

**AIR ARABIA PJSC and its subsidiaries**

**Condensed consolidated interim financial statements for the  
six-months period ended 30 June 2025 (unaudited)**

**Air Arabia PJSC and its subsidiaries**

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**Review report and condensed consolidated interim financial statements  
for the six-months period ended 30 June 2025 (unaudited)**

	<b>Pages</b>
<b>Independent auditor's report on review of condensed consolidated interim financial statements</b>	<b>1-2</b>
<b>Condensed consolidated interim statement of financial position</b>	<b>3 - 4</b>
<b>Condensed consolidated interim statement of profit or loss</b>	<b>5</b>
<b>Condensed consolidated interim statement of other comprehensive income</b>	<b>6</b>
<b>Condensed consolidated interim statement of changes in equity</b>	<b>7 – 8</b>
<b>Condensed consolidated interim statement of cash flows</b>	<b>9 – 10</b>
<b>Notes to the condensed consolidated interim financial statements</b>	<b>11 - 25</b>



KPMG Lower Gulf Limited  
2004, Al Batha Tower  
P.O. Box 28653, Buhaira Corniche  
Sharjah, United Arab Emirates  
Tel. +971 (6) 517 0700, [www.kpmg.com/ae](http://www.kpmg.com/ae)

## Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Statements

### To the Board of Directors of Air Arabia PJSC

#### Introduction

We have reviewed the accompanying 30 June 2025 condensed consolidated interim financial statements of Air Arabia PJSC ("the Company") and its subsidiaries ("the Group"), which comprises:

- the condensed consolidated interim statement of financial position as at 30 June 2025;
- the condensed consolidated interim statement of profit or loss for the three-month and six-month period ended 30 June 2025;
- the condensed consolidated interim statement of other comprehensive income for the three-month and six-month period ended 30 June 2025;
- the condensed consolidated interim statement of changes in equity for the six-month period ended 30 June 2025;
- the condensed consolidated interim statement of cash flows for the six-month period ended 30 June 2025; and
- notes to the condensed consolidated interim financial statements for the six-month period ended 30 June 2025.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.



#### Scope of Review

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

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2025 condensed consolidated interim financial statements is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'

#### Other Matter

The condensed consolidated interim financial statements of the Group for the six-month period ended 30 June 2024, were reviewed by another auditor who expressed an unmodified conclusion on those condensed consolidated interim financial statements on 12 August 2024 and the consolidated financial statements of the Group as at and for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 13 February 2025.

KPMG Lower Gulf Limited – SHJ BR

Avtar Jalif  
Registration No.: 5413  
Sharjah, United Arab Emirates

Date: **13 AUG 2025**

## AIR ARABIA PJSC and its subsidiaries

### Condensed consolidated interim statement of financial position as at 30 June 2025

		30 June 2025 (Unaudited) AED'000	31 December 2024 (Audited) AED'000
	Note		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	6	4,662,230	4,661,664
Right of use assets	12	798,879	784,706
Advance for new aircraft	7	1,679,538	1,262,605
Investment property		264,086	244,734
Net investment in lease		137,184	172,078
Intangible assets	8	1,356,790	1,350,270
Deferred charges		11,684	14,230
Investments at fair value through other comprehensive income	9	430,217	420,366
Investments in associates and joint ventures		241,321	226,404
Trade and other receivables		25,865	27,118
<b>Total non-current assets</b>		<b>9,607,794</b>	<b>9,164,175</b>
<b>Current assets</b>			
Inventories		72,655	53,456
Trade and other receivables		1,003,051	824,296
Fixed deposits	10	3,950,328	4,619,288
Cash and cash equivalents	11	754,102	700,229
<b>Total current assets</b>		<b>5,780,136</b>	<b>6,197,269</b>
<b>TOTAL ASSETS</b>		<b>15,387,930</b>	<b>15,361,444</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		4,666,700	4,666,700
Statutory reserve		1,113,830	1,050,306
General reserve		552,828	489,304
Other reserves		(108,563)	(45,785)
Retained earnings		1,150,991	1,789,805
<b>Equity attributable to owners of the Company</b>		<b>7,375,786</b>	<b>7,950,330</b>
<b>Non-controlling interests</b>		<b>1,133</b>	<b>1,728</b>
<b>Total equity</b>		<b>7,376,919</b>	<b>7,952,058</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provision for staff termination benefits		259,815	239,721
Provisions for maintenance		1,177,603	1,226,599
Trade and other payables		102,993	81,145
Lease liabilities	12	1,281,545	1,476,218
<b>Total non-current liabilities</b>		<b>2,821,956</b>	<b>3,023,683</b>

The notes on pages 11 to 25 are an integral part of these condensed consolidated interim financial statements.

# AIR ARABIA PJSC and its subsidiaries

## Condensed consolidated interim statement of financial position (continued) as at 30 June 2025

	Note	30 June 2025 (Unaudited) AED'000	31 December 2024 (Audited) AED'000
<b>Current liabilities</b>			
Deferred income		1,069,192	835,350
Provisions for maintenance		326,742	341,152
Trade and other payables		2,937,772	2,442,470
Bank borrowings		-	15,383
Lease liabilities	12	598,784	609,840
Current tax liabilities	20	256,565	141,508
<b>Total current liabilities</b>		<b>5,189,055</b>	<b>4,385,703</b>
<b>Total liabilities</b>		<b>8,011,011</b>	<b>7,409,386</b>
<b>Total equity and liabilities</b>		<b>15,387,930</b>	<b>15,361,444</b>



Chairman



Chief Executive Officer



Director Finance

The notes on pages 11 to 25 are an integral part of these condensed consolidated interim financial statements.

## AIR ARABIA PJSC and its subsidiaries

### Condensed consolidated interim statement of profit or loss for the three-months and six-months period ended 30 June 2025

	<i>Note</i>	<i>For the three months ended 30 June</i>		<i>For the six months ended 30 June</i>	
		<i>2025 (Unaudited) AED'000</i>	<i>2024 (Unaudited) AED'000</i>	<i>2025 (Unaudited) AED'000</i>	<i>2024 (Unaudited) AED'000</i>
Revenue		1,692,159	1,656,396	3,447,216	3,197,294
Direct operating costs		(1,317,442)	(1,218,034)	(2,699,806)	(2,437,215)
<b>Gross profit</b>		<b>374,717</b>	<b>438,362</b>	<b>747,410</b>	<b>760,079</b>
General and administrative expense		(61,364)	(70,040)	(141,398)	(145,628)
Selling and marketing expenses		(28,760)	(21,376)	(54,325)	(45,511)
Finance income		58,759	55,523	123,112	116,503
Finance costs		(17,674)	(18,513)	(34,817)	(43,089)
Share of profit/ (loss) on investments in associates and joint ventures		44,298	4,517	51,153	(6,179)
Other income, net		44,748	38,731	78,936	56,962
<b>Profit before income tax</b>		<b>414,724</b>	<b>427,204</b>	<b>770,071</b>	<b>693,137</b>
Income tax expense	20	(64,843)	(37,026)	(115,057)	(61,793)
<b>Profit for the period</b>		<b>349,881</b>	<b>390,178</b>	<b>655,014</b>	<b>631,344</b>
<b>Profit for the period attributable to:</b>					
Owners of the Company		349,805	390,054	654,909	631,089
Non-controlling interests		76	124	105	255
		<b>349,881</b>	<b>390,178</b>	<b>655,014</b>	<b>631,344</b>
Basic and diluted earnings per share (AED)	19	0.075	0.084	0.140	0.135

The notes on pages 11 to 25 are an integral part of these condensed consolidated interim financial statements.

## AIR ARABIA PJSC and its subsidiaries

### Condensed consolidated interim statement of other comprehensive income for the three-months and six-months period ended 30 June 2025

	<i>For the three months ended 30 June</i>		<i>For the six months ended 30 June</i>	
	<i>2025</i>	<i>2024</i>	<i>2025</i>	<i>2024</i>
<i>Note</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
<b>Profit for the period</b>	<b>349,881</b>	<b>390,178</b>	<b>655,014</b>	<b>631,344</b>
<b>Other comprehensive income:</b>				
<i>Items that will not be reclassified to profit or loss</i>				
Change in fair value of investments measured at fair value through other comprehensive income <b>9</b>	<b>3,163</b>	<b>(1,283)</b>	<b>8,393</b>	<b>(2,682)</b>
<i>Items that are or may be reclassified subsequently to profit or loss</i>				
Cash flow hedge – effective portion of changes in fair value	<b>(56,182)</b>	<b>(13,569)</b>	<b>(71,171)</b>	<b>11,615</b>
Other comprehensive income for the period	<b>(53,019)</b>	<b>(14,852)</b>	<b>(62,778)</b>	<b>8,933</b>
<b>Total comprehensive income for the period</b>	<b>296,862</b>	<b>375,326</b>	<b>592,236</b>	<b>640,277</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	<b>296,786</b>	<b>375,202</b>	<b>592,131</b>	<b>640,022</b>
Non-controlling interests	<b>76</b>	<b>124</b>	<b>105</b>	<b>255</b>
	<b>296,862</b>	<b>375,326</b>	<b>592,236</b>	<b>640,277</b>

The notes on pages 11 to 25 are an integral part of these condensed consolidated interim financial statements.



## AIR ARABIA PJSC and its subsidiaries

### Condensed consolidated interim statement of changes in equity for the six-months period ended 30 June 2025

				<u>Other reserves</u>		
	<i>Share capital</i>	<i>Statutory reserve</i>	<i>General reserve</i>	<i>Cumulative change in FVOCI</i>	<i>Cash flow hedge reserve</i>	<i>Retained earnings</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
At 1 January 2025 (audited)	4,666,700	1,050,306	489,304	6,538	(52,323)	1,789,805
Profit for the period	-	-	-	-	-	654,909
Other comprehensive income for the period	-	-	-	8,393	(71,171)	-
Total comprehensive income for the period	-	-	-	8,393	(71,171)	654,909
Transfer to reserves	-	63,524	63,524	-	-	(127,048)
<b>Transactions with owners:</b>						
Dividends Paid (Note 18)	-	-	-	-	-	(1,166,675)
<b>At 30 June 2025 (unaudited)</b>	<b>4,666,700</b>	<b>1,113,830</b>	<b>552,828</b>	<b>14,931</b>	<b>(123,494)</b>	<b>1,150,991</b>

The notes on pages 11 to 25 are an integral part of these condensed consolidated interim financial statements.

# **AIR ARABIA PJSC and its subsidiaries**

## **Condensed consolidated interim statement of changes in equity (continued) for the six-months period ended 30 June 2025**

		<u>Other reserves</u>					<u>Equity attributable to the owners of the Company</u>	<u>Non- controlling interest</u>	<u>Total Equity</u>
	<u>Share capital</u>	<u>Statutory reserve</u>	<u>General reserve</u>	<u>Cumulative change in FVOCI</u>	<u>Cash flow hedge reserve</u>	<u>Retained earnings</u>	<u>AED '000</u>	<u>AED '000</u>	<u>AED '000</u>
At 1 January 2024 (audited)	4,666,700	912,152	351,150	11,864	59,673	1,532,467	7,534,006	1,084	7,535,090
Profit for the period	-	-	-	-	-	631,089	631,089	255	631,344
Other comprehensive income for the period	-	-	-	(2,682)	11,615	-	8,933	-	8,933
Total comprehensive income for the period	-	-	-	(2,682)	11,615	631,089	640,022	255	640,277
Transfers to reserves	-	60,872	60,872	-	-	(121,744)	-	-	-
<b>Transactions with owners:</b>									
Dividends Paid (Note 18)	-	-	-	-	-	(933,340)	(933,340)	-	(933,340)
<b>At 30 June 2024 (unaudited)</b>	<b>4,666,700</b>	<b>973,024</b>	<b>412,022</b>	<b>9,182</b>	<b>71,288</b>	<b>1,108,472</b>	<b>7,240,688</b>	<b>1,339</b>	<b>7,242,027</b>

The notes on pages 11 to 25 are an integral part of these condensed consolidated interim financial statements.

# AIR ARABIA PJSC and its subsidiaries

## Condensed consolidated interim statement of cash flows for the six-months period ended 30 June 2025

	<i>Note</i>	<b>2025</b> <i>(Unaudited)</i> <b>AED'000</b>	<b>2024</b> <i>(Unaudited)</i> <b>AED'000</b>
<b>Cash flows from operating activities</b>			
Profit before income tax		770,071	693,137
<i>Adjustments for:</i>			
Depreciation and amortization	6,8,12	318,612	336,337
Provision for staff termination benefits		27,928	23,387
Share of profit/ (loss) on investments in associates and joint ventures		(51,153)	6,176
Finance income		(123,112)	(116,503)
Finance costs		34,817	43,089
<b>Operating cash flows before changes in working capital</b>		<b>977,163</b>	<b>985,623</b>
<i>Changes in working capital:</i>			
Inventories		(19,199)	(2,282)
Trade and other receivables		(170,009)	5,151
Trade and other payables		377,808	106,729
Deferred income		233,842	244,157
<b>Cash generated from operating activities</b>		<b>1,399,605</b>	<b>1,339,378</b>
Payment of staff termination benefits		(7,832)	(5,303)
<b>Net cash generated from operating activities</b>		<b>1,391,773</b>	<b>1,334,075</b>
<b>Cash flows from investing activities</b>			
Acquisition of property and equipment	6	(215,960)	(131,011)
Proceeds from net investment in lease		35,309	14,505
Payments in relation to advances for new aircrafts, net		(416,933)	(375,719)
Change in fixed deposits	10	668,960	(102,356)
Finance income received		109,320	115,116
Acquisition of intangible assets	8	(10,870)	(11,449)
Additions to investment property		(19,352)	(44,506)
Dividend received from joint ventures		41,720	85,800
Payment for investment in a joint venture		-	(3,828)
Investment at fair value through OCI – net		(1,458)	(85,351)
<b>Net cash from / (used in) investing activities</b>		<b>190,736</b>	<b>(538,799)</b>

The notes on pages 11 to 25 are an integral part of these condensed consolidated interim financial statements.

**AIR ARABIA PJSC and its subsidiaries**

**Condensed consolidated interim statement of cash flows (continued)  
for the six-months period ended 30 June 2025**

	<i>Note</i>	<b>2025</b> <i>(Unaudited)</i> <i>AED'000</i>	<b>2024</b> <i>(Unaudited)</i> <i>AED'000</i>
<b>Cash flows from financing activities</b>			
Payments of lease liabilities	12	(315,823)	(295,826)
Interest on payment of lease liabilities	12	(17,013)	(12,524)
Bank borrowings (repaid)/ obtained during the period		(15,383)	6,874
Finance costs paid		(13,742)	(33,939)
Dividends paid	18	(1,166,675)	(933,340)
<b>Net cash used in financing activities</b>		<b>(1,528,636)</b>	<b>(1,268,755)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>53,873</b>	<b>(473,479)</b>
Cash and cash equivalents at the beginning of the period		<b>700,229</b>	<b>1,262,308</b>
<b>Cash and cash equivalents at the end of the period</b>	11	<b>754,102</b>	<b>788,829</b>

The notes on pages 11 to 25 are an integral part of these condensed consolidated interim financial statements.

## **AIR ARABIA PJSC and its subsidiaries**

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### **Notes to the condensed consolidated interim financial statements for the six-months period ended 30 June 2025**

#### **1 General information**

Air Arabia PJSC ("the Company") was incorporated on June 19, 2007 as a Public Joint Stock Company. The Company operates in the United Arab Emirates under a trade license issued by the Economic Development Department of the Government of Sharjah and Air Operator's Certificate Number AC 2 issued by the General Civil Aviation Authority, United Arab Emirates.

The Company's ordinary shares are listed on the Dubai Financial Market, United Arab Emirates. The registered office address is P.O. Box 132, Sharjah, United Arab Emirates.

The condensed consolidated interim financial statements for the period ended June 30, 2025 includes the financial performance and position of the Company and its subsidiaries (collectively referred to as "the Group") and the Group's interest in associates and joint ventures.

The licensed activities of the Group are international commercial air transportation, aircraft trading, aircraft rental, aircraft spare parts trading, travel and tourist agencies, commercial brokerage, hotels, hotel apartment rentals, airline companies' representative office, passengers transport, cargo services, air cargo agents, documents transfer services, aviation training and aircraft repairs and maintenance.

#### **2 Basis of accounting**

##### **a) Basis of preparation**

The condensed consolidated interim financial statements of the Group have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting. The condensed consolidated interim financial statements do not include all of the information required for full annual consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRSs) and should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2024.

Accounting policies, related adjustments, estimates and assumptions adopted for the preparation of these condensed consolidated interim financial information are same as those applied in the preparation of the audited consolidated financial statements for the year ended December 31, 2024.

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for derivative financial instruments and investments measured at fair value through other comprehensive income (FVOCI), which are measured at their fair values.

##### **b) Functional and presentation currency**

The condensed consolidated interim financial statements are presented in United Arab Emirates Dirham ("AED"), which is the Group's functional currency. All values are rounded to the nearest thousands ('000) except where noted otherwise.

##### **c) Basis of consolidation**

These condensed consolidated interim financial statements incorporates the financial statements of the Company and entities controlled by the Company. Control is achieved where the Company has the power over 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.

## AIR ARABIA PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial statements for the six-months period ended 30 June 2025 (continued)

#### 2 Basis of accounting (continued)

##### c) Basis of consolidation (continued)

The details of the Group's ownership in its various subsidiaries, joint ventures and associates and their principal activities are as follow:

Name	Beneficial ownership interest		Country of operation and ownership	Principal activities
	2025	2024		
<b>Subsidiaries</b>				
International Business Company (FZE)	100%	100%	United Arab Emirates	Dealing in International Business and shares
Air Arabia Holidays LL.C	100%	100%	United Arab Emirates	Tour operations
Information System Associates FZE	100%	100%	United Arab Emirates	IT services to aviation industry
Action Hospitality	100%	100%	United Arab Emirates	Hospitality services, managing and operating restaurants and hotels
COZMO Travel LLC – Sole proprietorship	100%	100%	United Arab Emirates	Travel and tours, tourism and cargo services
Impact Aviation Services Limited	100%	100%	Ireland	Management of lease contracts
Air Arabia Service Center W.L.L	100%	100%	Bahrain	Office administrative and support services, call center and computer programming services
Centro Sharjah Hotel L.L.C.SP	100%	100%	United Arab Emirates	Hotel
Radisson Blu Hotel Apartment - Dubai Marina LLC	100%	100%	United Arab Emirates	Renting hotel apartments
<b>Subsidiaries of International Business Company (FZE) (sub-subsidiaries)</b>				
Olgana Real Estate Development LLC	100%	100%	United Arab Emirates	Real Estate Development
Air Arabia Academy LLC (formerly known as T3 Aviation Academy LLC)	100%	100%	United Arab Emirates	Aviation training services
Nexasoft Innovations Private Limited	100%	-	India	Software designing, development and solutions
Coreops Services Private Limited	100%	-	India	Backend support solutions
<b>Joint ventures</b>				
Alpha Flight Services UAE LLC	51%	51%	United Arab Emirates	Flight and retail catering and ancillary services to the Air Arabia PJSC
Sharjah Aviation Services LLC	50%	50%	United Arab Emirates	Aircraft handling, passenger and cargo services at the Sharjah International Airport
Cozmo Travel (CJSC) ("Cozmo Armenia")	75%	75%	Armenia	Travels and tours, tourism and cargo services

## AIR ARABIA PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial statements for the six-months period ended 30 June 2025 (continued)

#### 2 Basis of accounting (continued)

##### c) Basis of consolidation (continued)

###### *Joint ventures (continued)*

Air Arabia Abu Dhabi L.L.C	49%	49%	United Arab Emirates	International commercial air transportation
Air Arabia - Egypt Company S.A.E	40%	40%	Egypt	International commercial air transportation
Fly Jinnah Services (Private) Limited	45%	45%	Pakistan	International commercial air transportation
Armenian National Airlines (CJSC) ("Fly Arna")	49%	49%	Armenia	International commercial air transportation

###### *Associates*

Air Arabia Maroc, S.A.	44.13%	44.13%	Morocco	International commercial air transportation
Air Arabia Jordan LLC	49%	49%	Jordan	International commercial air transportation
Tune Protection Commercial Brokerage LLC	51%	51%	United Arab Emirates	Commercial brokers

- a) The Group suspended the operations of Cozmo Armenia during the year ended December 31, 2024
- b) As at June 30, 2025, the Group continues to be in the process of liquidating its joint ventures Fly Arna – Armenia and Air Arabia Jordan LLC.

#### 3 Use of judgements and estimates

The preparation of the condensed consolidated interim financial statements in conformity with IAS 34, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied in preparation of the consolidated financial statements of the Group as at and for the year ended December 31, 2024.

#### 4 Application of new and revised International Financial Reporting Standards (IFRS)

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2025, have been applied in these condensed consolidated interim financial statements:

**Amendments to IAS 21 - Lack of Exchangeability (effective 1 January 2025)** - An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

Other than the above, there are no other material IFRSs and amendments that were effective for the first time for the financial period beginning on or after 1 January 2025. The application of these amendments to IFRSs has not had any material impact on the amounts reported for the current period but may affect the reporting for the Group's future transactions or arrangements.

The Group has not early adopted new and revised IFRSs that have been issued but are not yet effective.

**Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28\*** - The IASB has made limited scope amendments to IFRS 10 Consolidated financial statements and IAS 28

## AIR ARABIA PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial statements for the six-months period ended 30 June 2025 (continued)

#### 4 Application of new and revised International Financial Reporting Standards (IFRS) (continued)

Investments in associates and joint ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 *Business Combinations*).

(\*effective date to be determined)

#### ***Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments (effective 1 January 2026)***

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).

***IFRS 18 Presentation and Disclosure in Financial Statements (effective 1 January 2027)*** - This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to: the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and

***IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective 1 January 2027)*** - This new standard works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements and instead applies the reduced disclosure requirements in IFRS 19. IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries. A subsidiary is eligible if: - it does not have public accountability; and - it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

The Group is currently assessing the impact of these standards on the future condensed consolidated interim financial statements of the Group, and intends to adopt it, if applicable, when it becomes effective.

#### 5 Financial Risk Management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements of the Group as at and for the year ended December 31, 2024.



## AIR ARABIA PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial statements for the six-months period ended 30 June 2025 (continued)

#### 6 Property and equipment

	<b>30 June 2025 (Unaudited) AED'000</b>	<b>31 December 2024 (Audited) AED'000</b>
Property and equipment at net carrying value	<b>4,662,230</b>	4,661,664

Movement of the property and equipment is as follows:

At 1 January	<b>4,661,664</b>	4,954,113
Additions during the period/year	<b>215,960</b>	203,935
Depreciation charge for the period/year	<b>(215,394)</b>	(496,384)
At 30 June/31 December	<b>4,662,230</b>	4,661,664

During the period ended June 30, 2025, the Group acquired various property and equipment amounting to AED 215.9 million (the period ended June 30, 2024: AED 131 million).

During the period, depreciation charge relating to property and equipment amounted to AED 215.4 million (30 June 2024: AED 268.8 million).

#### 7 Advance for new aircrafts

These represent pre-delivery payments made to suppliers for an amount of AED 1,679.5 million (31 December 2024: AED 1,262.6 million) in respect of 120 new aircrafts consisting of A320 and A321 family. These aircrafts are expected to be delivered from 2026 onwards.

#### 8 Intangible assets

	<b>30 June 2025 (Unaudited) AED'000</b>	<b>31 December 2024 (Audited) AED'000</b>
Intangible assets	<b>1,158,268</b>	1,151,748
Goodwill	<b>198,522</b>	198,522
At 30 June/31 December	<b>1,356,790</b>	1,350,270

The movement in the intangible assets during the year can be reconciled as follows:

	<b>30 June 2025 (Unaudited) AED'000</b>	<b>31 December 2024 (Audited) AED'000</b>
At 1 January	<b>1,151,748</b>	1,147,395
Additions during the period/year	<b>10,870</b>	9,349
Amortization during the period/year	<b>(4,350)</b>	(4,996)
At 30 June/31 December	<b>1,158,268</b>	1,151,748

## AIR ARABIA PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial statements for the six-months period ended 30 June 2025 (continued)

#### 8 Intangible assets (continued)

	<i>30 June 2025 (Unaudited) AED'000</i>	<i>31 December 2024 (Audited) AED'000</i>
Goodwill comprises of the following:		
Goodwill on acquisition of Air Arabia LLC*	189,474	189,474
Goodwill on step acquisition of Information Systems Associates FZC	9,048	9,048
At 30 June/31 December	<u>198,522</u>	<u>198,522</u>

\*Goodwill arising on of the acquisition of Air Arabia LLC in 2007, determined by an independent valuer, was as follows:

	<i>AED'000</i>
Total fair value of Air Arabia LLC	1,400,000
Fair value of intangible assets	(1,092,347)
Fair value of tangible assets - net	(118,179)
At 30 June/31 December	<u>189,474</u>

#### 9 Financial assets at fair value through other comprehensive income

	<i>30 June 2025 (Unaudited) AED'000</i>	<i>31 December 2024 (Audited) AED'000</i>
Quoted investments in equity instruments in UAE *	9,812	9,013
Unquoted investments in debt instruments in UAE	268,876	267,222
Unquoted investments in debt instruments outside UAE	151,529	144,131
	<u>430,217</u>	<u>420,366</u>

\*Movement in quoted investments in equity instruments during the period/ year were as follows:

	<i>30 June 2025 (Unaudited) AED'000</i>	<i>31 December 2024 (Audited) AED'000</i>
Balance at 1 January	9,013	9,216
Change in fair value during the period/year	799	(203)
At 30 June/31 December	<u>9,812</u>	<u>9,013</u>

## AIR ARABIA PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial statements for the six-months period ended 30 June 2025 (continued)

#### 9 Financial assets at fair value through other comprehensive income (continued)

Movement in unquoted investments in debt instruments during the period/ year were as follows:

	<i>30 June 2025 (Unaudited) AED'000</i>	<i>31 December 2024 (Audited) AED'000</i>
At 1 January	411,353	221,116
Additions during the period/year	19,790	195,360
Disposals during the year	(18,332)	-
Change in fair value during the period/year	7,594	(5,123)
At 30 June/31 December	<u>420,405</u>	<u>411,353</u>

#### 10 Fixed deposits

	<i>30 June 2025 (Unaudited) AED'000</i>	<i>31 December 2024 (Audited) AED'000</i>
Fixed deposits*	3,950,328	4,619,288

\*The deposits carry an average interest rate of 4.51% (31 December 2024: 5.27%) per annum.

#### 11 Cash and cash equivalents

	<i>30 June 2025 (Unaudited) AED'000</i>	<i>31 December 2024 (Audited) AED'000</i>
<b>Bank Balances</b>		
Current accounts	498,771	624,890
Call deposits	<u>250,952</u>	<u>70,672</u>
	749,723	695,562
Cash in hand	<u>4,379</u>	<u>4,667</u>
At 30 June/31 December	<u>754,102</u>	<u>700,229</u>

## AIR ARABIA PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial statements for the six-months period ended 30 June 2025 (continued)

#### 12 Lease liabilities and right of use assets

##### Lease liabilities

The Group has entered into leasing agreements with the leasing companies to finance the purchase of aircrafts and hangar. The terms of the leases are 8 -15 years for aircrafts and hangar.

	<b>30 June 2025 (Unaudited) AED'000</b>	<b>31 December 2024 (Audited) AED'000</b>
Current portion	598,784	609,840
Non-current portion	1,281,545	1,476,218
<b>Total</b>	<b>1,880,329</b>	<b>2,086,058</b>
At 1 January	2,086,058	2,153,263
Additions during the period/year	110,094	538,898
Accretion of interest	17,013	72,856
Payments made during the period/year	(332,836)	(678,959)
At 30 June/31 December	<b>1,880,329</b>	<b>2,086,058</b>

The lease agreements are subject to certain financial and operational covenants including compliance with various regulations, restrictions on unapproved subleasing, insurance coverage and maintenance of total debt to equity ratio.

##### Right of use assets

	<b>30 June 2025 (Unaudited) AED'000</b>	<b>31 December 2024 (Audited) AED'000</b>
At 1 January	784,706	574,232
Additions during the period/year	110,495	352,619
Depreciation during the period/year	(96,322)	(142,145)
At 30 June/31 December	<b>798,879</b>	<b>784,706</b>

## AIR ARABIA PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial statements for the six-months period ended 30 June 2025 (continued)

#### 13 Related parties

	<b>30 June 2025 (Unaudited) AED'000</b>	<b>31 December 2024 (Audited) AED'000</b>
<u>Amounts due from related parties</u>		
Receivable from associates and joint ventures	<u>62,060</u>	<u>86,067</u>
<u>Amounts due to related parties</u>		
Payable to joint ventures	<u>267,393</u>	<u>163,875</u>

Amounts due from/(to) related parties above are unsecured, bear no interest and have no fixed repayment terms. The management considers these to be current assets/current liabilities as appropriate.

#### 14 Operating lease commitments

##### *The Group as a lessor*

As at June 30, 2025, the Group has leased out 18 aircrafts (31 December 2024: 18) under non-cancellable operating lease agreements to related parties.

The leases have varying terms and renewal rights. The future minimum lease payments receivable under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables, are shown below.

	<b>30 June 2025 (Unaudited) AED'000</b>	<b>31 December 2024 (Audited) AED'000</b>
Within one year	<b>195,205</b>	185,269
Between 2 and 5 years	<b>220,580</b>	286,210
	<u><b>415,785</b></u>	<u>471,479</u>

The carrying amount of the leased aircrafts owned by the Group under operating leases at the reporting date are as follows:

	<b>30 June 2025 (Unaudited) AED'000</b>	<b>31 December 2024 (Audited) AED'000</b>
Net book value	<b>1,092,246</b>	1,145,819
Accumulated depreciation	<b>1,899,312</b>	1,845,740
Depreciation for the period/year	<u><b>53,645</b></u>	<u>146,587</u>

## AIR ARABIA PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial statements for the six-months period ended 30 June 2025 (continued)

#### 15 Contingent liabilities

As at reporting date, the Group has outstanding letters of guarantees and credits, entered into as part of its normal business activities and in connection with deposits against leased aircrafts, amounting to AED 90 million (2024: AED 87 million). These contingent liabilities are not expected to result in material losses for the Group in the foreseeable future. Therefore, the Group does not consider it probable that there will be an outflow of economic resources with regard to these contingent liabilities.

#### 16 Capital commitments

	<b>30 June 2025 (Unaudited) AED'000</b>	<b>31 December 2024 (Audited) AED'000</b>
<i>Authorised and contracted</i>		
Aircraft fleet (Note 7)	<b>22,136,126</b>	22,553,059

#### 17 Segment reporting

For management purposes, the Group is organised into two major reportable segments as follows:

<b>Segment</b>	<b>Description</b>
Airline	Includes international commercial air transportation, aircraft rental, passengers transport, cargo services, aviation training and aircraft repairs and maintenance.
Other segments	Includes travel and tourist agencies, hotels, hotel apartment rentals, airline companies, representative office and documents transfer services.

The following table presents revenue and profit information for the Group's operating segments for the period ended June 30, 2025 and June 30, 2024, respectively:

<b>Six-months period ended June 30, 2025 (unaudited)</b>	<b>Airline AED'000</b>	<b>Other segments AED'000</b>	<b>Eliminations AED'000</b>	<b>Total AED'000</b>
<b>Revenue</b>				
External sales	3,268,013	179,203	-	3,447,216
Inter-segment sales	-	89,303	(89,303)	-
Total Revenue	3,268,013	268,506	(89,303)	3,447,216
<b>Result</b>				
Segment result	595,408	51,958	(43,505)	603,861
Share of loss of investments in associates and joint ventures				51,153
<b>Profit for the year</b>				<b>655,014</b>
<b>Other information</b>				
Additions to property and equipment and Deferred charges	152,728	63,232	-	215,960
Depreciation and amortisation	261,291	52,570	-	313,861

## AIR ARABIA PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial statements for the six-months period ended 30 June 2025 (continued)

#### 17 Segment reporting (continued)

Six-months period ended  
June 30, 2024 (unaudited)

	Airline AED'000	Other segments AED'000	Eliminations AED'000	Total AED'000
<b>Revenue</b>				
External sales	3,008,849	188,445	-	3,197,294
Inter-segment sales	-	35,140	(35,140)	-
Total Revenue	3,008,849	223,585	(35,140)	3,197,294
<b>Result</b>				
Segment result	552,027	85,496	-	637,523
Share of loss of investments in associates and joint ventures				(6,179)
Profit for the year				631,344
<b>Other information</b>				
Additions to property and equipment and Deferred charges	110,624	20,387	-	131,011
Depreciation and amortisation	317,758	18,579	-	336,337

Inter-segment sales are charged at prevailing market prices.

The following table presents assets and liabilities information for the Group's operating segments as at June 30, 2025 and June 30, 2024, respectively:

<b>June 30, 2025 (unaudited)</b>	<b>Airline AED'000</b>	<b>Other segments AED'000</b>	<b>Eliminations AED'000</b>	<b>Total AED'000</b>
<b>Assets</b>				
Segment assets	9,454,335	2,090,754	(639,224)	10,905,865
Unallocated assets				4,482,065
Total assets				15,387,930
<b>Liabilities</b>				
Segment liabilities	8,178,845	471,390	(639,224)	8,011,011
<b>December 31, 2024 (audited)</b>	<b>Airline AED'000</b>	<b>Other segments AED'000</b>	<b>Eliminations AED'000</b>	<b>Total AED'000</b>
<b>Assets</b>				
Segment assets	9,225,180	2,144,296	(1,206,418)	10,163,058
Unallocated assets				5,198,386
Total assets				15,361,444
<b>Liabilities</b>				
Segment liabilities	8,208,163	407,641	(1,206,418)	7,409,386

## AIR ARABIA PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial statements for the six-months period ended 30 June 2025 (continued)

#### 17 Segment reporting (continued)

##### Geographical segments

The majority of assets and liabilities of the Group are geographically located in United Arab Emirates. Therefore, detailed disclosures have not been provided. Geographical location-wise disaggregation of revenue of the Group are as follows:

	<i>30 June 2025 (Unaudited) AED'000</i>	<i>30 June 2024 (Unaudited) AED'000</i>
Within United Arab Emirates	3,375,812	3,166,375
Outside United Arab Emirates	71,404	30,919
	<u>3,447,216</u>	<u>3,197,294</u>

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 4 to the consolidated financial statements as at and for the year ended December 31, 2024. Segment result represents the profit earned by each segment without considering share of profit/(loss) on equity accounted investments. Segment assets do not include fixed deposits, investments, investment properties and investment in subsidiaries, joint ventures and associates. Goodwill and intangible assets have been allocated to the Airline segment.

#### 18 Dividends

At the Annual General Meeting held on March 17, 2025, the Board of Directors proposed, and the shareholders approved a cash dividend of AED 1,167 million at AED 0.25 per share for the year ended December 31, 2024 (2023: AED 933 million at AED 0.20 per share).

#### 19 Basic and diluted earnings per share

	<i>For the three months ended 30 June</i>		<i>For the six months ended 30 June</i>	
	<i>2025</i>	<i>2024</i>	<i>2025</i>	<i>2024</i>
	<i>(Unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Profit attributable to the Owners of the Company	349,805	390,054	654,909	631,089
Weighted average number of shares (in '000)	4,666,700	4,666,700	4,666,700	4,666,700
Basic and diluted earnings per share (AED)	0.075	0.084	0.140	0.135

#### 20 Taxation

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (C1) regime in the UAE. The CT regime has become effective for accounting periods beginning on or after June 1, 2023. The Cabinet of Ministers Decision No. 116 of 2022 (widely accepted to be effective from January 16, 2023) specified the threshold of taxable income to which the 0% UAE CT rate would apply, and above which the 9% UAE CT rate would apply. It is widely considered that this would constitute 'substantive enactment' of the UAE CT Law for the purposes of IAS 12, the objective of which is to prescribe the basis for accounting for Income Taxes.



## AIR ARABIA PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial statements for the six-months period ended 30 June 2025 (continued)

#### 20 Taxation (continued)

Current tax is measured at the amount expected to be paid to or recovered from the tax authorities by reference to tax rates and laws that have been enacted or substantively enacted, by the end of any reporting period. Since the Group is expected to pay tax in accordance with the provision of the "Domestic Minimum Top-up Tax" (DMTI) which will be implemented with effect from January 1, 2025 at the rate of 15%, accordingly provision for current taxes have been accounted for on the same basis in these condensed consolidated interim financial statements for the period ended 30 June 2025.

	<i>For the three months ended 30 June</i>		<i>For the six months ended 30 June</i>	
	2025	2024	2025	2024
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	AED'000	AED'000	AED'000	AED'000
Current tax expense	64,843	37,026	115,057	61,793
Deferred tax expense	-	-	-	-
	<b>64,843</b>	<b>37,026</b>	<b>115,057</b>	<b>61,793</b>

For determining the tax expense for the period, the accounting profit has been adjusted for tax purposes. Adjustments for tax purpose include items relating to both income and expense. After giving effect to these adjustments, the average effective tax rate is estimated to 14.94%.

#### *Movement of current tax liabilities*

	<i>30 June 2025 (Unaudited) AED'000</i>	<i>31 December 2024 (Audited) AED'000</i>
At 1 January	141,508	-
Tax expense for the period/year	115,057	141,508
At 30 June/31 December	<b>256,565</b>	<b>141,508</b>

#### *Deferred taxes analysed by type of temporary difference:*

Differences between IFRS Accounting Standards and statutory taxation regulations in the United Arab Emirates give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. Though the Group has concluded that the tax effect of the movements in these temporary differences was not material to the condensed consolidated interim financial statements for the period ended June 30, 2025.

#### *Pillar Two Model Rules*

In 2021, the Organisation for Economic Cooperation and Development ("OECD") published the Global Anti-Base Erosion Model Rules ("Pillar Two Model Rules") with an objective to address the tax challenges arising from the digitalisation of the global economy.

The Group qualifies to be in scope under the Pillar Two Model Rules. However, as at the reporting date, the Group does not have any operations in jurisdictions that have enacted or substantively enacted Pillar Two Model Rules and as such, there is no financial impact on the Group in the consolidated financial statements for the year ended December 31, 2024.

## AIR ARABIA PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial statements for the six-months period ended 30 June 2025 (continued)

#### 20 Taxation (continued)

On December 9, 2024, the concerned authorities in United Arab Emirates announced that a "Domestic Minimum Top-up Tax" (DMTT) will be implemented with effect from January 1, 2025. The Group has assessed the impact as at reporting date as per the current guidance and regulations and therefore current tax provision at 15% is recorded in these condensed consolidated interim financial statements to comply with DMTT rule for now. Furthermore, the Group is closely monitoring further developments and legislations that will impact the overall Pillar Two tax position on a going-forward basis. In accordance with the guidance prescribed under IAS 12 (Income taxes), the Group has applied for temporary relief from deferred tax accounting for the impacts of top-up tax and accounts for it as current tax when it is incurred.

#### 21 Reclassification

The following balances have been reclassified in the comparative balance sheets to conform their presentation to the Group's accounting policies:

- Bank balances and cash as of 31 December 2024 of AED 5,319.5 million (31 December 2023: AED 5,246.4 million) have been presented as Fixed deposits of AED 4,619.3 million (31 December 2023: AED 3,984.1million) and Cash and cash equivalents of AED 700.2 million (31 December 2023: AED 1,262.3 million);
- The current liabilities for Trade and other payables as of 31 December 2024 of AED 2,783.6 (31 December 2023: AED 2,879.3 million) have been presented as Provisions for maintenance of AED 341.1 million (31 December 2023: AED 514.7 million) and Trade and other payables of AED 2,442.5 million (31 December 2023: AED 2,364.6); and
- The non-current liabilities for Trade and other payables as of 31 December 2024 of AED 1,307.7 million (31 December 2023: AED 1,249.6 million) have been presented as Provisions for maintenance of AED 1,226.6 million (31 December 2023: AED 1,214.6 million) and Trade and other payables of AED 81.1 million (31 December 2023: AED 35.0 million)

#### 22 Subsequent events

There were no subsequent events which impact these condensed consolidated interim financial statements after the reporting period.

#### 23 Fair value measurement

Assets and liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Investment in fair value through OCI equity instruments are recorded as level 1. whereas, investment in fair value through OCI in debt instruments and cashflow hedge liabilities are recorded at level 2.

**AIR ARABIA PJSC and its subsidiaries**

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**Notes to the condensed consolidated interim financial statements  
for the six-months period ended 30 June 2025 (continued)**

**24 Approval of condensed consolidated interim financial statements**

The condensed consolidated interim financial statements were approved by management and authorised for issue by the Board of Directors on 13 August 2025.