

Date: 12 May 2025

التاريخ: 12 مايو 2025

To: Boursa Kuwait Company K.S.C.P.

المحترمين،

السادة/ شركة بورصة الكويت

تحية طيبة وبعد ،،،

**Subject: Supplementary disclosure regarding the transcript of conference call held with analysts and investors of Jazeera Airways K.S.C.P. for the condensed consolidated interim financial information for the period ended 31/03/2025**

**الموضوع / إفصاح مكمل عن محضر مؤتمر المحللين / المستثمرين لشركة طيران الجزيرة ش.م.ك.ع. عن نتائج المعلومات المالية المرحلية المكثفة المجمعة عن الفترة المالية المنتهية في 2025/03/31.**

Pertaining to the above subject and our disclosure dated 07 May 2025 please find attached transcript of conference call held with analysts and investors for the condensed consolidated interim financial information for the period ended 31/03/2025.

بالإشارة إلى الموضوع أعلاه، وإلى إفصاحنا بتاريخ 07 مايو 2025، نرفق لكم محضر مؤتمر المحللين/ المستثمرين عن نتائج المعلومات المالية المرحلية المكثفة المجمعة عن الفترة المالية المنتهية في 2025/03/31.

Sincerely,

وتفضلوا بقبول فائق الاحترام ،،،



Barathan Pasupathi باراثان پاسوپاثي  
CEO الرئيس التنفيذي

الجزيرة.  
Jazeera.

نموذج الإفصاح المكمل  
Supplementary Disclosure Form

12 مايو 2025	التاريخ Date
Jazeera Airways K.S.C.P.	اسم الشركة المدرجة Company
محضر مؤتمر المحللين - الربع الأول لعام 2025 Transcript of the Analysts Conference - 1Q 2025	عنوان الإفصاح Disclosure Title
07 مايو 2025	تاريخ الإفصاح السابق Date of Previous Disclosure
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Barathan Pasupathi باراثان پاسوباثي  
CEO الرئيس التنفيذي

## Transcript of Jazeera Airways K.S.C.P. 1Q25 Analysts / Investors Conference Call held on Wednesday 07 May 2025

**Hatem:** Hello everyone. This is Hatem Alaa from EFG Hermes and welcome to Jazeera Airways First Quarter 2025 Results Conference Call. I'm pleased to have on the call today from Jazeera Airways, Barathan Pasupathi, CEO and Krishnan Balakrishnan, Deputy CEO & CFO.

We'll start by presentation for management and then we'll open the floor for your questions. As an initial reminder, to ask a question you can either type it in the chat box or you can click on the raise hand button. Barathan, please go ahead.

**Bara:** Thank you, Hatem and good afternoon to everyone who joins us on the First Quarter 2025 Call. Today, I am joined by Krishnan Balakrishnan, our Deputy CEO and CFO of the business to unpack a very strong first quarter '25 earnings webcast.

We will first start out with the introduction, and we will cover, as per usual, the operational and financial headlines and give you the outlook of 2025 and Krishnan will take you over the financial details on performance in Q1.

We are very pleased to say that this quarter, Jazeera delivered a robust performance with 4.7 million KD of net profit in the quarter, recording what is the best ever first quarter performance in Jazeera's 20 year history. We have shown that we have been executing to the strategy that we highlighted to all investors on the call in Q4 and we are delivering on transformation and cost initiatives.

The great news is that this quarter, the airline delivered solid profits, clearly showing that it's turning the corner around and together with the terminal recorded the 4.7 million KD net number as a group. Jazeera is delivering on all revenue and cost segments, and today we will give you more color as we unpack the numbers.

In terms of headlines, Jazeera recorded a 7.7% or almost 8% growth of passenger numbers in 1Q '25 at 1.244 million. Now, this is strong growth, if you compare that we have operated the same number of fleet of 24 units in the quarter— 23 units, to be precise and 1 unit on wet lease. How did we do that? This quarter, Jazeera managed capacity in a very agile and nimble way and increased seats as we lifted the seat density of our fleet from 168 to 171 in the quarter. We'll give



you some color in terms of how we're staging the rest of the quarter in seat growth.

Demand was also very robust in Kuwait. We continue to see strong demand across the network, including Egypt, Saudi Arabia, the GCC markets and the Indian subcontinent and that helped Jazeera uplift seat growth or passenger growth by 7.7%.

Load factors were stable. If you take into account in Q1 of 2025, we had almost a full month of Ramadan in the month of March in the first quarter. In balance, load factors performed well and if you consider the fact that we've added more seats and actually increased utilization by almost 5%, that actually balances out very well because we also recorded a very strong yield performance of almost 8% in the quarter. Robust demand, managing point-to-point traffic and balancing the shoulders with O&D transit market allowed us to lift yields in the quarter.

Another added lift you'll see in the presentation is the performance by ancillary revenue that grew by almost 30% in the quarter relative to Q1 of 2024. Clearly signaling that the initiatives that we highlighted in Q4 are actually playing out very strongly and very early in 1Q of 2025.

RASK grew by almost 4% in the quarter. This is clearly an outcome of the robust demand, very agile capacity management into strong markets in the quarter and the balance between point-to-point in O&D markets.

CASK, at the same time, also uplifted performance as when we flip to the slides later, you'll see that we've recorded strong operational revenue and net profits. CASK was actually reduced in the quarter by almost 8%. This was a result of the aircraft purchases in Q4 of 2024 and Krishnan will give you more color into that. That was combined by transformation initiatives across a lot of low-cost activities in the business.

We improved precision timing schedules of ground handling, improved rotation and also improved productive capacity of resourcing and aircraft. By also uplifting utilization in the quarter, it is also further helped lift CASK in the right direction. You'll also notice that CASK, excluding fuel, dropped by 7.9%.

In the quarter, relative to the tailwind we are seeing for the rest of the year, fuel prices were almost stable relative to 2024. However, in this quarter, we've used,



on balance, more CEO aircraft compared to the new fleet and hence we have seen the performance of CASK, excluding fuel.

Coming to revenues, the robust demand in Q1, the strong and nimble capacity management and playing into opportunistic strengths in the market and the contribution from ancillary revenue helped us lift performance by 15.5%. Jazeera recorded KD 53.6 million of revenue at a group level in 1Q 2025. This relative to 1Q 2024 clearly indicates that the market is going from strength to strength from the last two to three quarters in which you've seen Jazeera's results.

Reflecting back on 1Q 2024, in this quarter, Kuwait opened up. We are seeing more passengers come through the terminals. We are seeing more visas being issued and we are seeing more directional demand across the network.

Operating profit, as I've explained, grew by almost 430%, clearly a reflection of the performance we've seen on strong RASK and strong CASK management. The uplift in RASK and CASK has allowed Jazeera to record almost 6.8 million KD of operating profit in 1Q '25. That is a strong growth compared to 1Q '24 where the numbers were 1.3 million KD.

Coming into net profit, 1Q '25 this quarter, we delivered KD 4.7 million of profitability. 1Q '24 if you recall, we had a forex adjustment in the Egyptian pound devaluation that impacted many industries, including banking and aviation. We took in an Egyptian pound devaluation loss of 2.5 million KDs. Even if you back out the forex loss, Jazeera came in quite strongly in the quarter, recording the best ever quarter in Jazeera's 20 year history.

If you recall me mentioning on the performance being uplifted by an added lever in the business that we have been programmed in the transformation initiatives, ancillary revenue grew for a combined 30%. This was aided by both growth in cargo revenue and passenger ancillary revenue.

Cargo revenue grew out strongly in the quarter as we filled more belly space. We opened more lines that were unserved by our fleet in the network. We arranged new arrangements on inbound shipments into Kuwait in a couple of markets that were not open before. At the same time, we saw a marginal improvement of yields.

On the passenger side, we grew both fee and customer experience revenue across the suite of products we have launched. In the last couple of weeks, you've

probably heard Jazeera launching a number of products with Hopper and with a number of initiatives that will be lined up in the following months with the implementation of the digital transformation they'll be embarking with TCS. Passenger revenue, ancillary passenger revenue, grew at KD 5.1 million compared to KD 3.9 million last quarter. In balance, total ancillary revenue grew at 30% and this is per passenger growth at almost 20.7% given the mix of point-to-point and transit markets in the network.

Overall, we are very pleased with the developments in this space, which we clearly signal in Q4 is one of the focus core areas in a five year strategy. You'll see that in the following months and weeks, Jazeera will be launching a number of further initiatives in this space.

The terminal continued to perform very strongly. If you look at the terminal's performance in 1Q '25, it recorded a revenue of KD 3.4 million, an operating profit of KD 2.8 million and a net profit of KD 2.4 million. Now, these are growth between 9% to 10% across all 3 segments.

With passenger traffic at 1.24 million in the terminal this quarter, the T5 team did a number of initiatives. More commercial footprint was opened up across the airport on both the land side and air side. More capacity was added in terms of flow of customers to aid the seamless transfer of customers in the terminal. The duty free team also expanded the product offerings, both on the ground in the terminal as well as on board the flights. So, we're very pleased with where T5 is performing and you'll also hear from Krishnan later on how we are investing into the terminal this quarter to even build a customer experience for customers.

First quarter '25 market share and passenger distribution was another first for Jazeera. This quarter, market share was at an all-time high of 32.3%. That grew almost 3% compared to 1Q '24. If you look at the route and network mix, the GCC market tapered off slightly as we extended the offerings in Egypt, in other markets, mainly the CIS and direct flying into the KSA. This build out of the network will continue to play out and will be very different in Q2 and Q3 as we have launched almost 700,000 leisure seats this summer compared to 500,000 leisure seats last year.

On balance, we are pleased with the way the market share has inched up quarter-on-quarter. If you look at the 1Q market share on Jazeera's network, on overlap

network, that is now at 39.2%. That compares favorably with 37.3%. You'll also hear from us later on the number of new markets we've launched this summer.

In terms of destinations, with the launch of Sochi, Yerevan and Budapest this summer, with an added few other destinations that we used to operate before, Jazeera will take the network to 57 coming into a very strong summer.

In terms of outlook for 2025, we maintain a strong momentum. Our network will focus on capacity and passenger mix optimization, as we have done on Q2, 3, 4 of 2024 and also executed strongly in Q1 of 2024. We will increase the leisure offering in 2025 with 700,000 leisure seats across a number of markets, including Sochi, Budapest, Hurghada and Yerevan.

At the same time, we will record the biggest ever Hajj operation in Jazeera history, and we have from the 15<sup>th</sup> of May to the 15<sup>th</sup> of June, secured a large profile of Hajj traffic across the network going into Saudi Arabia and will continue to be one of the leading international carriers bringing Hajj into the Saudi markets.

Fuel— we'll continue monitoring fuel prices. With the favorable tailwinds we have seen in the recent weeks and with the way the fuel curve is balanced out for the rest of the year, we have not taken any hedging contracts in place. However, having said that, it will not stop us from opportunistically looking at hedging activities when we are comfortable with price points and demand/supply balances.

In terms of fleet, despite market uncertainties in other regions, we maintain an outlook that the GCC has not seen any impact on capacity or demand as yet, but we think that this is a strong tailwind that will continue to maintain going forward. We'll remain agile in deployment, and we will continue leveraging our seat retrofit program for the next two to three quarters. In fact, on what we presented in Q4 of 2024, where we'll get 174 seats at the end of the year, we will actually achieve that coming into summer of 2025.

Our focus will continue on low-cost DNA and we are also looking at opportunistically acquiring aircraft in the current market condition. That is the fuel with any opportunistic growth plans that Jazeera can undertake in the next one to two years before our own order book gets delivered from Quarter 4 of 2026.



As you've heard our recent announcements on Hopper and TCS, digital transformation firmly remains in play. We will elevate customer experience and the ancillary revenue enhancements that you have seen in 1Q of 2024, 2025 across the quarters in 2025. A number of initiatives have been launched and we are very confident that this summer we will record very strong ancillary revenue passengers— per passenger.

In our recent announcement two days ago, Jazeera also informed the market on the new C Suite structure of how we are building out talent in the organization and bench leadership, bench strength in order to build the capacity and capabilities to embark on a five-year strategy, we have announced a Chief Commercial Officer “CCO” joining, Captain Ayman, who has been in the business and who is a 33 year old pilot— a 33 year experienced pilot in Kuwait, in both aviation and the DGCA, has now been promoted to the position of the COO. Ginny Sethi, who has been in the transportation sector in Kuwait, both in land transport and commercial bussing transport and now in aviation with us, will be promoted into a CPO position. This clearly shows that as we build out the organization and will grow from the current team strength of 1,600 to almost 2,500 in 5 years, we are clearly building out the leadership that is required to attend to this.

Very interestingly, you'll also have heard that we have moved Paul Carroll, the CCO from AirAsia group into Jazeera in the last week. So, this will clearly show you our intent in terms of how we are building out the network and how we are planning ahead to take the growth aircraft that's coming on board Jazeera.

With that, let me now hand you over to Krishnan to take you into all the details on the financial numbers. Krishnan.

**Krishnan:** Thank you so much, Barathan. A very warm afternoon to everyone. As Bara has already stated, we had the CASK and the RASK for 2025 first quarter moving in the right direction. The RASK increased by 3.6% and the CASK, even ex-fuel, reduced by almost 8%. Both basically drove the profits to the levels that we see.

The average aircraft numbers increased by about 4.3% but our seats increased by 8.5% year-over-year, and this was driven by two things. One, of course, the utilization, which was higher by 5% plus also the capacity itself going up. The third factor was the increase in the number of seats per aircraft. So, we have already implemented 171. Like Bara mentioned, we are going up to 174 shortly. So all of these factors increase the capacity by more than the number of aircraft increases.

Now, if you look at the financials, the revenue went up by 15.5% year-over-year for the first quarter. This was mainly because the passenger numbers increased by about 7.9%, almost 8% and more importantly, the yield, which also went up by 8%. Now, obviously, this was because of several revenue management and route planning which was monitored and managed very closely and that's the result that you see.

Operating expenses only went up by 3.7% compared to the last year. This was despite an 8.3% increase in the block hours. So obviously, the cost efficiencies and the optimization measures that we have implemented are already showing their benefits in our P&L and the operational efficiencies that have been built into the system. The operating profit, as a result, increased by about 430% over the previous year.

The net profit was higher by almost 274% because of the impact— in the last year, of course, because of all the efficiencies that we have got in the system currently, but also last year. If you remember, we had taken a one-time hit for a foreign exchange loss of KD 2.5 million in the first quarter of 2024.

Cash balance was very strong at 55 million KD. This has increased year-over-year and this is mainly because of the good profits being generated by the business and also, we had marginally increased the loans because we had some payments to make for some cap ex.

The liabilities increase because we have the dividend sitting there of almost KD 9 million, which got paid out only in April and of course, a marginal amount of term loan that we used, and the increasing operations, of course, have increased the size of our liabilities, the day-to-day expenses. However, this has been offset by some reduction in the lease liabilities because we purchased six aircraft in December. So, the impact of the lease liabilities on those six aircraft have now gone down sizably.

On the next two slides, of course, we have more details with the graphs about our yield and fuel and the RASK and CASK for your information.

With that, I will hand you back to Bara. Thank you so much for joining this call.

**Bara:** Thank you very much, Krishnan. We are now open to questions if there are any.

**Hatem:** Thank you. If you'd like to ask a question, please use the raise hand function, or you can type your question in the Q&A chat box. There are a few questions in the chat already. Questions from ----- . The first question is can you explain why you're including cargo revenues as part of ancillary revenue?

**Bara:** I think it's a good question, and I think if you look at the way we are building out our ancillary revenue and the way we focus it, the whole suite of ancillary revenue to Jazeera will include everything from the passenger experience and from belly space of the aircraft as well. To us, cargo revenue is a function of activities that the airline is pursuing to drive total yield. On one hand, you have the passenger yield and everything after passenger yield will fall as ancillary. I think it's a simple reason for that that we've marked it as ancillary. Thank you.

**Hatem:** Okay, questions from ----- . Are there any loss-making routes currently, and what measures are being taken to turn them profitable? The second question is does the Q1 net profit include gain from aircraft purchased?

**Bara:** Thank you for the question. First, let me attend to the one on any gains from aircraft purchase. If you do recall, in Q4 of 2024, Krishnan did highlight to the investor community in our call, that approximately we will derive, on a per annum basis, somewhere around KD 3 million. If you prorate that on a quarterly basis, yes, you can take one-fourth of that as the outcome of the initiatives that we've taken to drive cost down by owning and retaining the margin that otherwise the airline would have had to dissolve to third parties who would be renting the aircraft to us. So that's— of course, that will answer that.

In terms of loss-making routes in the network— in any network, given seasonality and the network balance, there will be some markets that will make losses in a month and then turn around in the other month, but we look at the whole network as a portfolio. When we look at that approach, yes, sometimes the highly profitable networks will support in the seasonal low winter offerings, the poor performing markets and you have to flip between northern summer and northern winter happen as well. So, we don't look at one particular market.

Obviously, we are focused on contribution margins and a full return on all DOCs for each route that we operate it. And so on that basis, we will focus very acutely and I think the teams are programmed to look at it on a daily, weekly, monthly basis. But we can't take that view that just because one route makes a loss in one week or one month, that's a loss making route.



So my main answer to the question is that we look at a network performance point of view, and we look at the full network performance and are very pleased in terms of the way the teams have grown the strength of network quarter-on-quarter. If you looked at what has happened in Q4, if I reflect back in Q4 of '23 and Q1 of '24 and you have seen the last three quarters, including Q1 of '25, you've seen that we have returned very strong performances on the network and hence, you've seen the strong operational profits as well as the net profits. Thank you.

**Hatem:** Question from ----- . Can you provide more details on how you increased yields and ancillary revenue in the first quarter? What type of initiative did you do? And excluding them, how much was the organic increase in yields?

**Bara:** Thank you. I'll take the question in two parts. Let me tackle ancillary and then I'll talk about yield in general because that includes a dimension on passenger traffic.

On ancillary, if you flip back to a page where we highlighted the five-year strategy in Q4, you will see that we were planning to build out our ancillary revenues per passenger each year by year and then end up in in the year five of a growth plan at around 6.5/6.6 KD a passenger. Now, if you look at the first year of the five-year strategy, which is 2025, we targeted ancillary revenue per passenger of between 4.4 to 4.6, but if you look at the overall performance, we are almost there at this stage in Q1.

Now, how did we do that? It involved a number of initiatives across the whole customer experience journey. It includes seats and seat selection. It includes meals. It includes a bundle offering. It includes dynamic pricing. It includes products that we have launched in the last week. It will include numerous other initiatives.

Now, if you then play back on what low-cost airlines do in different regions, obviously we have to be cognizant that we are in the Middle East, and if you look at models in the west and Asia or Australia, you'll see that airlines typically are able to build out ancillary revenue streams in the low-cost segment of between 30% to almost 40%. We are only at the start of the journey in Jazeera. Our ancillary revenue yields, or percentage of ancillary revenue as a proportion of total passenger yields, was only around 9% to 10% historically. You've seen what we have done. You've already seen in the last two quarters, direct flow through of ancillary revenue performance for the net profit lines. In both Q4 and in Q1, if you

dig deeper in the numbers, you'll realize that the uplift of performance in the profits was also usually driven by the uplift of ancillary performance.

If you look at— even if you put your cargo, there's a question earlier on cargo revenue. The cargo revenue only grew around KD 100,000, but if you look at the total, absolute growth on the passenger ancillary revenue, that is huge. That will continue to play out as we build those value propositions for the rest of the year.

Now, coming back to the first question on yield, how did we build out Q1 yield compared to Q1 of 2024? A couple of factors have to be considered in the mix. One is the big factor of Kuwait opening up. In Q1 of 2024 and even Q4 of 2023, the market was not perfect or seamless, if I can put it. Visas were not easy to be obtained coming into Kuwait. You'll see that the government has now actually put a lot of initiatives that is actually facilitating hotel rooms. Room numbers are going up slowly in Kuwait. We see tourists coming in. You've seen huge demand in events and tournaments being held in Kuwait. You had a soccer tournament in December. You had the Red Bull Festival event just a couple of weeks ago, and you have numerous competitions and events opening up in Kuwait. Now, this is clearly one factor that has been contributing to a very strong performance in Q1.

On top of that, we have also seen the directionally markets where you were only at outbound travel out of Kuwait because of the visa facilitation, we see inbound travel coming in as well. So, that has really helped us push up yields in Q1 and also, given the fact that we were very agile and nimble in terms of capacity management, which we highlighted very clearly in the Q2 call last year that we will be doing. We did that in Q3, Q4 and we also did that in Q1.

So, all those factors in the mix allowed us to improve performance in yield in 1Q25.

**Hatem:** Question from ----. Can you please explain further the fuel cost efficiency delivered this quarter? You mentioned that jet fuel prices were stable year-on-year, but efficiency initiatives helped control costs.

**Bara:** Thank you. Great question. Let me flow this question to Krishnan. Just give me a minute.

**Krishnan:** So in the fuel efficiency measures, we have a few actions that we have identified in collaboration with Airbus. For instance, a single engine taxi out, making sure that the APUs are used where it is absolutely essential. Several other— the altitude at which the aircraft needs to fly. So, there were several measures which were identified, very operational and we have a monitoring mechanism. We have a software which monitors every single flight and every single pilot's performance based on these parameters.

This is tracked on literally every flight basis and at the end of the month, we identify where we can do better and who can do better. These measures are very, very strictly followed. The pilots are very cooperative, and they have actually been trying to outdo each other. We definitely are seeing the benefits of this healthy competition within the team. We are seeing the consumption is not— literally not increasing compared to last year. It's actually coming down every time that we see despite the aircraft getting older by a year. Of course, there is always the benefit of flying NEOs and the combination of NEOs and CEOs, we try and keep it as optimal as possible so that we consume less fuel. So these are the few measures that we have in place and they're working very well. Thank you.

**Hatem:** Thank you. We'll take a question from the line of -----. Please unmute yourself

-----: I have a couple of questions. First, on the terminal expansion update that is going on for the existing T5, what kind of cap ex are you doing? And the permission for the expansion, the approval for— what's the status of that? If you can, just update us on that particular aspect.

Second, on the lease aircraft, the one that you've given for [indiscernible 36:34], did you make around KD 600,000 this quarter and have the aircraft come back to your fleet, given that the season is expected to start? It was supposed to come back in April or May. So, is it back on your fleet now, if you can just update on that aspect.

Thirdly, on the KD 3 million savings that you have mentioned for taking the aircraft from the books, I still am not able to work around on the numbers, given that your depreciation have gone up, your interest cost has gone up from the loans taken to come or to get the aircraft or to own the aircraft that's on leasing. So, I know you would be making some savings on the maintenance aspect and some— like for fuels and lease liabilities, but the differential looked more



substantial, that could be more negative on the income statement than positive. So I'm not able to work my head around as to where are you saving the 3 million KD over and above the incremental cost that is coming on your depreciation and the interest cost from the debt. So if you can just be more specific, maybe Krishnan on that, that would be helpful.

So just these three now. I will come back in the queue later. Thank you so much.

**Bara:** Thank you, ----- . I think you're as sharp as ever. Let me answer the three questions. The first one was on T5 expansion and the cap ex around that. Two is a wet lease. You asked about the wet lease and what are the returns on that? Three, the depreciation interest and dynamics of own versus lease, I think.

Now, the question two and three, Krishnan will cover that, but before I cover question one, yes, you are right to say, in terms of the depreciation interest, it's a whole different ball game altogether because we now are owners of the aircraft. We will not have purchased the aircraft if not being confident and clear that retaining the margins internally was a better outcome than leasing the aircraft. In fact, we will be in the market looking for more aircraft to kind of continue the performance and opportunities there. Krishnan will expand on that.

Now, let me take you to T5 expansion. I want to elaborate, just not only on T5. I think in the last three to four calls that I've taken at Jazeera, there were several questions around approvals and obtaining land and building infrastructure. Now, before I expand on T5, I'm very pleased to say, come August this year, we will complete almost 5,000 square meter amazing operational support building to house 12 of our spare engines and put the entire suite of engineering workstation under one roof in the air side.

Now, this has taken some time coming, but to just give you a clear outlook in building out infrastructure, T5 expansion, two stages. We are very confident on expanding T5. In fact, we are very close to getting the final approvals. There are a few layers to do that, but before, we have been at the drawing board in terms of designing it and ensuring that the flow of customers that we need T5, in terms of expansion to handle almost 7.5 million to 8 million for the following 3 years. So, we are looking into that. We are confident in building that out. We know the approvals have been delayed, but we are not sitting still on that. Hence this summer coming, Krishnan can cover that as well, we'll be investing on breaking

out capacity and refinements to improve customer experience in T5 in the current state.

Our eventual game plan is still T6. If you build out the CAGR, the compounded annual growth rate of passenger traffic in Kuwait over time for the next 5 to 10 years, you will see that, yes, the remarkable T2 is necessary in Kuwait. At the same time, Kuwait will need a terminal that can handle between 10 million to 12 million passengers. So, we are still focused on T6 as an eventual outcome, but before that, the T5 expansion will be a bridge hit for us to get there.

So in terms of capex, we are designing the layouts of this. Given our stringent capital allocation and fiscal discipline, we'll ensure that the expansion is able to handle growth up to 8 million, but as an adjacent extension of the current building that contains most of the cap ex, any extension going to the current building will be secondary or will not be as expensive as the first expansion we did. So, with that, we don't think we're going to spend as much as we did. You can use the ballpark of what we have spent on the T5 building at the onset.

Now, let me now hand you over to Krishnan to take on the next two questions.

**Krishnan:** Thanks, Bara. Bara mentioned about the T5 enhancements in this summer. So, I just give you a couple of highlights what we are working towards. We are going to change the location of the business launch and enhance the capacity by double its current capacity. The passenger seating capacity will be increased by about 20% on the air side overall, because we are adding some more area and more seating inside. Additionally, the toilets— we are, in fact, doubling the current existing number of toilets. These only a major ones which will affect the passenger experience. Now, there are several other enhancements that we are doing which will also help us with the operations.

Now going on to the second question that you had. On the cost of the acquisition, where the savings are not being reflected. Well, now we depreciate the aircraft and we take the interest cost on the purchase. Whatever loan we have taken towards purchasing the aircraft, the interest is getting charged as part of the aircraft cost. Earlier, these aircraft were under the lease and therefore were getting reflected as part of the IFRS amortization and IFRS interest line items. So, the reduction you will see is in those two items on the IFRS costs. We have verified— we have gone through it during our budget exercise as well, and the numbers we mentioned are definitely in line with what we have seen.

The third thing you asked us about the wet lease, what is the income? So the net income that in the first three months that we have got after the direct expenses towards the maintenance and the crew and everything, we have net-net benefit of KD 420,000. The gross amount, of course, was in excess of KD 600,000 as you mentioned. I hope that covers the question.

-----: Is the plane back on your fleet? Have you got the flight back— your wet lease aircraft?

**Bara:** Yes, we have programmed it as we did right from the start of the aircraft is to balance capacity, and we will have the aircraft very soon in Kuwait to— just before the Hajj season. And that's where you recall my comment earlier. We'll have one of the biggest Hajj operations, so all our fleet will be back in Kuwait before the Hajj operations.

**Hatem:** There are a few questions on related topics, so I'll just read them out. On the terminal, a couple of people are asking, what is the current capacity of T5 and have you reached the maximum capacity? And question also on the wet leases, are the wet lease expenses recorded under other operating costs and do we expect more wet leases in?

**Bara:** Let me handle the first question on Terminal 5. If you've seen what we've done last year, we have flowed more than almost 4.9 plus million customers in T5. We handled it well without some of the refinements in flow and investments in customer experience that we are putting in place. This year, if you look at our growth numbers, you've seen how we're playing out— how we are programming the year with additional seat density on the fleet. We will go above 5 million but still we'll be able to manage those numbers. We will see between 5.3 million to 5.5 million customers in the terminal. We are confident that with whatever improvements we're making to date in the terminal, including outside of the terminal, in terms of improving traffic flow management, we will be able to handle that. Thank you. Now on the wet lease, I think the question was, was it covered under the operational line?

**Krishnan:** The wet lease net income was adjusted against the lease cost, which is the IFRS cost, so that's where you will get that in.

**Hatem:** There are a couple of questions on yields, on the outlook for yields for 2025, particularly for Q2 and the summer season. Is there an expectation of an improvement in trends?



**Bara:** I think I made a global comment about what the rest of the world is seeing in terms of in Europe and in the US and even in some part of Asia, in terms of how the current geopolitics, or call it the tariff trade or the situations in geopolitics are playing out in terms of softening of yields in that part of the world.

Our initial thoughts on this is that given the strong Q1 we've seen and given the early signs we've seen on summer bookings, we do not see this as yet an issue for the Middle East. However, we will remain cognizant and in focus of how this shapes up and develops. But given the strengths that we are playing into, both on Hajj and early arrival of the summer season and the markets that we've launched across the network— and if you look at the capacity traffic on market statistics, you'll see that this summer in Kuwait, your summer capacity is almost intact compared to summer of 2022.

What does it mean for us? It means that we are playing into summer this year, as we did last year and if you've seen how we executed Q2 and Q3 of last year, we are looking at a trajectory around the same build up on revenue curve lines. Obviously, there's a couple of things this year which is very different from last year. We didn't have the tailwind on the price of fuel. We also aware of that and we will opportunistically look at avenues on programming further reduction in fuel cost as it goes for the rest of the year, but on a yield basis, if I can tackle Q2 and Q3 with the comment, we will maintain a very stable to a stable plus outlook for this summer. But then again, that has to play out. I think every one of you on this call know that the Middle East is a late booking market unlike the rest of the world, and we have to be cognizant of that as well. Thank you.

**Hatem:** A few questions on Saudi— a follow-up from -----. Saudi is developing an airline strategy aimed at capturing a greater share of religious travel by attracting more point-to-point traffic to the country. How do you see yourself positioned in this landscape and similarly on Saudi ----- asking if you have any updates on your Saudi operations.

**Bara:** Thank you. That's a brilliant question and it's one that, as you know, in the last— the teams of Jazeera over the last four to five years have built out an amazing value propositions right up to Central Asia, into the caucuses and to even certain markets in Russia, flowing traffic into Saudi Arabia. We are, I would say, the number one international carrier of the Hajj traffic in this part of the world where I've mentioned going into the kingdom. We are very pleased with the partnership, the collaboration and the acknowledgement that we received from GACA, from

all the stakeholders in Saudi Arabia and the support we receive for us to be able to mount such operations. They're technically very precise, given the slot constraints and the precise allocation of slots on point-to-point basis going into Saudi Arabia for Hajj.

The other good news is the Umrah market. I think you've seen how the Umrah market is played out. We are tapping into the Umrah market, and that is also very good for Jazeera. Now, in terms of strategy, everyone on this call will also be aware of the filing that many airlines, including Jazeera, made for the AOC demand. We have not heard anything on that, but meanwhile, we continue to remain focused on building out the Saudi Arabian strategy and our even extended more than just the religious segments, which has been done very nicely with strong collaboration and partners the leisure market.

We are very encouraged by the enthusiasm and the support and the encouragement we get from Saudi authorities in terms of building out tourism into Saudi Arabia. I think most of you will be aware of the number of airports that are opening up. We are exploring opportunities. So far, I can tell you, Riyadh is an amazing value proposition from the Kuwait market. We have multiple frequencies in the Jeddah and Medina, as well as seasonal leisure offerings into the kingdom. We clearly see Saudi Arabia as one of the markets where you will see phenomenal ASKs growth in Jazeera for the next five years. Thank you.

**Hatem:** Another question from ----- . How should we think about capex per year in '25 to '27?

**Krishnan:** There are several projects, as I think, even in the previous call, which Bara mentioned, we are embarking on, of course, the T5 extension, as explained today by Bara. Besides that, we have also applied for space to develop our hanger in Kuwait, develop our own ATO where we can house the simulator and do all our training in house, and developing a catering facility which will handle all the in-flight catering for our flights and, of course, enhancing the operations in several ways on the ramp side with small facilities with more X-ray capacity. So, there will be all these investments which will go in. I'm keeping T6 aside because that's a whole new major project, but all these projects will happen.

Plus, we also have some investment going into the aircraft in the form of PDPs. We are currently with the PDPs as of now, and we are in discussions with Airbus

for more clarity on the delivery positions that will determine the PDPs that will be required. So this is the landscape of the investments that we are looking at. And as things stand today, we are well in a position to manage all of these capex with the lines we already have with the local banks and from the cash generated from the operations

**Hatem:** Last question, it's a follow up from ----- . We've seen a drop in maintenance costs in the first quarter. Should we expect this trend to continue?

**Bara:** Look on maintenance costs, just like the other areas of ground handling costs, you look at flight operations of course, we are looking on a number of initiatives. Now, the fact that we reduce maintenance costs in one quarter is also a reflection of if you look at Q1 to— quarter-on-quarter, we actually drove ASKs and we also drove a lot of utilization. Some elements of your maintenance cost, if you fly a lower set of hours compared to what you are programmed to do, you still incur a fixed element. So, what we've done is that by driving almost 5% increase in utilization, we've been able to balance maintenance costs, just as we did with all the other costs in the business and Q1 as well. Hence, you seen the uplift in operational performance. Thank you.

**Hatem:** There are no more questions at the stage. So I think we can conclude. Thank you to Jazeera's management for your time today.

**Bara:** Thank you, Hatem. Before we conclude, I really want to thank the investment community for all their support and confidence in Jazeera Airways. One last comment from the leadership team is that this amazing performance this quarter, record breaking performance over the last 20 years in Q1, is a clear reflection of the unwavering focus and the commitment and the dedication of all the people and teams at Jazeera, and we also like to thank them exceptionally as well as to thank the investment community. Thank you.

**Hatem:** Thank you, Bara and Krishnan, and thank you, everyone, for joining. This concludes today's call.