation		
Salaries and other employment benefits	1,354,627	2,038,357

21. 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 year ended 31 December:

	Passenger airline service		Terminal operations		Total	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
Segment revenue	194,558,421	185,490,156	14,011,498	12,591,110	208,569,919	198,081,266
Segment expenses	(190,095,068)	(183,717,743)	(2,718,819)	(2,458,490)	(192,813,887)	(186,176,233)
Other operating income (including interest income)	3,544,990	1,584,240	-	-	3,544,990	1,584,240
Finance costs	(7,864,596)	(6,498,611)	(754,609)	(546,502)	(8,619,205)	(7,045,113)
Segment results	143,747	(3,141,958)	10,538,070	9,586,118	10,681,817	6,444,160
Segment assets	321,506,023	263,734,942	14,980,673	22,701,183	336,486,696	286,436,125
Segment liabilities	286,770,747	252,483,195	14,279,582	8,455,763	301,050,329	260,938,958
Capital expenditure	75,903,826	45,704,228	269,277	1,508,074	76,173,103	47,212,302
Depreciation	23,054,853	20,152,737	663,428	657,369	23,718,281	20,810,106

22. Contingent liabilities and commitments

	Kuwaiti Dinars	
	2024	2023
Capital commitments	361,677,932	366,613,487
Bank guarantees	68,734,127	64,638,367
	430,412,059	431,251,854

The above bank guarantee include guarantee to the lessors amounting to KD 58,282,908 (31 December 2023: KD 56,218,627) for the aircraft maintenance in lieu of payments of Maintenance Reserve under the lease agreement.

The Kuwait's Ministry of Defence has raised a claim for an incident involving a Group's aircraft. The Group is fully insured against such incidents, and on the basis of legal advice, management believes that the possibility of any loss on account of the claim is remote.

Capital commitments include commitment towards purchase of aircraft and engines yet to be delivered.

23. Operating lease arrangements

Group as a lessor

Operating leases, in which the Group is the lessor, relates space leased at the Terminal. These contracts do not contain any market review clauses in the event that the lessee exercise its option to renew. The lessee does not have an option to purchase at the expiry of the lease period.

Maturity analysis of operating lease receivable.

	Kuwaiti Dinars	
	2024	2023
Not later than 1 year	1,136,941	1,239,482
Later than 1 year but not later than 5 years	922,954	1,376,272
	2,059,895	2,615,754

24. Financial risk management

Financial risk factors

The Group's use of financial instruments exposes it to a variety of financial risks such as market risk, credit risk and liquidity risk. The Group continuously reviews its risk exposures and takes measures to limit it to acceptable levels. Risk management is carried out by the Group Finance function under policies approved by the Board of Directors. This function identifies and evaluates financial risks in close co-operation with the Group's operating units. The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign currency risk, interest rate risk, credit risk and investment of excess liquidity.

The significant risks that the Group is exposed to are discussed below:

(a) Market risk

(i) Foreign currency risk

Foreign currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate due to changes in foreign currency exchange rates. The Group operates internationally and is exposed to foreign currency risk arising from various currency exposures. Foreign currency risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Group management has set up a policy that requires Group companies to manage their foreign currency risk against their functional currency. Foreign currency risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Group is primarily exposed to foreign currency risk as a result of foreign exchange gains/losses on translation of foreign currency denominated assets and liabilities such as trade and other receivables, deposits, cash and cash equivalents, trade and other payables and lease liabilities. The Group's exposure to foreign currencies have been disclosed in the notes relating to the respective financial instruments.

If as at 31 December 2024, Kuwaiti Dinars had weakened against the major currencies by 5% with all other variables held constant the net impact on the profit, as of 31 December 2024, is shown below:

	Kuwaiti Dinars	
	Impact on profit	
Currency	2024	2023
US Dollars	(8,367,741)	(8,431,124)
UAE Dirham	(15,288)	(12,736)
Egyptian Pounds	(22,430)	285,411
Euro	(11,312)	(7,002)
Indian Rupees	50,953	65,850
Others	(16,773)	7,634
Net impact	(8,382,591)	(8,091,967)

A 5% strengthening of the Kuwaiti Dinars against the above currencies would have had the equal but the opposite effect on profit for the year.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises from its interest bearing assets and liabilities. The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group calculates the impact on consolidated statement of income of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for major interest-bearing positions. The Group manages interest rate risk by monitoring interest rate movements wherever necessary.

At 31 December 2024, if interest rates at that date had been 50 basis points higher with all other variables held constant, profit for the year would have been lower by KD 185,667 (31 December 2023: lower by KD 154,737).

A 50 basis points decrease in the interest rates at the date of consolidated statement of financial position would have had the equal but the opposite effect on profit for the year.

(iii) Equity price risk

Equity price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to individual instrument or its issuer or factors affecting all instruments, traded in the market.

The Group is not exposed to equity price risk as it does not have any financial instrument exposed to equity price risk.

(iv) Fuel price risk

The airline industry is exposed to fluctuations in the price of jet fuel. The Group manages this risk by closely monitoring actual and forecasted jet fuel cost. The Group uses, in line with the Board approved policy, Brent-oil forward contracts to achieve a level of control over jet fuel costs so that profitability is not adversely affected. The objective of the fuel price risk management policy is to provide protection against sudden and significant increases in jet fuel prices, thus mitigating volatility in both cash and the income statement in the short-term.

During the year, the Group had contracted for purchase oil forward contracts of 1,020,000 (2023: 825,000) barrels which expired as of the year end. The following table details the effectiveness of the hedging relationship and the amounts reclassified from hedging reserve to statement of income:

31 December 2024

	Kuwaiti Dinars					
Hedged items	Current period hedging gains (losses) recognised in OCI	Amount of hedge ineffectiveness recognised in statement of income	Due to hedged future cash flows being no longer expected to occur	Line item in statement of income in which hedge ineffectiveness and future cash flows being no longer expected to occur is included	Due to hedged item affecting statement of income	Line item in P/L in which hedged item affecting statement of income is included
Forward fuel contract	-	-	-	Other operating income/(expense)	1,243,309	Aircraft Fuel Cost

31 December 2023

	Kuwaiti Dinars					
Hedged items	Current period hedging gains (losses) recognised in OCI	Amount of hedge ineffectiveness recognised in statement of income	Due to hedged future cash flows being no longer expected to occur	Line item in statement of income in which hedge ineffectiveness and future cash flows being no longer expected to occur is included	Due to hedged item affecting statement of income	Line item in P/L in which hedged item affecting statement of income is included
Forward fuel contract	-	-	-	Other operating income/(expense)	772,729	Aircraft Fuel Cost

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur a financial loss. Financial assets, which potentially subject the Group's to credit risk, consist principally of bank deposits and receivables. The Group manages this risk by placing deposits with high credit rating financial institutions. Credit risk with respect to receivables is limited due to the Group's credit management policies and dispersion across large number of customers.

The following table shows the movement in the loss allowance that has been recognized for trade and other receivables:

	Kuwaiti Dinars		
	Trade receivables	**Other receivables**	**Total**
31 December 2022	759,009	984,689	1,743,698
Decrease in allowance	(90,556)	(39,223)	(129,779)
31 December 2023	668,453	945,466	1,613,919
31 December 2024	668,453	945,466	1,613,919

The estimated total gross carrying amount of trade receivables and the ECL is as follows:

	Kuwaiti Dinars			
	2024		2023	
	Estimated total gross carrying amount at default	Lifetime ECL	Estimated total gross carrying amount at default	Lifetime ECL
Not due	3,830,085	19,767	3,189,725	8,106
30 – 90 days	1,264,211	21,270	2,681,021	11,144
Above 90 days	1,347,546	627,416	2,407,799	649,203
Total	6,441,842	668,453	8,278,545	668,453

The following table contains an analysis of the maximum credit risk exposure of financial instruments for which an ECL allowance is recognized:

	ECL Approach	Kuwaiti Dinars	
		2024	2023
Security deposits	General	369,777	1,179,836
Trade receivables	Simplified	6,441,842	8,278,545
Other receivables	General	8,811,392	15,755,111
Bank balances	General	48,415,824	32,880,547
Less: ECL		(1,678,253)	(1,678,253)
		62,360,582	56,415,786

The Group uses the low credit risk exemption based on the external rating agency credit grades except for trade receivables for which simplified approach is applied. If the financial instrument is rated below BBB- (sub investment grade) on the reporting date, the Group considers it as significant increase in credit risk. All balances are placed with counter parties who are under investment grade credit rating except for KD 513,489 (2023: KD 740,985) which is under non-investment grade credit rating.

Other receivables are due mainly from lessors of aircraft and Security deposits are with lessors and airport authorities in various countries in which the Group operates. The Group does not hold any collateral or credit enhancement to cover its credit risks associated over these receivables.

The trade receivables largely comprise of amounts receivable from reputed travel agents and are substantially secured by bank guarantees. Concentration of credit risk is limited due to these agents being unrelated. The net increase in the loss allowance during the year is mainly attributed to the increase in gross exposures at default which are above 90 days. The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

(c) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due. Liquidity risk management includes maintaining sufficient cash, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Kuwaiti Dinars			
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 December 2024				
Trade and other payables	32,850,302	-	-	-
Lease liabilities	25,267,904	22,411,416	53,469,012	83,215,211
Term loan	18,052,500	32,057,551	56,021,749	-
Maintenance payables	13,327,658	8,099,228	19,483,176	17,461,351
	89,498,364	62,568,195	128,973,937	100,676,562
At 31 December 2023				
Trade and other payables	29,816,435	-	-	-
Lease liabilities	27,414,069	27,414,069	68,065,767	194,833,742
Term loan	2,473,125	3,670,625	30,196,875	-
Bank overdraft	5,447,342	-	-	-
Maintenance payables	8,949,615	1,735,626	10,185,507	16,998,110
	74,100,586	32,820,320	108,448,149	211,831,852

Fair value of financial instruments

The fair values of financial instruments carried at amortized cost less impairment if any, are not significantly different from their carrying values. This is based on unobservable inputs Level 3, with the discount rate that reflects the credit risks of counter parties, being the most significant input.

25. Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated statement of financial position, plus net debt.

The gearing ratios at the consolidated statement of financial position dates were as follows:

	Kuwaiti Dinars	
	2024	2023
Total borrowings including lease liabilities (refer note 8, note 14 and note 13)	204,988,290	185,814,217
Less: Cash and bank balances (refer note 8)	(48,413,833)	(32,904,993)
Net debt	156,574,457	152,909,224
Total equity	35,436,367	25,497,167
Total capital	192,010,824	178,406,391
Gearing ratio	**82%**	**86%**

26. Critical accounting judgments and estimates

The Group makes estimates and assumptions that may affect amounts reported in these consolidated financial statements. Estimates are revised if changes occur in the circumstances on which the estimates were based. The areas where estimates and assumptions are significant to the financial statements, or areas involving a higher degree of judgement, are:

Leased aircraft maintenance costs

The Group incurs liabilities for maintenance costs in respect of its leased aircraft during the course of the lease term. A charge is made in the consolidated statement of income each month based on the number of flight hours or cycles used to build up an accrual to cover the cost of heavy-duty maintenance checks when they occur. Additional maintenance costs for aircraft engines are considered for accrual based on the engineering technical estimates of operational requirements. This requires a significant level of judgment to determine the estimated flying hours and cycles up to the next due and planned checks and the related cost at that time.

Classification of financial assets

The Group determines the classification of financial assets based on the assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding. Refer note 2.8 classification of financial assets for more information.

Impairment of financial assets

The Group estimates expected credit loss for all financial assets carried at amortised cost or fair value through consolidated statement of income except for equity instruments. The determination of expected credit loss involves significant use of external and internal data and assumptions. Refer note 2.8 impairment of financial assets for more information.

Impairment of non-financial assets

The Group tests non-financial assets for impairment to determine their recoverable amounts based on value-in-use calculations or at fair value less costs to sell when the indicators of impairment exist. The value in use includes estimates on growth rates of future cash flows, number of years used in the cash flow model and the discount rates.

Useful lives of property and equipment

The Group determines the estimated useful lives and residual values of property and equipment. Estimated useful lives could change significantly as a result of change in technology. The depreciation charge for the year will change significantly if actual life is different from the estimated useful life of the asset.

Contingent liabilities

Contingent liabilities are potential liabilities that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Provisions for liabilities are recorded when a loss is considered probable and can be reasonably estimated. The determination of whether or not a provision should be recorded for any potential liabilities is based on management's judgements.

Accruals for aircraft flying costs

The management accrues for the landing, parking, ground handling, and other charges applicable for each airport in which the Group operates flights on a monthly basis. These estimates are based on the rate of charges applicable to each airport based on the agreements and recent invoices received for the services obtained. Similarly, accruals for overflying charges are estimated based on the agreement entered with each country. Actual charges may differ from the charges accrued and the differences are accounted for, on a prospective basis.

Extension and termination options in lease contracts

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable both by the Group and the respective lessor. Extension options (or periods after termination options) are only included in the lease term if the lessee is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Discounting of lease payments

The lease payments are discounted using the Group's incremental borrowing rate. Management has applied judgments and estimates to determine the IBR at the commencement of lease.


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