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OrangeJordan OrangeJO Orange-Jo

ANNUAL REPORT 2020

Jordan Telecommunications Company

Remarks by His Majesty King Abdullah II At the Future Investment Initiative 2019
29 October 2019

"Young Jordanians never cease to amaze me with their infectious energy and their ambitious dreams. They are the coders and creators, the disruptors and innovators of tomorrow. Investing in their boundless talents is an investment in a bright future for our region and our world. We are home to youth-led enterprises that are changing the face of the economy in our region and beyond. Though Jordanians make up only 3% of the region's population, they represent 27% of its top innovators."

His Majesty King Abdullah II Ibn Al-Hussein
King of the Hashemite Kingdom of Jordan

His Royal Highness Crown Prince
Al Hussein bin Abdullah II

A letter from the Chairman

20 Years of Achievements

Dear shareholders,

On behalf of the Board of Directors of Jordan Telecom Group (Orange Jordan), I am delighted to welcome you to the 26th Annual General Assembly meeting for the year 2020. I present you with the annual report 2020 for your discussion. It includes Orange Jordan's performance, financial statements and results, the governance report and the management plan for 2021.

The year 2020 marked a milestone in Jordan Telecom's history, as we celebrated the 20th anniversary of the company's privatization. Over the past two decades, we stayed committed to Jordan, company owners, customers and employees. We have taken upon ourselves to fulfill His Majesty King Abdullah II's vision, to spread the internet culture, which became essential to facilitate our daily lives and to increase our productivity. We were the first to instill a deep-rooted technical, financial and managerial knowledge with the support of Orange Group S.A. which enabled Orange Jordan to lead the local ICT sector.

In the past 20 years, we turned into a success story as one of the Kingdom's privatization projects since we stand to be the reference operator in Jordan. We are an integrated operator offering a variety of telecom and digital data services. Orange strategic partnership with the government played an active role in bridging the digital gap between Jordan and the advanced countries, enabling us to become one of the leading countries in the region in the diverse uses of technology, quality of services and keeping up with the latest innovations to offer Jordanians the best experience as we believe they deserve the best.

We achieved such a leading position by executing various investment plans over the years at a value of about JD 1.3 billion. We built multi-technology networks to adapt to the ICT sector's rapid changes and to support the customers evolving lifestyles. Our digital business solutions are empowering all economic sectors. Orange Jordan launched a wide array of initiatives to accelerate digital transformation, through spreading wired and wireless broadband services in the Kingdom. At Orange Jordan, we remain as the exclusive provider of ADSL and the advanced 4G (4G+) across the Kingdom. The company also provides subscribers with the latest technology and biggest 27000 KM fiber optic network in the Kingdom, enabling enterprises and individuals to access and use unprecedented high-speed internet.

Over the past two decades, Orange Jordan made a significant contribution to the government's treasury, estimated at an annual average of JD 100-120 million, comprising payments for costs of frequencies (licenses), annual frequency fees, revenue share, and taxes on your company and on customers.

Orange Jordan is proud to be a responsible contributor to the Jordanian society. Our corporate social responsibility (CSR) strategy is designed to adapt to the needs of local communities. The total amount allocated for CSR projects exceeded JD 32 million. This was dedicated to launching and supporting different initiatives to serve Jordanians by contributing to making their lives easier, improving their standards of living, alleviating poverty, supporting education, spreading internet culture, and supporting sports and art activities.

Our role remains active in supporting digital inclusion, digital education, and entrepreneurship; most evident in launching Orange Digital Village that comprises various initiatives such as Business Innovation Growth (BIG), which supports startups, and Coding Academy by Orange.The Academy trains youth for employment. We have established 14 digital centers across the Kingdom. These programs adopt talented Jordanian youth and help them turn their ideas into projects that contribute to economic growth.

To enhance performance in line with its central role in digitizing Jordan, Orange Jordan continued to empower its staff by training them on all that is new in technology; qualifying them, raising their level of performance, and enhancing their affiliation with their company and with the Orange brand.

The year 2020 was an exceptional year worldwide due to the COVID pandemic. Orange Jordan has a crisis management strategy which is revised every year. We were fully prepared before, during and after the pandemic. The strategy was revised according to needs emerging from the crisis to ensure effectiveness. This was reflected on the company's results during the early months of the pandemic. Most of the financial results and other performance indicators remained satisfactorily positive and consistent with the budget at the end of June 2020. The indicators continued in this manner and some exceeded the estimates for the end of the year, with the exception of the impact on the company's cash flow. The decline in cash flow was a result of the lockdowns in the second quarter of the year. This effect was addressed during the second half of 2020.

During the first few months of the crisis and as part of our commitment to Jordan, we supplied the state treasury with about JD 17 million in taxes without delay. We are proud to have donated JD 1.26 million, including JD 1 million to "Himmat Watan" Fund.

Thanks to the management headed by the CEO, Mr. Thierry Marigny, and his fellow officers and to all employees for their efficient response to face the repercussions of COVID. I appreciate the high efficiency and absolute commitment that was evident not only towards the company but also towards the education of Jordanian students, online and free of charge.

Orange Jordan has provided you with a good return on your investment since its privatization in 2000. It is still achieving satisfactory profits, although the rate of return on assets during recent years witnessed a decline due to the economic recession, high tax rates, the extremely high prices of frequencies (among the highest in the world), in addition to the increase in energy prices. All that have resulted in strong pressure on your earnings, though still positive.

Keeping up with technology is a must for Jordan's growth. In the absence of the government's effective support, a new digital gap between Jordan and the developed world will emerge. The cost for bridging that gap will increase overtime as the gap will continue to widen. New technologies like 5G and the Internet of Things cannot be attained in Jordan with the current pricing of frequencies. Building 5G network is not feasible today considering the market size, the high cost of investment needed to build a new network, and also the very high OPEX, especially the cost of energy needed to run that network.

As a global company operating with a local spirit, Orange Jordan shares the Orange Group's strategy, Engage 2025, which represents a roadmap guiding us to enable people's digital lives and enhance sustainable growth in Jordan. The strategy reflects our commitment to bridging digital gaps, with the government's support, and becoming a green operator that preserves the environment. We have built the largest solar energy project in the private sector in Jordan.

In conclusion, I am proud of the achievements and would like to thank the members of the board of directors for their efforts and contributions. I also thank the Ministry of Digital Economy and Entrepreneurship, the Telecommunications Regulatory Commission, and all shareholders. Our customers deserve gratitude for being loyal to the Orange brand.

With kind regards and best wishes for a safe world,

Dr. Shabib Ammari
Chairman of Board of Directors

A letter from the CEO

Dear shareholders,

As we approach the centennial of the Jordanian state, on behalf of myself and Orange Jordan, I would like to congratulate the Hashemite Kingdom, its leadership and people. Over 100 years, the Kingdom gained world trust and became a model of a safe, stable country known across the globe.

The COVID pandemic enforced changes that required official measures adopted by many countries, including Jordan. As lockdown was imposed for several months, telecommunication networks and digital transformation became more important for ensuring life's continuity in an unprecedented way, particularly education and business which had to adapt to the new norm.

Despite the challenges, the telecom infrastructure in the Kingdom took center stage and proved its ability to withstand the skyrocketing increase in internet use. Orange Jordan proved to be essential for digitization and a supporting hand to the government, in order to help in dealing with the repercussions of the crisis.

The economic impacts of the pandemic and the precautionary measures taken to curb the spread of the virus took their toll on all sectors. Of course, ICT was no exception. We were faced by a difficult equation, but we first reviewed our priorities in light of the new situation, while ensuring that we maintain the quality of our services and networks at all times. This well-thought strategy succeeded in achieving growth in our EBITDAaL by 3.5%.

Orange Jordan's crisis management strategy revolved around the pandemic. Beginning from within, we took precautionary measures from day one, and formed an internal crisis management cell to outline the necessary health and safety regulations, because employees are the company's greatest asset.

With safety remaining the top priority, Orange Jordan adopted a set of procedures to maintain business continuity, mainly by ensuring service delivery through remote work during the lockdown. Employees were provided with all the necessary tools to adapt to the exceptional circumstances in order to sustain operational efficiency and continuity. Due to the nature of the crisis, the company resorted to regular sterilization of its buildings and shops across the Kingdom and provided tests, to ensure the safety of employees and customers.

As a national company, we are proud to offer several initiatives to support government institutions in dealing with the pandemic's aftermath. Orange Jordan granted a total of JD 1.26 million, of which JD 1,000,000 to Himmet Watan Fund, JD 20,000 to "Yawmiyethom Alaina" for daily wage workers and JD 120,000 to the health care sector. In cooperation with Orange Foundation, the global group's arm for philanthropy and social responsibility, the company also provided JD 120,000 in cash donations and medical equipment to the Ministry of Health.

Most notably, we utilized our digital resources by granting 4500 free mobile lines to nurses working at quarantine hospitals valued at JD 150,000 to recognize their outstanding efforts. When it came to online education, Orange Jordan offered free browsing of "Darsak" platform launched by the Ministry of Education to continue school learning, and provided free data bundles for all government universities' students. Other initiatives included keeping lines for our customers with unpaid bills active and granting free gigabytes during lockdown, alongside providing free data bundles for all our customers worth JD 6,400,000 during the lockdown period.

However, the government and National Electric Power Company's decision to secure the imbalance between production and consumption in the national electricity network entailed disconnecting our Solar Farms during the lockdowns and curfew periods, which in turn had a severe impact on our costs due to the very high electricity rate set for telecom companies.

During 2020, Orange Jordan continued investing massively in FTTH (Fiber to the Home) network in the country, especially outside Amman, in Irbid, Aqaba, Zarqa and Madaba, therefore remaining the first in fiber home connection in the Kingdom thanks to the service's efficiency and speed. We are currently extending the reach of this network to more areas and governorates.

Another major role the company played was contributing to financial inclusion which proved to be key during the pandemic phase. As electronic payments became central to life's continuity, the company was able through its e-wallet, Orange Money, to ensure easy, secure money delivery to recipients. The wallet is available for subscribers of different networks. An amount of around JD 88 million was exchanged through Orange Money during 2020.

Our services also played a great part in enhancing digital inclusion across the Kingdom and improving customer experience. We supported our customers in adapting to digitization in all areas of life by offering advanced apps and services such as My Orange, which is used by more than 660,000 users, for managing subscriptions and services easily, and the AI Chatbot that deals with customers' requests with efficiency and speed.

Orange Jordan continued updating its services and re-designing offers to meet the changing needs of business customers. For example, we built a product catalog by developing packaged offers for B2B services, on cloud/ hosting market (private local cloud, Flexible Engine), cloud telephony, integrated LAN, cyber-security and Smart Metering.

In terms of supporting innovation and entrepreneurship, Orange Jordan gained the trust of the European Union (EU) to launch their joint project, Innovation Space, funded in partnership with the EU's Innovation for Enterprise Growth and Jobs program, known as Innovate Jo. Under the project, more Orange digital centers will be established across the Kingdom, with 9 new centers, 5 coding academies, 5 Fabrication Labs, 3 business incubators, and 5 startup growth accelerators similar to BIG by Orange.

We are glad to have another remarkable venture; a partnership agreement that Orange Foundation Jordan signed with "Deutsche Gesellschaft für Internationale Zusammenarbeit" GIZ-Jordan, through the Labor Market-Oriented Training, Technical Education and Higher Education project (MOVE-HET), to launch and support the Orange Digital Center (ODC) for digital development and innovation.

This center will be an extension to the initiatives Orange Jordan has been implementing to increase youth opportunities in the labor market and entrepreneurship and enhance youth employment through training and education, mainly by offering free integrated programs.

Orange Jordan stood out by overcoming the many challenges brought by the global pandemic and I would like to thank the amazing Board of Directors, headed by His Excellency Dr. Shabib Ammari for their support, the executive committee for their efforts and our esteemed shareholders for trusting in our ability to continue work and succeed under exceptional circumstances.

I would also like to thank our dear employees for implementing the company's plans and strategies with excellence and dedication, and we promise to expand our success at all levels and maintain our leadership in the local telecom market. We worked all together on a common genuine corporate culture, which was deployed and demonstrated during the crisis. It paid off, as we received for the fifth time the Top Employer Certificate from the Top Employer Institute.

Finally, I thank our valued customers for their trust and appreciation and promise them to continue providing outstanding services catering to their evolving needs, as we will remain committed to providing the best for customers, employees and society.

Thierry Marigny
Chief Executive Officer

2020 Board of Directors of Jordan Telecom Group – Orange Jordan

H.E. Dr. Shabib Ammari
Chairman of the Board of Directors

Mr. Taieb Belkahia
Vice-Chairman of the Board of Directors

Mr. Bisher Jardaneh
Member of the Board of Directors

Mr. Jérôme Hénique
Member of the Board of Directors

B. G. Dr. Eng. Hisham Khraisat
Member of the Board of Directors

Mr. Abdallah Abu Jamous
Member of the Board of Directors

Mrs. Dorothée Vignalou
Member of the Board of Directors

Auditors: Ernst & Young
Legal Advisor: Thaer Najdawi

2020 Executive Committee of Jordan Telecom Group – Orange Jordan

Mr. Thierry Marigny
Chief Executive Officer

Mr. Raslan Deiranieh
Deputy Chief Executive Officer
Chief Financial and Strategy Officer

Mr. Sami Smeirat
Chief Enterprise Officer

Mr. Waleed Al Doulat
Chief Wholesale Officer
Chief Information Technology and Networks Officer

Dr. Ibrahim Harb
Chief Legal, Regulatory, Sourcing and Supply Chain Officer
Chief Human Resources Officer

Mrs. Naila Al Dawoud
Chief Consumer Market Officer

Mr. Samer Al Haj
Chief Consumer Sales Officer

Mr. Jallale Bassou
Deputy Chief Information Technology and Networks Officer

Mr Wilfried Yver
Chief Digital, Data, Innovation & Money Officer

Our purpose

As a trusted partner, Orange gives everyone the keys to a responsible digital world

Our mission

Offering the best network, innovative digital solutions with unmatched customer experience by empowered Orange teams

Our vision

To be the responsible digital leader in Jordan

Our values

- Excellence
- Caring
- Customer Centricity
- Transparency
- Agility
- Collaboration
- Results Oriented

Financial Report

2020

Jordan Telecommunications Company

Jordan Telecom Group made several achievements despite the challenges that defined 2020. The flexibility in performance and keenness to excel in everything Orange provides became clear at every level, including finance and commerce.
In 2020, the Jordan Telecom Group witnessed a 4.6% growth in retail market, a result of a strategic customer-centric approach and constant efforts to offer added value.
In terms of mobile market, the Group continued to enrich its mobile offers with additional services in collaboration with a wide base of partners.
The broadband internet saw increased investments from Orange Jordan, to expand its fiber network coverage, which ensures fast, high-quality internet to users, especially amid the surge in use and demand on advanced digital solutions and Orange Jordan's leading position in this market in the Kingdom.
From a financial perspective, we managed to reduce our operating expenses despite the exceptional changes imposed by the pandemic, particularly after Jordan Telecom Group inaugurating its solar farms project, the largest project serving a telecom provider in the region, in 2019.
Thanks to the agile and sustainable operating model adopted by the Group, Orange Jordan balanced management of necessary funds for additional operational expenses, and investments while maintaining profitability performance.
It gives us a great pleasure to present 2020's consolidated annual financial highlights of Jordan Telecom Group.

Presented below is a summary of the consolidated results for 2020 against 2019.

Consolidated income statement:

(MJD)	2020	2019*	Change %
Revenues	**317.1**	**318.7**	**(0.5)%**
Operating Expenses			
Cost of services	(123.8)	(135.2)	(8.4)%
Administration expenses	(27.7)	(26.5)	4.8%
Selling and distribution expenses and provision for expected credit loss	(38.8)	(38.0)	2.0%
Government revenue share	(4.1)	(4.0)	3.5%
Business support fees	(3.3)	(3.3)	0.0%
Brand fees	(4.2)	(3.8)	9.8%
Depreciation and amortization	(75.4)	(69.6)	8.3%
Depreciation of right-of-use assets	(4.6)	(4.5)	2.8%
Depreciation of renewable energy lease assets	(2.1)	(1.7)	25.9%
Total Operating expenses	**(284.0)**	**(286.5)**	**(0.9)%**
Profit from operations	**33.1**	**32.3**	**2.5%**
Operations margin	**10.4%**	**10.1%**	**3.0%**
Renewable energy lease interest expense	(2.6)	(2.5)	5.5%
Lease interest expense	(2.5)	(2.5)	(2.1)%
Net foreign exchange differences, finance costs and finance income	(6.9)	(6.9)	0.3%
Other Income	4.3	5.1	(16.3)%
Profit before Income tax	**25.3**	**25.5**	**(0.6)%**
Income tax expense	(7.8)	(6.4)	21.7%
Profit for the year	**17.5**	**19.0**	**(8.1)%**
Attribute to: Equity holders of parent	17.5	19.0	(8.1)%
Profit margin	5.5%	6.0%	(7.6)%
Earnings per share	0.093	0.102	(8.1)%
Weighted average number of shares (million shares)	187.5	187.5	-

Calculated variance may differ from the financials due to the rounding factor
*The 2019 figures have been reclassified in order to conform to the presentations in 2020. Such reclassification does not affect previously reported profit or equity.

Summary of consolidated balance sheet:

(MJD)	2020	2019*	Change %
Assets			
Total Current Assets	151.4	134.3	12.8%
Property and equipment	251.1	247.0	1.7%
Other non-current assets	290.4	309.9	(6.3)%
Total non-current assets	541.5	556.9	(2.8)%
Total assets	**692.9**	**691.2**	**0.3%**
Liabilities and equity			
Total current liabilities	258.9	252.6	2.5%
Total non-current liabilities	160.0	167.1	(4.2)%
Total Equity	274.0	271.5	0.9%
Total liabilities and equity	**692.9**	**691.2**	**0.3%**

Calculated variance may differ from the financials due to the rounding factor
*The 2019 figures have been reclassified in order to conform to the presentations in 2020. Such reclassification does not affect previously reported profit or equity.

Summary of consolidated cash flow statement:

(MJD)	2020	2019	Change %
Net cash from operating activities	93.2	87.3	6.7%
Net cash used in investing activities	(48.7)	(99.4)	(51.1)%
Net cash used in financing activities	(41.0)	(6.4)	539.4%
Net Increase (decrease) in cash and cash equivalent	3.5	(18.5)	(119.0)%
Cash and cash equivalents	0.9	(2.8)	134.0%

Calculated variance may differ from the financials due to the rounding factor

Financial ratio analysis:

	2020	2019	Change %
Profitability Ratios			
Return on Total Assets (ROA)	2.5%	2.8%	(8.2)%
Return on Total Equity	6.4%	7.0%	(8.5)%
Liquidity Ratios			
Current Ratio	0.58	0.53	10.0%
Cash Ratio	0.17	0.13	34.5%
Leverage Ratios			
Debt- Equity Ratio	152.9%	154.6%	(1.1)%
Interest- Bearing Debt ratio	16.7%	19.0%	(12.1)%
Debt Ratio	60.5%	60.7%	(0.4)%
Assets Coverage ratio	0.68	0.63	7.1%
Assets Management Ratios			
Assets Turnover ratio	0.46	0.48	(5.5)%
Fixed Assets Turnover ratio	1.27	1.33	(4.0)%
Capital Turnover ratio	1.16	1.17	(1.0)%
Price (Growth) Ratios			
Proposed dividends	0.10	0.08	25.0%
Dividends payout ratio	107.1%	78.8%	36.0%
Dividends Yield	6.8%	5.6%	22.4%
Valuation Ratios			
Book Value per Share	1.46	1.45	0.9%
Market to Book ratio	1.01	0.99	1.2%
Price-Earning ratio	14.7	18.0	(18.3)%

* Total Debt (Total Debt + Total Equity)

Revenues

Group's consolidated revenues decreased by 0.5%, achieving JD 317.1 million in 2020 compared to JD 318.7 million in 2019 mainly due to lower wholesale activities.

Operating expenses

The term Operating Expenses means the cost of services, administration expenses, selling and distribution expenses, provision for expected credit loss, government revenue share, business support fees, brand fees, depreciation, amortization, depreciation of right of use assets & depreciation of renewable energy lease. The Group Operating Expenses continued to decrease and dropped by 0.9% to reach JD 284.0 million in 2020 against JD 286.5 million in 2019.

Cost of services continued to decrease and dropped by 8.4%, reaching JD 123.8 million in 2020 compared to JD 135.2 million in 2019. This drop was mainly a result of lower wholesale segment revenues (transit calls) and less termination cost.

Administrative expenses increased by 4.8% to reach JD 27.7 million in 2020, compared to JD 26.5 million in 2019 mainly due to higher donations.

Selling and distribution expenses and provision for expected credit loss increased by 2.0%, reaching JD 38.8 million in 2020, compared to JD 38.0 million in 2019, due to higher sales, in addition to Orange money commission.

Government revenue share equals 10% of net revenue that Orange mobile is required to pay to the Telecommunications Regulatory Commission pursuant to the Mobile License Agreement. Government revenue share reached JD 4.1 million in 2020, increased by 3.5% from 2019, due to higher mobile voice revenues.

Business support fees represent what the Group is required to pay to Orange Group, pursuant to the business support agreement. Business support fees of the Group reached JD 3.3 million in 2020, the same amount as in 2019.

Brand fees represent 1.6% of operating revenues that Jordan Telecom Group is required to pay to Orange Group for using the Orange brand in all Jordan Telecom Group subsidiaries. Brand fees of the Group reached JD 4.2 million in 2020, compared to JD 3.8 million in 2019 with an increase by 9.8%.

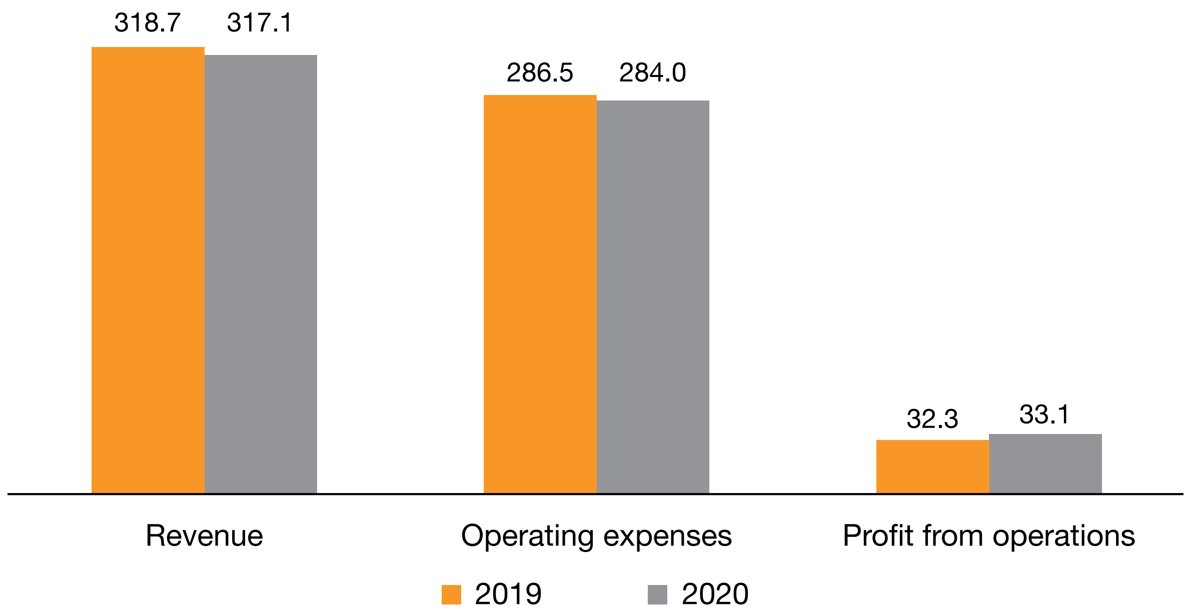
Depreciation, amortization & impairment expenses, increased by 8.3% to reach JD 75.4 million in 2020, compared to JD 69.6 million in 2019.

Depreciation of right-of-use assets, increased by 2.8% to reach JD 4.6 million in 2020, compared to JD 4.5 million in 2019.

Depreciation of renewable energy lease increased by 25.9% reached JD 2.1 million in 2020, compared to JD 1.7 million in 2019.

Profit from operations

Profit from operations consists of sales of services, less total operating expenses, including depreciation and amortization, and depreciation of renewable energy lease.



Renewable energy lease interest expense

Renewable energy lease interest expenses refer to interest expense on the Solar farms project lease liability. Renewable energy lease interest expenses increased by 5.5% reached JD 2.6 million in 2020 compared to JD 2.5 million in 2019.

Lease interest expenses

Lease interest expenses refers to interest expense on the lease liabilities of Group premises and network site rentals for which rent term is higher than 12 months. Lease interest expenses reached JD 2.5 million in 2020 same as 2019.

Net foreign exchange difference, Finance costs and Finance income

Net foreign exchange difference is generated from Group's transactions in foreign currencies and translation of monetary assets and liabilities. Finance costs consist of the interests and other charges, which is paid on the Group's financial indebtedness. On the other hand, Finance income consists of income earned on cash deposits in various currencies. Total cost of the three entries increased by 0.3% to reach JD 6.94 million in 2020, compared to JD 6.92 million in 2019.

Other income

Other income consists of gains and losses on dispositions of fixed assets and other miscellaneous income. Other income reached JD 4.3 million in 2020, compared to JD 5.1 million in 2019.

Income tax

In 2020 the Group reported JD 7.8 million as income tax, compared with JD 6.4 million in 2019.

Profit for the year

Jordan Telecom Group generated JD 17.5 million as net profit after tax for the year 2020, with a decrease of 8.1%, compared to JD 19.0 million in 2019. This decrease came mainly due to higher depreciations and amortizations as well as higher income tax.

Net variation in cash and cash equivalent

Net cash flows from Operating Activities, main source of liquidity, increased by 6.7% to reach JD 93.2 million, compared to JD 87.3 million for 2019.

Net cash flows used in Investing reached JD 48.7 million in 2020, compared to JD 99.4 million in 2019.

Net cash flows from Financing Activities reached JD 41.0 million used in 2020, compared to JD 6.4 million used in 2019. Increase is due to not obtaining long term financing in 2020.

Cash and cash equivalent

Cash and cash equivalent increased by 134.0% to reach JD 0.94 million in 2020 compared to JD -2.8 million in 2019.

Capital expenditures

CAPEX for Jordan Telecom Group reached JD 60.5 million at the end of 2020, compared with JD 61.3 million at the end of 2019.

Group subscribers

Jordan Telecom Group subscribers showed an increase of 4.4% to reach 3.2 million lines in 2020, compared to 3.1 million lines in 2019, due to the increase in fiber, mobile and Orange money base.

Human resources

Jordan Telecom Group's number of permanent contract employees increased by 0.7% from 1,611 in 2019 to 1,623 in year 2020. Total number of temporary contract employees decreased by 3.9% from 102 in 2019 to 98 in year 2020.

Staff efficiency

The Group's efficiency indicator showed a decrease by 1.3% to reach JD 195 thousand revenue per permanent employee in 2020 compared to 198 thousand revenue in 2019. The numbers of lines per employee reached 1,996 lines in 2020 compared to 1,924 lines in 2019, showing an increase of 3.7% against 2019.

Group Business Segment analysis:

Presented below are the revenues for each business segment of the Group:

- Orange fixed and Orange internet
- Orange mobile
- Renewable energy
- Orange Money

(MJD)	2020	2019	Change%
Revenues			
Orange fixed & Orange internet	203.6	204.5	(0.4)%
Mobile Communication	164.8	167.2	(1.4)%
Renewable energy	5.7	4.9	17.0%
Orange Money	0.4	0.0	-
Intercompany	57.5	57.9	(0.7)%
Total Revenues	317.1	318.7	(0.5)%

Calculated variance may differ from the financials due to the rounding factor

Orange fixed and Orange internet

Orange fixed services are the Group's largest business segment despite the opening of the market to competition and entry of new fixed broadband service providers, such as; fiber internet service.

Orange internet provides various services, such as; corporate internet leased lines, fixed internet service for residential and corporate, web-hosting, and ICT services.

In addition to regular fixed calling service, Orange fixed provides high speed fiber internet services for residential and corporate, through its fiber optic network, which covers wide areas throughout the Kingdom with competitive prices and high quality.

Revenues

Orange fixed and internet revenue decreased by 0.4% in 2020 compared to 2019 mainly to the drop in wholesale international voice transit revenues partially compensated by the growth in fixed broadband revenues.

Mobile communication

The Group's mobile communication segment consists of the mobile communication products and services offered by Orange mobile, which was registered in September 1999, with an aim to build a new, highly advanced mobile communication network to serve the Kingdom. Orange mobile began commercial operations in September 2000 as the second provider of mobile services in Jordan.

Revenues

Orange mobile witnessed a decrease in revenues by 1.4%, compared to 2019. The decrease was mainly due to the drop of local mobile termination revenues despite increase of mobile retail offers' revenues.

Renewable energy

Renewable energy operations started in 2019 following the production of electricity from the solar farms project.

Orange Money

Orange Money is a money transfer, payment and financial services solution provided via an electronic account linked to an Orange mobile number.

Revenues

Orange Money revenues in 2020 registered JD 0.4 million, for its first year of operations.

Disclosure Report for the Year 2020 under the Directive of the Security Commission

Jordan Telecommunications Company

1. The services rendered by Jordan Telecom Group – Orange:

- Fixed telephone service + Fiber.
- Mobile services (voice + data).
- Internet services (ADSL, FTTH).
- Wholesale services.
- Services dedicated to enterprises (B2B), (managed network services and other advanced services such as Data Center, Cloud, or Machine to Machine services).
- Electronic Payment Services through Mobile Phone (Orange Money).
- Development of Renewable Energy Projects.

Company's locations and number of employees in each location:
Headquarter offices, Abdali, The Boulevard, Black Iris Street, Central 1&2, P.O. Box 1689, Amman 11118 Jordan

Governorate	No. of locations	No. of employees
Headquarters	1	493
Amman	62	669
Ajloun	12	6
Irbid	57	89
Jerash	13	7
Al-Mafraq	37	15
Al-Balq'a	21	22
Madaba	9	15
Al-Zarqa	17	34
Al-Aqaba	13	24
Al-Karak	34	29
Ma'an	17	12
Al-Tafilah	12	6
Total	305	1,421

The amount of capital investment in 2020 for Jordan Telecom was JD 38,408,009 and for Jordan Telecom Group JD 60,561,841.

2. Subsidiaries:

All Subsidiaries Headquarter offices, Abdali, The Boulevard, Black Iris Street, Central 1& 2, P.O. Box 1689, Amman 11118 Jordan

Name of the subsidiary	Nature of business	Capital JD	Equity %	No. of emp.
Petra Jordanian Mobile Telecommunications Co. Ltd. (Orange Mobile)	GSM Operator	70,000,000	100%	247
Jordan Data Communications Co. Ltd. (Orange Internet)	ISP	750,000	100%	22
Dimension Company for Digital Development of Data Ltd. (e-Dimension)	Development of Renewable Energy Projects	220,000	100%*	0**
Petra Mobile Payment Services Company (Orange Money)	Electronic Payment Services through Mobile Phone	2.000.000	100%***	31
Future Pioneers for Development and Initiatives	Orange Foundation	15,000	100%****	0**

*The percentage of ownership for Dimension Company for Digital Development of Data Ltd. (e-Dimension) is 51% for Jordan Telecommunications Company and 49% for Petra Jordanian Mobile Telecommunications Co.
** the employees for e-Dimensions' & Future Pioneers for Development and Initiatives became a part of Jordan Telecommunications Company's staff.
*** Petra Mobile Payment Services Company is fully owned by Petra Jordanian Mobile Telecommunications Company.
**** Future Pioneers for Development and Initiatives is fully owned by Petra Jordanian Mobile Telecommunications Company.

3 a. Members of the Board of Directors:

H.E. Dr. Shabib Ammari
Chairman of the Board of Directors
Date of birth: 22/2/1941

Dr. Shabib Ammari is the Chairman of the Board of Directors of Jordan Telecom Group - Orange Jordan since January 2000 till now. He was representing the Government of Jordan till 2006. Dr. Ammari was repeatedly elected as the Chairman of the Board of Directors representing France Telecom Group (now Orange) in the year 2006 and onward.

He was re-elected on Oct 24, 2018 for a new term of four years. A Royal Decree included the appointment of His Excellency Dr. Shabib Ammari as a member of the Senate (10/2013 – 10/2016). During that period, he was Chairman of the Board of Orange Jordan. A Royal Decree included Dr. Shabib Ammari as Minister of Industry and Trade in His Majesty's Government of H.E. Dr. Fayez Tarawneh from 5/2012 to 10/2012. When the Cabinet resigned to pave the road for Parliamentary elections, Dr. Ammari rejoined the Board of Directors on 24/10/2012 and was elected as the Chairman of the Board of Directors on that date and till now.

Dr. Ammari was Deputy Chairman of the Board of Trustees of the Royal Scientific Society (H.R.H. Prince Al-Hassan Bin Talal Chair). He was on the Board of Trustees of PSUT for seven years and was a Member of the Privatization Council, the Economic Dialogue Committee, the Board of Trustees of King Hussein Bin Talal University and the Board of Directors of the Arab Jordan Investment Bank.

Dr. Ammari holds a PhD in Economics (1980) from the University of Southern California (USA), where he worked as a Senior Lecturer. He also lectured in economics for students of Calif. State University at Long Beach and California State Polytechnic University at Pomona until 1985, after which he returned to Jordan and worked in the private sector in the capacity of a General Manager.

Mr. Taieb Belkahia
Vice-Chairman of the Board of Directors
Date of birth: 22/5/1962

Mr. Taieb Belkahia currently is the EVP of OMEA and the General Secretary of Legal Affairs, Regulation & Synergy, PMO and Operational Synergies at Orange Morocco since May of 2005 till now. He held the position of Director of Legal Affairs from Nov. 2001 to May 2005 at MEDI TELECOM (Orange Morocco). Prior to that Mr. Belkahia was the Director of Legal Department from Feb. 1998 to Nov. 2001 at ABN Amro Bank (Morocco). Mr. Taieb earned his Diploma from the Institute of Higher Management Studies HEM Cycle in 1992 and the Diploma from the Toulouse Notary School in 1987.

Mr. Bisher Jardaneh
Member of the Board of Directors
Date of birth: 13/3/1961

Mr. Bisher Jardaneh is currently a member of the Board of Directors of Orange Jordan. He is also the Excutive Chairman of Arabtech Jardaneh Group and the Chairman of Invest Bank. Mr. Jardaneh is of the Board of Trustees of Princess Sumaya University for Technology, The Chairman of Taawon Association (Geneva), Chairman of Arab Cultural Society (Al Raed Al Arabi School), Board member of Jordan Strategy Forum.

Formerly, he served as a member of the Royal committee of "Kulluna Al Urdun," the Royal Commission for Jordan's Water Strategy, the Executive Committee of the International Federation of Consulting Engineers (FIDIC) / Geneva, Greater Amman Municipality's Council as the head of its Financial Committee. He also held the position of the Chairman of the National Resources Investment and Development Corporation, Vice Chairman of the Abdali Investment and Development Company, the Chairman of the Abdali Boulevard Company, the Chairman of Al Daman for Development Zones Company, Chairman of Architects and Engineers Business Council (AEBC) and a Member of Jordan's National Agenda Committee.

Mr. Jardaneh is a founder and two terms vice-chairman of the Jordan Strategy Forum. He is also a member of the Young Presidents Organization (YPO), Jordan Engineers Association, Jordan Businessmen Association and Jordan European Business Association.

Mr. Jardaneh holds a bachelor's degree in Civil Engineering from the University of Illinois, and a master's degree in Construction Management from the University of California, Berkeley.

Mr. Jérôme Hénique
Member of the Board of Directors
Date of birth: 27/11/1969

Mr. Jérôme Hénique has over 25 years of experience in the ICT field, during which he worked in a diverse array of markets spanning France, Spain, Senegal and Jordan, cultivating an extensive experience in the management of international teams, P&L management and telecom market development.

Prior to being appointed in 2018 as Deputy CEO, Chief Operating Officer of Orange Middle East and Africa, he joined Orange Jordan as CEO in September 2015. He worked as Deputy CEO of SONATEL Group — an Orange subsidiary based in Dakar covering four countries in West Africa — between 2010 and 2015, where he also served as Chairman and a member of several of the Group's boards.

Before joining SONATEL, Mr. Hénique served as Group Chief Marketing Officer at Orange between 2009 and 2010, leading the international marketing team in Paris, London, and New York and becoming a member of the Orange Executives Network.

He also acted as Chief Marketing Officer of the Consumer Market at Orange France between 2006 and 2009, where he led the operator's marketing operations and successfully consolidated broadband market share in France.

Mr. Hénique also worked as Chief Marketing Officer of Wanadoo Spain from 2000 until 2003, managing the company's nationwide marketing operations, and as Chief Marketing Officer of Wanadoo Group from 2003 to 2006.

Mr. Hénique has an MBA in Management of Network Business from ENSPTT in Paris and a BA in Economics, Marketing, and Finance from the Paris Institute of Political Studies.

B. G. Dr. Eng. Hisham Khraisat
Member of the Board of Directors
Date of birth: 25/12/1965

B. G. Dr. Hisham Khraisat is a telecommunications engineer with more than thirty years of experience in the operational and executive management of telecommunications technologies and services, with practical experience in network planning, network operations management, and telecommunications policy development.

B. G. Dr. Hisham Khraisat is an active duty Brigadier General in Jordan Armed Forces, serving as Special Communication Commission (SCC) General Director.

B. G. Dr. Hisham joined the Jordan Armed Forces in 1984, where he has held many leadership and administrative positions during his military career, such as; Royal Signal Corps (RSC) Director, Commandant of A-Sharif Nasser C3 Military College, Signal Assessor (Inspector & Evaluator) at the Inspector General's Office, Chief of Encryption Branch at RSC Directorate, Commandant of C4I Center at RSC Directorate, Commander of GHQ Communication level 3 Workshop, Supply and Procurement staff Officer at C3, Instructor at A-Sharif Nasser C3 Military College. UN Military Observer & Staff Officer as Communications & Training Officer.

B. G. Dr. Khraisat holds PhD degree in Management Philosophy from the World Islamic Science and Education University (WISE), also holds master degree in Computer Science Engineering / Embedded Systems from Yarmouk University. His bachelor degree is in Electrical Engineering / Telecommunications from Mu'tah University.

B. G. Dr. Khraisat is a member of the Board of Directors of Jordan Telecom Group - Orange Jordan, and he was one of the commissioners in Telecommunication Regulatory Commission (TRC), also he is the Head of the Communication and Electronics Committee for Standards & Metrology at national level, and he is a head of many technical committees at JAF HQ level.

B. G. Dr. Khraisat has published many scientific and technical researches in the international magazines, in addition to publishing many papers and books in Human Resources and Management fields.

Mr. Abdallah Abu Jamous
Member of the Board of Directors
Date of birth: 30/1/1977

Mr. Abdallah Abu Jamous is a member of the Board of Directors of Jordan Telecom Group - Orange since August 2017. Currently, he serves as Director of Committees Support and Evaluation Department at the Social Security Corporation. He previously occupied the Human Resources Director post at the Social Security Corporation and prior to that, he held the position of the Director of Strategic Planning Department, in addition to serving as a Planning and Project Management Consultant at the Union of International Electronic Media (UNIEM) for the period from 2012-2013. Mr. Abu Jamous has served as a specialized trainer in the fields of Strategic Management, Risks Management, and Projects Management in the Kingdom and abroad.

Mr. Abdallah Abu Jamous holds a master's degree with honor, in Management Information Systems from Al Balqa Applied University, and a Bachelor Degree in Accounting from Yarmouk University. Additionally, he earned several professional certificates including; Certified Project Management Professional Certification (PMP), Certified Risk Management Professional Certification (PMI - RMP) from the American Project Management Institute PMI, Certified Strategic Planner (CSP) from the American Accredited Consultants Institute and Quality Assessment Certification (EFQM Assessor) from the European Organization for Quality Management.

Mr. Abu Jamous was named as the Best Employee in the Hashemite Kingdom of Jordan for the year 2012 (The Best Employee Award issued from the Civil Service Bureau).

Mrs. Dorothée Vignalou
Member of the Board of Directors
Date of birth: 2/1/1970

Mrs. Dorothée Vignalou is currently a member of the Board of Directors of Orange Jordan and the Deputy Chief Financial Officer of Orange Middle East and Africa. Prior to that, she was the Head of Central Controlling of Orange Business Services from Jan. 2014 – March 2018. She was the Head of Controlling Solutions and Referentials at Orange Group Finance from Sep. 2003 - Dec. 2013. She previously held the position of Consultant then Project Manager at France Telecom Finance Division from Sep. 1994 - Aug. 2003.

Mrs. Vignalou graduated from Sciences Po Paris with a master's degree in Economics & Finance Section in 1993.

3.b. Top management (Executives):

The management is in charge of managing the day to day work of Orange Jordan and its subsidiaries.

Mr. Thierry Marigny
Chief Executive Officer of Orange Jordan
Date of birth: 15/4/1963

With more than 30 years of experience in the ICT sector, Thierry Marigny has worked in a diverse array of global markets across Europe, Middle East, and Africa, cultivating robust expertise in global management, marketing, strategic planning and corporate communication. Prior to his appointment as the CEO of Orange Jordan in 2018, Marigny had a deep experience in the development of telecommunication operators. Most recently, he served as the Deputy CEO of SONATEL Group — an Orange subsidiary based in Dakar, covering five countries in West Africa. In addition to his most recent tenure, he served as CEO of Orange Tunisia, Deputy CEO of Cellis (Lebanon), Chief Marketing Officer of Orange Belgium, Orange's Global Brand Vice President, Orange Vice President of Marketing for Mobile Services.

Among his other past experiences and achievements, he has a strong understanding of the Digital Ecosystem, as he served as the Founder and CEO of Cityneo, a Paris-based start-up focused on mobile applications and location-based services.

Marigny holds a master's degree in Marketing and Finance, from Dauphine University in Paris. He is also a graduate of the Institute Mines-Télécom Business School in France, where he attained a master's degree in Telecommunications Management.

Mr. Raslan Deiranieh
Deputy Chief Executive Officer
Chief Financial and Strategy Officer
Date of Birth: 17/11/1963

Mr. Raslan Deiranieh is the Deputy Chief Executive Officer and the Chief Financial and Strategy Officer of Jordan Telecom Group – Orange Jordan, in charge of Compliance & Ethnic, and Network Information Security. He joined Jordan Telecom in 1998 as a Treasury Director.

Before that, Mr. Deiranieh served as head of the Foreign Investments Section at the Central Bank of Jordan.

Mr. Deiranieh is currently a Board Member in the Central Bank of Jordan, a Board Member of the Faculty of Arts at the University of Jordan, and a Board Member of JAMA (Jordan Association of Management Accountants). He is also the Chairman of the e-Dimension Company, and the Chairman of the Petra Mobile Payment Service Co.

He was previously a Board Member in Safwa Islamic Bank, a Board Member of Jordan Data Communications Co., and the Chairman of Light Speed Company based in Bahrain.

He has previously represented the Social Security Corporation on the Board of Directors of Jordan Press Foundation (Al-Rai Newspaper), and on the Board of Jordan Steel Company.

Mr. Deiranieh holds a bachelor's degree in Accounting and Computer Science with honors from Al-Yarmouk University (1985) as well as the award of Scientific Excellence from the same university, and the Distinguished Graduates award. Mr. Deiranieh holds a master's degree in Accounting from the University of Jordan (1992) and has a certificate of Orange Finance and Controlling from ESCP Business School (2008).

Mr. Sami Smeirat
Chief Enterprise Officer
Date of birth: 13/4/1971

Mr. Smeirat has held the position of CEO of Jordan Data Communication Company Ltd. since 2007, in addition to his position as the Chief Enterprise Officer that provides services of telecommunications solutions (mobile, internet, and fixed) for the public and private sectors in the Jordanian market. In 2003, he was the Chief Executive Officer of Wanadoo, until it was re-branded to Orange Internet.

He also led the exclusive partnership with Equant as their distributor in Jordan, and the re-branding of Global One to Wanadoo. Prior to that, he was the co-founder of Cyberia Jordan in 2001, in which he worked as the deputy CEO and Chief Commercial Officer. He also worked as the Corporate Sales Manager at Global One since 1996, before managing Consumer and Corporate Sales since 1999 and Teaching and Research Assistant at the University of Jordan for two years.

Mr. Smeirat holds a BSc in Electrical Engineering from the University of Jordan and a master's degree in Communications Engineering, as well as an MBA in Business Administration from NYIT.

Mr. Waleed Al Doulat
Chief Wholesale Officer
Chief Information Technology & Networks Officer
Date of birth: 2/5/1966

Mr. Waleed Al Doulat has held the position of Chief Wholesale Officer of Jordan Telecom Group - Orange Jordan since 2010, from July 2016, Mr. Al-Doulat has been assigned the role of Chief Information Technology & Networks Officer, in addition to his current position as Chief Wholesale Officer.

In 1992, he joined the Jordan Telecom Group as an Operation and Maintenance Transmission Engineer, where he worked his way up to his current position.

Mr. Al-Doulat received his BSc degree in Electrical Engineering/ Telecommunications from the Jordan University of Science and Technology (JUST) in 1989. Following his graduation, he worked at the same University as a Teaching Assistant until the end of 1991.

Dr. Ibrahim Harb
Chief Legal, Regulatory, Sourcing and Supply Chain Officer
Chief Human Resources Officer
Date of Birth: 17/5/1961

Dr. Ibrahim Harb has held the position of the Chief Legal, Regulatory, Sourcing, Supply Chain and Human Resources Officer of Orange since July 2020

Prior to that Dr. Harb was acting the Chief Human Resources Officer of Orange Jordan adding to Chief Legal, Regulatory, Sourcing, Supply Chain Officer (March 2020- July 2020)

Prior to that Dr. Harb was the Chief Legal, Regulatory, Sourcing and Supply Chain Officer of Orange Jordan (2017-2020)

Prior to that, Dr. Harb was the Chief Legal, Regulatory and Sourcing Officer of Orange Jordan (2014 – 2017). He was the Chief Legal and Regulatory Officer of Orange Jordan (2010 - 2014), and the Legal and Regulatory Director of Orange Jordan (2005 - 2010). Before that, he had held in 2004 the position of Acting Human Resources Officer at Jordan Telecom, and was the Training Manager and the Training Center Manager (1999 - 2004) at Jordan Telecom.

Dr. Ibrahim holds a PhD in Communications Engineering

Mrs. Naila Al Dawoud
Chief Consumer Market Officer
Date of Birth: 3/4/1968

Naila Al Dawoud has held the position of Chief Consumer Marketing Officer since July 2017. Mrs. Al Dawoud has more than 25 years of experience at Orange Jordan and Orange Group in the core disciplines of the telecommunication and marketing sectors. Her career path took a different turn after 12 years' experience at the IT sector to explore new challenges in the commercial and marketing field.

Prior to becoming Chief Consumer Marketing Officer, Mrs. Al Dawoud worked as Marketing Director for 7 yeas.

Before that she occupied many managerial positions at Orange Jordan and Orange France. In 2006, her experience was enriched by managing multi ITN-Programs within Network Carrier & IT sector at Orange Group in France.

Mrs. Al Dawoud holds bachelor degree in computer science from Yarmouk University, in addition to an Application Engineer Diploma (Design, Communication and Development) from Centre of the International Cooperation for Computerization (CICC) – Tokyo, Japan.

Mr. Samer Al Haj
Chief Consumer Sales Officer
Date of Birth: 27/8/1976

Samer Al Haj has been appointed as Chief Consumer Sales Officer on 1st of July 2017. Mr. Haj has more than 20 years of relevant experience in the telco industry, during which he held a variety of managerial positions that have enriched his experience in the telecommunication sector.

Prior to being appointed as Chief Sales Consumer Officer, Mr. Al Haj worked at Orange JO as the Sales Director for 6 years; he previously occupied many managerial positions with Viva Bahrain and Zain Jordan, through which his leadership and ability to develop a successful business, set-up commercial operations, and develop distribution strategies has been proven.

He holds a bachelor degree in Educational Sciences from University of Jordan, in addition to Telecom Mini MBA from Telecoms Academy.

Mr. Jallale Bassou
Deputy Chief Information Technology and Networks Officer
Date of Birth: 15/3/1974

Mr. Jallale Bassou is the Deputy Chief Information and Network officer at Orange Jordan and a member of the Executive Committee (ExCom) as of October 2019. He is responsible for budget control, IT & Network services, and operational efficiency programs.

Mr. Bassou served as Senior Director at Orange Morocco From 2015 till 2019, where he was in charge of the roll out, operations and customers experience. He also held the position of Rollout Network and Operation Director at Orange Tunisia.

Mr. Bassou is an accomplished executive with 20 years of international telecoms and technology experience. He held key managerial in telecom operators in Tunisia Ooredoo, then Orange Tunisia, and served in Orange Group's subsidiaries in Europe and South America.

Mr. Bassou holds a Master's degree in International Purchasing from Nancy University in France.

Mr Wilfried Yver
Chief Digital, Data, Innovation & Money Officer
Date of Birth: 21/2/1972

Yver has vast international experience and knowledge in Europe and emerging countries. With over 20 years of experience in Telecoms and Digital, Global practice of Marketing, and Sales, he joined the Orange Jordan on December 1, 2020.

Before joining Orange Jordan, he occupied several positions in Innovation and Technology, Group Data and AI in Orange Middle East and Africa (OMEA), France and Wholesale Chapter Leader in Orange France, Vice President MVNO and VISP Business Line at Orange Horizons in Paris, France, in addition to his experience as a Chief Marketing Officer and Orange Money Chief Officer in Orange Mali.

Yver holds two master's degrees; an MBA from Anderson College, University of New Mexico, major in Finance and Strategic Marketing, and a Master of Business from Normandy Management School, with a focus on International Business.

4. The names of shareholders who own 5% or more of the capital as of 31st of December 2019 and 2020:

Shareholders	No. of shares 31.12.2019	Shareholding % (2019)	No. of shares 31.12.2020	Shareholding % (2020)
Joint Investment Telecommunications Co.	95,624,999	51%	95,624,999	51%
Social Security Corporation	54,150,000	28.88%	54,150,000	28.88%
Noor Telecommunications Holding Company Limited	17,437,794	9.30%	17,437,794	9.30%
Total	167,212,793	89.18%	167,212,793	89.18%

5. The competitive situation of the company:

After the exclusive rights termination on the 1st of January 2005, the TRC issued individual and class licenses for fixed line services to several companies. Additionally, the mobile telecommunication service has affected the company's market share in the local market.

The Company's share of the total domestic market:

Orange fixed services	>90%
Orange mobile services	30-35%
Orange internet services	40-45%

6. The degree of dependence on specific resources:

The Jordan Telecom Group purchased more than 10% of the total purchases from:
Nokia Solutions and Networks Oy (18%)
Huawei (13%)
- There is no reliance on major local and/or external clients who make up 10% or more of total revenue.

7. The privileges enjoyed by the company:

Jordan Telecom does not enjoy any privileges and does not hold any patent. On the other hand, Jordan Telecom has the right to use the brand name of “Orange.”

8. The decisions of the Government:

There are no decisions issued by the Government or international organizations or others, which have material effect on the Group’s business, products or competitive ability. Pursuant to the license issued to it.

The Group complies with international quality standards and applies the following Quality standards:
- Tier III Design Certificate (QTY 1)
- Tier III Constructed Facility Certificate (QTY 1)
- ISO 14644 Technical Environment Cleanroom certificate (QTY 9)
- Data Center International Award (QTY 1)
- GEEIS – Gender Equality European & International Standard
- ISO 45001:2018 Occupational health & safety
- ISO 14:001:2015 Environmental
- COPC - Customer Operations Performance Centre.
- EFQM Excellence Model - Recognised for Excellence(R4E)-4 stars

9.a The organizational structure of Jordan Telecom Group:

Board of Directors

- Audit Committee
- Remuneration & Nomination Committee
- Corporate Governance Committee
- Risk Management Committee
- Chief Executive Officer
- Legal Advisor
Mr. Thaer Najdawi

Chief Executive Officer – Thierry Marigny

- Deputy Chief Executive Officer/Chief Financial & Strategy Officer
Raslan Deiranieh
- Chief Enterprise Officer
Sami Smeirat
- Chief Wholesale Officer / Chief Information Technology & Networks Officer
Waleed Al-Doulat
- Chief Legal, Regulatory, Sourcing and Supply Chain Officer / Chief Human Resources Officer
Ibrahim Harb
- Chief Consumer Market Officer
Naila Al Dawoud
- Chief Consumer Sales Officer
Samer Al Haj
- Deputy Chief Information Technology & Networks Officer
Jallale Bassou
- Chief Digital, Data, Innovation & Money Officer
Wilfried Yver

9.b. Number of employees and type of qualifications:

Qualification	Jordan Telecom (Orange Fixed)	Petra Jordanian Mobile Tel. Com. (Orange Mobile)	Jordan Data Communication Co. (Orange Internet)	Petra Mobile Payment Services Company (Orange Money)
Doctorate (PhD)	4	0	0	0
Master's	68	20	3	1
High Diploma	3	1	0	0
BA	905	204	15	29
Diploma	268	14	0	0
Tawjihi	48	6	2	0
Below Tawjihi	125	2	2	1
Total	1,421	247	22	31

9. c. Training programs during 2020:

No.	Description	Number of trainees
1	Financial courses	299
2	Management courses	690
3	Marketing & sales courses	501
4	Quality courses	67
5	Technical courses	373
6	Computers courses	1,003
7	Language courses	20

10. The risks to which Jordan Telecom Group is exposed:

Jordan Telecom Group faces risks of competition from mobile telecommunications and other telecom companies who serve fixed line services.

11. The achievements realized by the company:

The achievements were mentioned in Jordan Telecom Group results.

12. The operations of infrequent nature during 2020:

There is no financial impact for non-recurring transactions that occurred during the fiscal year, which are unrelated to the core activities of the company.

13. The time series of profits, distributed dividends, shareholders' equity and shares prices issued by the company for five years:

	2016	2017	2018	2019	2020
Profits in (JD)	18,074,087	24,030,280	21,307,063	19,044,843	17,502,121
Distributed dividends (JD)	18,000,000	24,000,000	21,500,000	15,000,000	18,750,000*
Dividends %	8.8%	12.8%	11.46%	8%	10%
Shareholders equity in (JD)	268,213,941	274,244,221	273,936,814	271,481,657	273,983,778
Shares prices (JD)	2.31	2.14	1.39	1.44	1.47

* Proposed dividend in 2020.

14. The analysis of the financial position of Jordan Telecom Group:

The financial analysis was included in the consolidated financial and statistical highlights.

15. Future outlook:

This part is mentioned in "The future vision of the Group".

16. The remuneration of the external auditor of the company and its subsidiaries during 2020:

The Company	Auditing remuneration (JD)
Jordan Telecommunications Co. (Orange Fixed)	38,610
Petra Jordanian Mobile Telecommunications Co. Ltd. (Orange Mobile)	38,610
Jordan Data Communications Co. Ltd. (Orange Internet)	5,085
Dimension Company for Digital Development of Data Ltd. (e-Dimension)	5,000
Petra Mobile Payment Services Company (Orange Money)	8,000

17. The shares owned by the members of the Board of Directors and top management:

No shares are owned by any of the members of the board of directors except for H.E. Dr. Shabib Ammari – Chairman who owns (1) share and Brigadier General Dr. Eng. Hisham Khraisat Member of the BOD who owns (375) shares.

No shares are owned by top management members and their relatives or by any company controlled by them except for Mr. Raslan Deiranieh who owns (21,500) share.

Statement of the members of the Legal Entities Board of Directors, their representatives, and the ownership of each one of them.

No.	BOD	Status	Position	Nationality	No. of shares as of 31/12/2020	No. of shares as of 31/12/2019
1	Joint Investment Telecommunications Co. represented by	Legal entity		Jordanian	95,624,999	95,624,999
	1.1 H.E. Dr. Shabib Ammari		Chairman of the BoD	Jordanian	1	1
	2.1 Mr. Taieb Belkahia		Vice-Chairman of the BoD	Moroccan	-	-
	3.1 Mr. Jérôme Hénique		Member of the BoD	French	-	-
	4.1 Mrs. Dorothée Vignalou		Member of the BoD	French	-	-
2	Social Security Corporation represented by	Legal entity		Jordanian	54,150,000	54,150,000
	1.2 Mr. Abdallah Abu Jamous		Member of the BoD	Jordanian	-	-
	2.2 Mr. Bisher Jardaneh		Member of the BoD	Jordanian	-	-
3	Jordanian Armed Forces/ Government of the Hashemite Kingdom of Jordan represented by	Legal entity		Jordanian	3,000,001	3,000,001
	1.3 Brigadier General Dr. Eng. Hisham Khraisat		Member of the BoD	Jordanian	375	375

18. The remunerations and rewards in 2020 for the members of the Board of Directors and for the top management members were:

No.	BOD	Committees remuneration	Transportation	Annual BOD remuneration 2019	Total
1	H.E. Dr. Shabib Ammari	107,800	7,200	5,000	120,000
2	Mr. Taieb Belkahia*	6,000	7,200	5,000	18,200
3	Mr. Bisher Jardaneh**	6,000	7,200	5,000	18,200
4	Mr. Jérôme Hénique*	0	7,200	5,000	12,200
5	Brigadier General Dr. Eng. Hisham Khraisat	6,000	7,200	5,000	18,200
6	Mr. Abdallah Abu Jamous**	6,000	7,200	5,000	18,200
7	Mrs. Dorothée Vignalou*	6,000	7,200	5,000	18,200
	Total	137,800	50,400	35,000	223,200

*All amounts are paid to Orange Group.
**Remuneration, commissions, and mobility allowances were paid to the Social Security Corporation.
Number of Board meetings during 2020 (5).

Paid amount to top management:

No.	Name	Salary	Additional granting	Distributed EOS indemnity	Bonus	Transportation	Travel	Others	Total
1	Mr. Thierry Marigny	69,063	0	0	0	0	360	0	69,423
2	Mr. Raslan Deiranieh	157,200	26,200	13,100	76,834	9,600	0	2,862	285,796
3	Mr. Sami Smeirat	126,636	21,106	10,553	61,815	9,600	420	2,470	232,600
4	Mr. Waleed Al-Doulat	116,400	19,400	9,700	58,091	9,600	960	2,199	216,350
5	Dr. Ibrahim Harb	102,000	17,000	8,500	50,381	9,600	240	2,199	189,920
6	Mrs. Naila Al Dawoud	78,000	13,000	6,500	38,568	9,600	720	0	146,388
7	Mr. Samer Haj	74,400	12,400	6,200	36,634	9,600	0	0	139,234
8	Mr. Jallale Bassou	84,000	0	0	9,705	2,400	0	0	96,105
9	Mr. Mederic Chomel	15,268	0	0	0	0	900	0	16,168
10	Ms. Ghada Fares	18,753	3,126	1,563	17,736	2,587	0	0	43,765
	Total	841,720	112,232	56,116	349,764	62,587	3,600	9,730	1,435,749

19. Donations and grants:

No.	Donations to	Amount
1	Himmat Watan	1,000,000
2	The General Trade Union of Workers in Public Services & Free Occupations	85,000
3	Greater Salt Municipality	30,000
4	Al Zarq Municipality	20,000
5	Donations for Several Charities	17,500
6	Donations to Government agencies, preventive materials for the pandemic	7,753
7	Jordan Nurses & Midwives Association	5,000
8	Retired JTG Club Association	3,500
9	Tkyet Um Ali /Ramadan Parcels	3,000
10	Sports Donations	2,250
11	Education Donations	2,000
	Total	1,176,003

*The above amounts are the total donations, without including all sponsorships.

20. The contracts concluded by the company with subsidiary, sister, and affiliated companies:

There is a management agreement between Orange Jordan and Orange Group. Also, a number of agreements signed between the company and its subsidiaries in the daily normal conduct of business.

There are no contracts, projects or engagements entered into by the Company with the Chairman of the Board of Directors, members of the Board of Directors, the Chief Executive Officer or any employee of the company or relatives thereof.

21. The company’s key contributions in the areas of environmental preservation and community service:

Orange Jordan

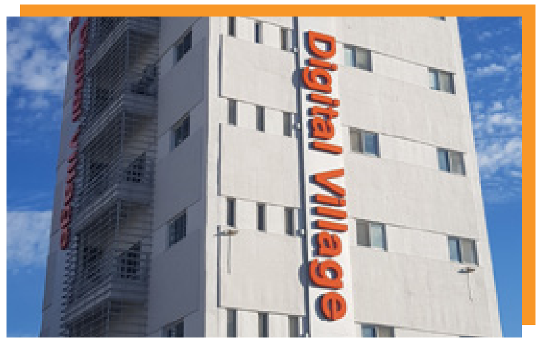
The Year 2020: Achievements Despite Challenges

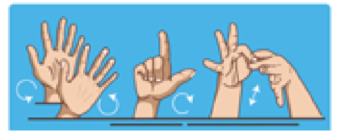
The year 2020 changed life as we know it, amid unprecedented circumstances Jordan and the world faced. COVID-19 and its challenges called for a drastic change in lifestyles and working methods. Orange Jordan excelled in standing by the entire society and remaining the Kingdom’s main supporter to help the country in addressing the pandemic’s repercussions.
The company provided the best services and supported governmental efforts made to curb the spread of the virus, playing a major role in enabling Jordanians to stay connected to all that matters to them, thanks to Orange’s strong infrastructure and latest technologies.
Starting from within, the company continued to develop and enhance employee experiences and work environment, making an achievement that was recognized by the “Top Employer Award” from the Top Employer Institute in 2020 for the fifth consecutive year.
To support the Kingdom in developing a quick response to the pandemic, Orange Jordan contributed around JD 8 million to support the government in combating the health, social and economic consequences of the crisis. The company also utilized its digital resources to provide free browsing of several online educational platforms and a communication channel to enable persons with disabilities to request support in emergencies or inquire about COVID-19. Another role played by Orange Jordan was raising awareness among Jordanians about the precautionary measures taken.
For years, Orange Jordan has harnessed efforts to accelerate digital transformation, which became more important in light of the circumstances. Eyes turned to the responsible digital leader for more achievements and excellence. The company enhanced its digital wallet, Orange Money, so that users can enjoy an easy, fast solution for secure and reliable financial transactions, in addition to providing the business sector with a wide array of advanced solutions to maintain continuity.
The company’s ongoing efforts were rewarded by successfully coping with the situation and fulfilling the goals of its social programs, most notably those supporting youth in turning their dreams into reality. Such programs include the Coding Academy by Orange which welcomed the second cohort, and the startup accelerator program “BIG” which concluded its seventh season and welcomed the eighth.
Preserving the environment remained one of the main issues the company adopted to contribute to reducing the impacts of climate change. Orange Jordan’s Solar Farm project now covers more than 60% of the company’s energy needs, which falls in line with the company’s efforts to reduce carbon footprint and increase the use of renewable, clean energy. This is an achievement in every sense of the word, considering that it extends to impact the world we all live in.
Perhaps what made the year 2020 special was Orange Jordan’s role as the Kingdom’s digital partner and a national company that remains efficient and responsible towards its employees, society, and environment. These outstanding efforts make us, not only, recall with pride what has been achieved, but also paint a bright vision for the future, one marked by constant progress in all sectors.

Digital education and inclusion

The success witnessed in 2020 alleviated the impact of the pandemic and was reflected on the lives of youth, as the company conducted training, tests, and interviews online, and brought all its initiatives in the Orange Digital Village in Abdali including:

- The graduation of the first cohort of Coding Academy by Orange, and welcoming 50 new students to the second cohort of the academy.
- Renewing partnership with Simplon.co for interactive learning in the Academy and signing an agreement with Princess Sumaya University for Technology to accredit the Academy’s certificates.
- European Union and Orange Jordan’s cooperation, which resulted in the launch of the “Innovation Space” project to support entrepreneurs in Jordan.
- The Orange Yarmouk Innovation Lab continued to conduct online training courses, and the fifth cohort of the lab graduated.
- Conducting digital skills courses for the beneficiaries of Orange Community Digital Centers, free courses in collaboration with Cisco, and sponsoring workshops held in partnership with caricaturist Omar Adnan Al-Abdallat.
- Launching the Mobile FabLab, a joint venture between Orange Jordan and Luminus Shamal Start to provide digital fabrication skills and tools to youth across the Kingdom.
- Signing an agreement with the Ministry of Digital Economy and Entrepreneurship to establish 3 new digital centers under the Orange Community Digital Centers umbrella.
- Sponsoring the announcement of Tawjihi results for the year 2020 and presenting prizes that included YO Lines and JD 150 Orange Money credit to the top 78 students.
- Offering free browsing of “Darsak” platform, launched by the Ministry of Education, to adopt online remote learning for school students.
- Supporting free browsing of “Edraak” platform to enable users to access and download the platform’s materials without consuming their data packages.





Entrepreneurship

Orange Jordan continued supporting entrepreneurship during the year of the pandemic, including its motivational projects that encourage youth to innovate and inspire them continuously to utilize their talents and create projects that benefit them and their communities. Some of these initiatives are:

- Launching Orange Social Venture Prize (OSVP) 2020.
- Concluding season 7 of Orange Startup Accelerator Program (BIG) and beginning the eighth season as six new startups joined in late 2020 at the program’s new headquarters in Orange Digital Village.
- Investing €50,000 in a startup company “Back Office for Business (BOB)” through Orange Ventures MEA Seed Challenge.
- Launching Orange Gaming Hub training facility for e-gaming in cooperation with FATE Esports.

Digital inclusion of persons with disabilities

Under the umbrella of “Differently Abled, Definitely Enabled”, Orange Jordan continued to enable persons with disabilities and succeeded in supporting them to benefit from its services during the pandemic through:

- Cooperating with the Higher Council for the Rights of Persons with Disabilities to receive emergency requests in the pandemic, as SignBook technology served more than 6000 cases by facilitating access to the COVID-19 hotline.
- Cooperating with the Ministry of Health and Rahma Humanitarian Foundation to provide visual communication to persons with hearing disabilities using SignBook technology in many of the ministry’s health centers.
- Signing a Memorandum of Understanding with the Telecommunications Regulatory Commission, the Public Security Directorate and “Globitel” to make the emergency number (114) available to persons with hearing disabilities.

Environment

The environment is one of Orange Jordan’s priorities, and the global group’s goals to reduce carbon footprint and contribute to preserving the environment by relying more on renewable and clean sources. This year, the company focused efforts include:

- Orange Jordan launched its environmental campaign, “Committed to Preserving Our World”.
- Orange Jordan’s Solar Farm project covered approximately 60% of the company’s electrical energy needs for 2020.
- Reducing carbon emissions by 50 kilotons by using the energy generated from its solar power plants in Mafraq and Amman, since the launch of the project.
- Providing access to offers and services through a QR code and adopting electronic invoices instead of paper.

Social solidarity and philanthropy

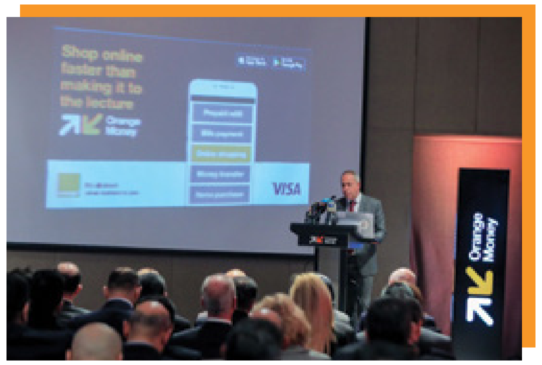
During 2020, Orange Jordan was keen to contribute in the framework of social solidarity and philanthropy like every year and even solidified efforts to tackle the challenges resulting from the pandemic, including:

- Supporting the winter campaign "Karamak Dafahoum 3" launched by the Social Committee at the Ministry of Digital Economy and Entrepreneurship for the third year in a row, in addition to sponsoring the "Warmth" campaign to support underprivileged families.
- Donating JD 1,000,000 to "Himmet Watan" fund.
- A cash donation of $100,000 to the Ministry of Health, in addition to JD 20,000 to support daily workers through the "Yawmeyethoum A'liena " initiative. The company and Orange Foundation donated 120,000 euros to the Ministry and provided mobile lines to nursing staff valued at JD 150,000.
- Providing free browsing of "Hakim" platform for the delivery of medicine for patients with chronic diseases and also "Aman" application.
- More than 2,500 people benefited from the Jordanian Hashemite Fund for Human Development "JOHUD" mobile clinic and 17 students from the university scholarships offered, including two persons with physical disabilities, under Orange Jordan's partnership with JOHUD.
- Providing services to Jordanians returning to the Kingdom during COVID-19 by enhancing its networks and internet speed in the quarantine hotels in the Dead Sea.
- Continuing support for the "Goodness Number" initiative for patients of King Hussein Cancer Center under its partnership with the center and providing support for the "JordanXCancer" campaign for underprivileged cancer patients in the center.
- Supporting 39 families benefitting from Tkiyet Um Ali, distributing iftar meals to families in their homes and supporting a number of students with internet lines and MiFi devices to ensure the continuity of online learning.

Orange Money e-wallet

Orange Money is one of the company's most important projects that played an integral role since its launch in 2020. During the pandemic, the e-wallet facilitated safe money transfers, as Orange Jordan enabled mobile users to open Orange Money easily and securely through self-registration. The e-wallet witnessed milestones including:

- Cardless deposits and withdraws from Housing Bank for Trade and Finance ATMs.
- Launching a Visa card for paying at different points of sale, cash withdrawal from different ATMs locally and internationally, in addition to online shopping.
- Signing various strategic agreements for e-payments and donations and launching a wide network of exchange partners across the Kingdom.
- Launching a wide array of e-vouchers that can be purchased securely and instantly through Orange Money, such as: iTunes, Google Play, Sony PlayStation, Xbox Live, Steam, and PUBG.



Customer Experience

Orange Jordan customers are the company's top priority. During the pandemic, Orange Jordan offered added value for its customers to cater to their different needs. The company's excellence was rewarded by receiving COPC, a prestigious international certificate for customer service. The company continued to:

- Commit to offering the best voice and internet services for customers by increasing the internet bandwidth for mobile customers.
- Adhere to COVID-19 measures during the complete and partial lockdown, by keeping lines with unpaid bills active and showrooms open for customers while maintaining all precautionary measures.
- Enhance the eShop and "My Orange" App to support easy, safe customer experiences in line with the precautionary measures.
- Deploy networks for different sectors since the beginning of the pandemic, support the public sector, especially health and education, the private sector and individuals.

Enterprise Business Unit

The business sector requires different services that cater to its growing needs. Orange Jordan excelled in this field by:

- Supporting the new business model during the pandemic and signing a strategic partnership with Avaya to offer Avaya Spaces solution for remote work.
- Providing the Jordanian Universities Network with internet services and offering exclusive telecom services for Asamiah International School to facilitate the institution's work.
- Renewing the agreement with the Jordanian Armed Forces.
- Providing electronic connectivity for the 2020 parliamentary elections, as Orange Jordan linked 1,845 voting and counting centers across the Kingdom, and more than 8,500 voting points to the main election operations center of the Independent Election Commission.
- Providing the Ritz-Carlton Amman Project with telecom services.

Offers and new services

Orange Jordan stood out with its evolving offers that cater to customers' constantly changing needs and the rise in internet use. The company continued investments in its fiber network to ensure unprecedented speed and coverage, offering a wide range of offers and campaigns including:

- Launching "YO" platform offers with unique features and launching the platform's "Nothing Stops Our Fun" campaign.
- Launching Orange "Smart Life" solutions.
- Launching a fiber campaign for the fastest and strongest internet in the Kingdom.
- Launching advanced cybersecurity solutions.
- Launching "Life Skills" service.
- Launching new smartphone series including Tecno, Infinix and Itel.
- Expanding Orange 4G smartphone series and launching its new phone, Sanza XL.
- Tablet in installments campaign with Orange Fiber.
- Expanding showrooms that sell mobile phone accessories.
- More comprehensive "YO" campaigns, including Wheel of Fortune competition, "Humat Al Watan" lines campaign, with features such as mobile, broadband, packages and "Orange Money".
- Launching Ramadan campaign.
- Launching "Stay Home" packages and enhancing the emergency credit, helping customers to adhere to precautionary measures to curb the spread of COVID-19.
- Offering unlimited OSN entertainment with Orange Fiber offers, after OSN and Orange Jordan signed a strategic partnership.

Confirmation

1. The Board of Directors confirms that there are no substantial matters which may affect the continuation of the company in the next fiscal year.

2. The Board of Directors confirms its responsibility for the preparation of the financial statements and the provision of an effective control system in the company.

Chairman of the Board	Vice Chairman	Member of the Board
H.E. Dr. Shabib Ammari	Mr. Taieb Belkahia	Mr. Bisher Jardaneh

Member of the Board	Member of the Board	Member of the Board
Mr. Jérôme Hénique	Mr. Hisham Khraisat	Mr. Abdallah Abu Jamous

Member of the Board
Mrs. Dorothée Vignalou

3. We, the undersigned below, confirm the accuracy and completion of the information and statements set out in the report.

Chairman of the Board	Chief Executive Officer	Deputy Chief Executive Officer Chief Financial Officer
H.E. Dr. Shabib Ammari	Mr. Thierry Marigny	Mr. Raslan Deiranieh

Governance Report 2020

Jordan Telecommunications Company

Governance Report

We are pleased to present to you the Corporate Governance Report for 2020, which summarizes the information and details regarding the implementation of the Corporate Governance Rules and Regulations in accordance with the provisions of Article (17) of the Listed Corporate Shareholding Companies' Regulations of 2017, issued by the Jordan Securities Commission.

Members of the Board of Directors:

No.	Board of Directors	Status	Position	Names of public shareholding companies to which the board member is serving as a board member therein
1	Joint Investment Telecommunications Co. represented by:	Legal entity		
	H.E. Dr. Shabib Ammari (Attended all meetings).		Chairman of the Board of Directors	
	Mr. Taieb Belkahia (Attended four meetings and was absent in the 3rd meeting, where he was substituted by Mr. Anis Hamdani).		Vice-Chairman	
	Mr. Jérôme Hénique (Attended four meetings and was absent in the 1st meeting, where he was substituted by Mr. Anis Hamdani).		Member of the Board of Directors	
	Mrs. Dorothée Vignalou (Attended all meetings).		Member of the Board of Directors	
2	Social Security Corporation Represented by:	Legal entity		
	Mr. Bisher Jardaneh (Attended all meetings).		Member of the Board of Directors	Invest Bank
	Mr. Abdallah Abu Jamous (Attended all meetings).		Member of the Board of Directors	
3	Jordan Armed Forces/Government of Jordan represented by:	Legal entity		
	Brigadier General Dr. Engineer Hisham Khraisat (Attended all meetings).		Member of the Board of Directors	

All of the board members are non-executive

Number of Board meetings during 2020 (5).

Members of the Executive Committee:

Executive Committee	
Mr. Thierry Marigny	Chief Executive Officer of Orange Jordan
Mr. Raslan Deiranieh	Deputy Chief Executive Officer/Chief Financial and Strategy Officer
Mr. Sami Smeirat	Chief Enterprise Officer
Mr. Waleed Al Doulat	Chief Wholesale Officer/Chief Information Technology and Networks Officer
Dr. Ibrahim Harb	Chief Legal, Regulatory, Sourcing and Supply Chain Officer/ Chief Human Resources Officer
Mrs. Naila Al Dawoud	Chief Consumer Market Officer
Mr. Samer Al Haj	Chief Consumer Sales Officer
Mr. Jallale Bassou	Deputy Chief Information Technology and Networks Officer
Mr. Wilfried Yver	Chief Digital, Data, Innovation & Money Officer (Effective 12/2020)
Mr. Mederic Chomel	Deputy Chief Strategy Officer, Chief Digital & Innovation Officer & Secretary to the Board of Directors (Resigned on 31/8/2020)
Miss Ghada Faris	Chief Human Resources Officer (Resigned on 8/3/2020)

Corporate Governance Liaising Officer	Mr. Emad Saadat Jalal Al-Kayyali

Committees emanating from the Board of Directors:

- Audit Committee
- Remuneration and Nomination Committee
- Corporate Governance Committee
- Risk Management Committee

Members of the Audit Committee:

Members of the Audit Committee	Brief description of their qualifications and experience related to financial and accounting matters	Number of meetings attended
Mr. Taieb Belkahia (Chairman)	Mr. Taieb Belkahia currently is the EVP of MENA and the General Secretary of Legal Affairs,Regulation & Synergy, PMO and Operational Synergies at Orange Morocco, since May of 2005 till now. He held the position of Director of Legal Affairs from Nov. 2001 to May 2005 at MEDI TELECOM (Orange Morocco).Prior to that Mr. Belkahia was the Director of Legal Department, from Feb. 1998 to Nov. 2001, at ABN Amro Bank (Morocco). Mr. Taieb earned his Diploma from the Institute of Higher Management Studies HEM Cycle in 1992, and the Diploma from the Toulouse Notary School in 1987.	3
Mr. Abdallah Abu Jamous	Mr. Abdallah Abu Jamous is a member of the Board of Directors of Jordan Telecom Group - Orange since August 2017. Currently, he serves as Director of Committees Support and Evaluation Department at the Social Security Corporation. He previously occupied the Human Resources Director post at the Social Security Corporation and prior to that, he held the position of the Director of Strategic Planning Department, in addition to serving as a Planning and Project Management Consultant at the Union of International Electronic Media (UNIEM), for the period from 2012-2013. Mr. Abu Jamous has served as a specialized trainer in the fields of Strategic Management, Risks Management, and Projects Management in the Kingdom and abroad. Mr. Abdallah Abu Jamous holds a Master Degree with honor, in Management Information Systems from Al Balqa Applied University, and a Bachelor Degree in Accounting from Yarmouk University. Additionally, he earned several professional certificates including; Certified Project Management Professional Certification (PMP), Certified Risk Management Professional Certification (PMI - RMP) from the American Project Management Institute PMI, Certified Strategic Planner (CSP) from the American Accredited Consultants Institute and Quality Assessment Certification (EFQM Assessor) from the European Organization for Quality Management. Mr. Abu Jamous was named as the Best Employee in the Hashemite Kingdom of Jordan for the year 2012, (The Best Employee Award issued from the Civil Service Bureau).	4
Mrs. Dorothée Vignalou	Mrs. Dorothée Vignalou is currently a member of the Board of Directors of Orange Jordan, and the Deputy Chief Financial Officer of Orange Middle East and Africa. Prior to that, she was the Head of Central Controlling of Orange Business Services from Jan. 2014 – March 2018. She was the Head of Controlling Solutions and Referential at Orange Group Finance from Sept. 2003 - Dec. 2013. She previously held the position of a Consultant then Project Manager at France Telecom Finance Division from Sept. 1994 - Aug. 2003. Mrs. Vignalou graduated from Sciences Po Paris with a Master's degree in Economics & Finance Section in 1993.	4

Number of meetings of the Audit Committee during 2020: 4.
Number of meetings of the Audit Committee during 2020 with External Auditors: 4.

Members of the Remuneration and Nomination Committee:

Members of the Remuneration and Nomination Committee
Mr. Bisher Jardaneh: (Attended all meetings).
Br. Gen. Dr. Engineer Hisham Khraisat: (Attended all meetings).
Mr. Taieb Belkahia: (Attended all meetings).

Number of meetings of the Remuneration and Nomination Committee during 2020: (2).

Members of the Corporate Governance Committee:

Members of the Corporate Governance Committee
Mr. Taieb Belkahia: (Attended all meetings).
Mr. Bisher Jardaneh: (Attended all meetings).
Br. Gen. Dr. Engineer Hisham Khraisat: (Attended all meetings).

Number of meetings of the Corporate Governance Committee during 2020 (2).

Members of the Risk Management Committee:

Members of the Risk Management Committee
Mr. Abdallah Abu Jamous: (Attended all meetings).
Mr. Taieb Belkahia: (Attended all meetings).
Mrs. Dorothée Vignalou: (Attended all meetings).

Number of meetings of the Risk Management Committee during 2020 (1). (Due to pandemic).

Chairman of the Board
H.E.Dr. Shabib Ammari

Consolidated Financial Statements 2020

Jordan Telecommunications Company

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Building a better working world

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Jordan Telecommunications Company
Amman – Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Jordan Telecommunications Company (the "Company") and its subsidiaries (the "Group"), which comprise the statement of consolidated financial position as at 31 December 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards, are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter provided in that contex.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Revenue recognition – Accuracy and occurrence of subscription and usage-based airtime services	
Key audit matter	**How the key audit matter was addressed**
We have identified subscription and usage-based airtime revenue as a key audit matter as a significant risk has been identified in respect of both the occurrence and accuracy of these revenue streams due to the complexity of systems and the high volume of transactions, including the accounting for new products and changes in tariffs. Moreover, subscription and usage-based airtime revenue is the largest revenue stream within the business. This revenue originates from wholesale, corporate and retail customers.	We have tested relevant controls, key automated and manual controls relating to subscription and usage-based airtime revenue across the Group's principal billing systems, our test of relevant controls included the authorization of new products and changes in tariffs. We performed our procedures to ensure that the revenue figures generated from the billing and charging systems match and reconcile to the revenue recognized in the accounting system. Our sample was selected to cover the whole period, in addition to an additional representative sample of transactions.
	We evaluated IT general controls and the relevant IT systems related to the following: - Capture and recording of revenue transactions. - Authorization of rate changes and the input of this information to the billing system. - Computation of amounts billed to customers. We have reviewed the reconciliation between the general ledger and the billing systems. We have performed substantive analytical procedures through developing an expectation of revenue based upon usage data and number of subscribers, which are the key drivers of each airtime revenue stream. We have also held meetings with the management to corroborate the key movements and trends in revenue within the year. We tested the accuracy of revenue by agreeing a sample of invoices back to the customer contracts and published or agreed tariffs. We performed Journal entry testing that covered the whole year with a representative sample based on the criteria we set for the revenues. Disclosure of revenues is detailed in note 20 to the consolidated financial statements.

Useful economic life and carrying value of property and equipment and intangible assets	
Key audit matter	**How the key audit matter was addressed**
The net book value of property and equipment and intangible assets at 31 December 2020 is JD 454 Million (2019: JD 470 Million) with total additions of JD 61 Million during the year ended 31 December 2020 (2019: JD 61 Million). There are a number of areas where management's judgement impacts the carrying value of property and equipment, intangible assets and their respective depreciation/amortization profiles, and these include: - The decision to capitalize or expense costs; - The review of asset useful life including the impact of changes in the Group's strategy; and - The timing of the transfer from assets in the course of construction. Management's judgments shall be assessed as the Group has a significant balance of property and equipment and intangible assets, and it is operating in a highly technological and complex industry that requires from the Group to invest a significant amount in property and equipment and intangible assets.	We tested the controls in place over property and equipment and intangible assets cycle including the controls over the additions and disposals process. We have evaluated the appropriateness of capitalization policies. In performing these procedures, we assessed the judgements made by management in determining the useful lives of property and equipment and intangible assets taking into consideration business and practice in telecoms industry in addition to the Group policies and procedures. We tested the material additions during the year through assessing the nature of costs incurred and testing the amounts recorded and assessing whether the description of the expenditure met capitalization criteria. Disclosure of the useful life and the capitalization policy are detailed in notes 2.6, 4 and 5 to the consolidated financial statements.

The valuation of trade receivables and amounts due from telecom operators	
Key audit matter	**How the key audit matter was addressed**
Trade receivables and due from telecom operators' balances are significant to the Group as they represent 10% of the Group's total assets as of 31 December 2020. The provision for expected credit losses (ECL) for trade receivables and due from telecom operators is determined in accordance with the Group's impairment and provisioning policy, which is aligned to the requirements of IFRS 9. There is a risk that inappropriate impairment provisions are booked, whether from the use of inaccurate underlying data, or the use of unreasonable assumptions including the determination as to whether the trade receivable and due from telecom operators are collectable as it involves management judgment due to the type of the customers and since the agreements with telecom operators are complex and may be subject to disputes in addition, the reconciliation between the telecom operators may extend to several years. Management considers specific factors including the age of the balance, existence of disputes, recent historical payment patterns and any other available information concerning the creditworthiness of counterparties. Management uses this information to determine the expected credit losses (ECL) for its receivables and to determine whether a provision for impairment is required either for a specific transaction or for a customer's overall balance. We focused on this area since it requires a high level of management judgment and since the completeness of allowance for expected credit losses for trade receivables and amounts due from telecom operators may have a significant impact on the Group's profit.	We evaluated the Group's processes and controls relating to the monitoring of trade receivables and the amounts due from telecom operators and review of credit risks of counterparties. We tested the ECL calculation for the trade receivable and the amounts due from telecom operators. We have performed detailed analyses of ageing of the trade receivables and the amounts due from telecom operators, we have assessed significant overdue individual balances including assessment of specific risks, combined with legal documentation, where applicable. This included verifying if payments had been received post year-end, reviewing historical payment patterns and any correspondence with customers on expected settlement dates. We selected a sample of the largest trade receivables and due from telecom operator's balances where a provision for impairment was recognized and understood the rationale behind management's judgment. In order to evaluate the appropriateness of these judgments including those that have impact on the ECL calculation. We verified whether balances were overdue, the customer's historical payment patterns and whether any post year-end payments had been received up to the date of completing our audit procedures. We also obtained corroborative evidence including correspondence supporting any disputes between the parties involved, attempts by management to recover the amounts outstanding and on the credit status of significant counterparties where available. Disclosure of provision for expected credit losses on the trade receivables and the amounts due from telecom operators detailed in notes 9 and 10 to the consolidated financial statements.

Appropriateness of valuation of deferred tax assets regarding tax carried forward losses	
Key audit matter	**How the key audit matter was addressed**
The Group has significant recognized and unrecognized deferred tax assets in respect of tax carried forward losses related to Petra Mobile Company. There is inherent uncertainty involved in forecasting future taxable profits, which determines the extent to which deferred tax assets are or are not recognized. Deferred income tax positions were significant to our audit because the assessment requires judgements.	Our audit procedures included, amongst others, using internal tax specialists to assist us in verifying the calculation based on the Jordanian Tax Law and relevant International Financial Reporting Standards. We have evaluated the Management's assumptions in relation to the likelihood of generating sufficient future taxable profits based on budgets, past experiences and discussions with the Management and taking into account the Group's tax position, the timing of forecast taxable profits, and our knowledge and experience of the application of relevant tax legislation. We discussed and challenged the business plan to determine the appropriateness that the deferred tax assets may be recoverable within the statutory limited timeframe. In addition, we assessed the historical accuracy of management's assumptions. We also assessed the adequacy of the Group's disclosures in note 7 to the consolidated financial statements.

Other information included in the Group's 2020 annual report.

Other information consists of the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on Other Legal and Regulatory Requirements

The Group maintains proper books of accounts which are in agreement with the financial statements.

The partner in charge of the audit resulting in this auditor's report was Bishr Ibrahim Baker; license number 592.

Amman – Jordan
28 March 2021

Ernst + Young

JORDAN TELECOMMUNICATIONS COMPANY (JORDAN TELECOM)
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	2020 JD	2019 JD
ASSETS			
Non-current assets			
Property and equipment	4	251,107,964	247,005,972
Intangible assets	5	203,324,050	222,676,001
Contract assets	20.b	778,775	644,418
Right-of-use assets	6.a	44,061,037	41,383,972
Renewable energy lease assets	6.b	38,456,419	40,568,762
Long term trade receivables		427,521	1,453,066
Deferred tax assets	7	3,331,055	3,152,598
		541,486,821	**556,884,789**
Current assets			
Inventories	8	6,533,060	6,728,043
Trade receivables and other current assets	9	94,558,531	87,428,317
Balances due from telecom operators	10	3,284,593	5,513,581
Contract assets	20.b	2,333,682	2,157,419
Cash and cash equivalents	11	44,730,808	32,448,249
		151,440,674	**134,275,609**
TOTAL ASSETS		**692,927,495**	**691,160,398**
EQUITY AND LIABILITIES			
Equity			
Paid in capital	12	187,500,000	187,500,000
Statutory reserve	13	62,500,000	62,500,000
Retained earnings		23,983,778	21,481,657
TOTAL EQUITY		**273,983,778**	**271,481,657**
Liabilities			
Non-current liabilities			
Telecommunications license payable	15	46,164,811	44,388,918
Interest bearing loans	16	41,312,631	50,117,267
Lease liabilities	6.a	35,305,297	32,929,478
Renewable energy lease liability	6.b	36,699,915	39,097,547
Contract liabilities	20.c	224,737	224,737
Employees' end of service benefits	17	318,316	316,532
		160,025,707	**167,074,479**
Current liabilities			
Orange Money - units in circulation	18	3,441,683	2,900
Trade payables and other current liabilities	19	160,242,429	161,716,173
Balances due to telecom operators	10	25,766,804	26,033,693
Current portion of interest bearing loans	16	13,482,377	13,393,854
Due to banks	11	38,717,495	35,208,570
Lease liabilities	6.a	6,511,761	6,874,962
Renewable energy lease liability	6.b	3,098,575	2,187,629
Contract liabilities	20.c	7,615,373	7,146,858
Employees' end of service benefits	17	41,513	39,623
		258,918,010	**252,604,262**
TOTAL LIABILITIES		**418,943,717**	**419,678,741**
TOTAL EQUITY AND LIABILITIES		**692,927,495**	**691,160,398**

The attached notes from 1 to 29 form part of these consolidated financial statements

JORDAN TELECOMMUNICATIONS COMPANY (JORDAN TELECOM)
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 JD	2019 JD
Net revenues	3,20	317,066,340	318,739,763
Direct operating cost		(123,806,022)	(135,156,799)
Gross margin		**193,260,318**	**183,582,964**
Administrative expenses		(27,745,617)	(26,465,888)
Selling and distribution expenses		(37,225,292)	(37,017,344)
Government revenue share	21	(4,116,342)	(3,977,839)
Business support fees and brand fees	22	(7,460,437)	(7,083,367)
Expected credit losses	9	(1,565,136)	(1,000,177)
Depreciation of property and equipment	4	(51,536,013)	(45,887,058)
Amortization of intangible assets	5	(23,822,496)	(23,721,735)
Depreciation of right-of-use assets	6.a	(4,607,530)	(4,481,829)
Depreciation of renewable energy lease assets	6.b	(2,112,343)	(1,678,094)
Operating profit		**33,069,112**	**32,269,633**
Net foreign currency exchange differences		(614,290)	240,101
Leases interest expense	6.a	(2,452,937)	(2,505,461)
Renewable energy lease interest expense	6.b	(2,609,701)	(2,472,892)
Finance costs		(5,503,633)	(5,584,188)
Finance cost of telecommunications licenses	15	(1,775,893)	(2,460,769)
Finance income		956,465	889,313
Gain on disposal of property and equipment		4,277,154	1,758,478
Other Income		-	3,353,554
Profit before income tax		**25,346,277**	**25,487,769**
Income tax expense	7	(7,844,156)	(6,442,926)
Profit for the year		**17,502,121**	**19,044,843**
Add: Other comprehensive income		-	-
Total comprehensive income for the year		**17,502,121**	**19,044,843**
Earnings per share Basic and diluted earnings per share attributable to equity holders of the parent	23	**0.093**	**0.102**

The attached notes from 1 to 29 form part of these consolidated financial statements

JORDAN TELECOMMUNICATIONS COMPANY (JORDAN TELECOM)
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Paid in capital JD	Statutory reserve JD	Retained earnings JD	Total JD
At 1 January 2020	187,500,000	62,500,000	21,481,657	271,481,657
Dividends (note 14)	-	-	(15,000,000)	(15,000,000)
Total comprehensive income for the year	-	-	17,502,121	17,502,121
At 31 December 2020	**187,500,000**	**62,500,000**	**23,983,778**	**273,983,778**
At 1 January 2019	187,500,000	62,500,000	23,936,814	273,936,814
Dividends (note 14)	-	-	(21,500,000)	(21,500,000)
Total comprehensive income for the year	-	-	19,044,843	19,044,843
At 31 December 2019	**187,500,000**	**62,500,000**	**21,481,657**	**271,481,657**

The attached notes from 1 to 29 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 JD	2019 JD
Operating activities			
Profit before income tax		25,346,277	25,487,769
Non–cash adjustments to reconcile profit before income tax to net cash flows			
Finance costs		5,503,633	5,584,188
Finance cost of telecommunications licenses	15	1,775,893	2,460,769
Finance income		(956,465)	(889,313)
Leases interest expense	6.a	2,452,937	2,505,461
Renewable energy lease interest expense	6.b	2,609,701	2,472,892
Provision for expected credit losses	9	1,565,136	1,000,177
Provision for slow moving inventories	8	100,000	249,692
Depreciation of property and equipment	4	51,536,013	45,887,058
Amortization of intangible assets	5	23,822,496	23,721,735
Depreciation of right-of-use assets	6.a	4,607,530	4,481,829
Depreciation of renewable energy lease assets	6.b	2,112,343	1,678,094
Employees' end of service benefits	17	70,259	59,932
Gain from sale of properties and equipment		(4,277,154)	(1,758,478)
Working capital changes			
Contract assets		(310,620)	536,068
Inventories		(6,199,570)	(8,442,015)
Trade receivables and other current assets		(7,775,974)	(9,404,902)
Balances due from telecom operators		2,228,988	3,259,691
Trade payables and other current liabilities		(4,976,297)	(7,298,748)
Balances due to telecom operators		(266,889)	(1,710,882)
Contract liabilities		468,515	1,286,301
Employees' end of service paid	17	(66,585)	(58,132)
Income tax paid	7	(6,168,710)	(3,774,423)
Net cash flows from operating activities		**93,201,457**	**87,334,763**
Investing activities			
Purchase of properties and equipment	4	(49,796,743)	(52,759,795)
Purchase of intangible assets	5	(4,470,545)	(1,990,570)
Proceeds from sale of property and equipment		4,730,445	2,060,133
Payment of telecommunications license payable		-	(47,534,185)
Finance income received		884,177	825,146
Net cash flows used in investing activities		**(48,652,666)**	**(99,399,271)**
Financing activities			
Proceeds from interest bearing loans		-	45,000,000
Repayment of interest bearing loans		(8,914,927)	(8,936,050)
Payments on capital reduction		(10,712)	(59,738)
Finance costs paid		(5,503,633)	(5,584,188)
Payments of renewable energy lease liability		(4,096,387)	(3,434,572)
Dividends paid		(14,794,418)	(21,524,124)
Payments of lease liabilities	6.a	(7,724,914)	(7,290,183)
Telecommunication licenses finance cost paid		-	(4,590,815)
Net cash flows used in financing activities		**(41,044,991)**	**(6,419,670)**
Net increase (decrease) in cash and cash equivalents		3,503,800	(18,484,178)
Net foreign currency exchange difference		198,814	(65,585)
Cash and cash equivalents at 1 January		(2,763,221)	15,786,542
Cash and cash equivalents at 31 December	11	**939,393**	**(2,763,221)**

The attached notes from 1 to 29 form part of these consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2020

1. Corporate Information

Jordan Telecommunications Company (Jordan Telecom) (the "Parent Company") was established as a Public Shareholding Company on 8 October 1996, and adopted the Orange brand in 2007. The Parent Company's authorized and paid in capital amounted to JD 187,500,000 divided into 187,500,000 shares. The consolidated financial statements of the Company as at 31 December 2020 comprise the Parent Company and its subsidiaries (collectively referred to as the "Group").

On 10 December 2015, the General Assembly, in its extra ordinary meeting, approved the reduction of the authorized and paid in capital by 25%, to become 187,500,000 shares at a value of one Jordanian Dinar per share. The capital reduction was approved by the Ministry of Industry Trade and supply on 6 April 2016 and by Amman Stock Exchange on 21 April 2016.

Jordan Telecom is 51% owned by The Joint Investments Telecommunications Company (JIT CO.) a fully owned subsidiary of Orange Group (France).

The principal activities of the Company and its subsidiaries comprise introduction of a variety of telecommunication, internet, data and mobile payment services. These services include among other services fixed line services, prepaid, and postpaid mobile services, ADSL, fiber optics internet services, mobile payment services and establishing non-profitable academic centers and initiatives. The details of the principal objectives of the Company and its subsidiaries are described further in note 3.

The Group's head offices are located in Abdali, the Boulevard, Amman - Jordan.

The consolidated financial statements were authorised for issue by the Board of Directors on 27 January 2021.

2. Basis of Preparation and Significant Accounting Policies

2.1 Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis.

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements are presented in Jordanian Dinars which represents the functional currency of the Group.

2.2 Basis of Consolidation

The consolidated financial statements comprise the financial statements of Jordan Telecom and its wholly owned subsidiaries, which are: Petra Jordanian Mobile Telecommunications Company, Jordan Data Communications Ltd. and 51% from Dimension Company for Digital Development of Data (e-dimension) (the remaining 49% is owned by Petra Jordanian Mobile Telecommunications Company), Petra Mobile Payment Services Company (a wholly owned subsidiary of Petra Jordanian Mobile Telecommunications Company) and Future Pioneers for Developments and Initiatives, a non for profit limited liability company (a wholly owned subsidiary of Petra Jordanian Mobile Telecommunications Company). Future Pioneers for Developments and Initiatives was established on 19 January 2020 and did not commence its operations up to the date of the consolidated financial statements.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.2 Basis of Consolidation (Continued)

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

A change in ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while a resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Investors with significant influence on the Group

The Joint Investment Telecommunications Company (Subsidiary of Orange France), Jordanian Social Security Corporation and Noor Financial Investment own 51%, 28.88% and 9.3% of the Company's issued shares, respectively.

2.3 Changes in Accounting Policies

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2019 except for the adoption of new standards effective as of 1 January 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective, The Group will apply these standards when they become effective.

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the consolidated financial statements of the Group.

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.3 Changes in Accounting Policies (Continued)

Amendments to IAS 1 and IAS 8: Definition of "Material"

The IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to, the Group.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7 includes a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

Amendments to IFRS 16 COVID-19 Related Rent Concessions

On 28 May 2020, the IASB issued COVID-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. This relates to any reduction in lease payments which are originally due on or before 30 June 2021. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted.

The Group did not have any leases impacted by the amendment.

2.4 Standards Issued But Not Yet Effective

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

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

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer a settlement.
- The right to defer must exist at the end of the reporting period.
- That classification is unaffected by the likelihood.
- That an entity will exercise its deferral right.
- And that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively.

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.4 Standards Issued But Not Yet Effective (Continued)

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

The amendments are not expected to have a material impact on the Group.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

The amendments are not expected to have a material impact on the Group.

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.4 Standards Issued But Not Yet Effective (Continued)

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

2.5 Use of Judgements and Estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Provision for expected credit losses of trade receivables, due from telecom operators and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables, due from telecom operators and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.5 Use of Judgements and Estimates (Continued)

Provision for expected credit losses of trade receivables, due from telecom operators and contract assets (Continued)

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables, due from telecom operators and contract assets is disclosed in notes 9, 10 and 20.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Development costs

The Group capitalises costs for product development projects. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. At 31 December 2020, the carrying amount of capitalised development costs was JD 1,329,812 (2019: nil).

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available.

The Group estimates the IBR using observable inputs (such as market interest rates) when available.

2.6 Summary of Significant Accounting Polices

Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses. Repairs and maintenance costs are recognized in profit or loss as incurred except where they serve to increase the asset's productivity or prolong its useful life.

Depreciation is calculated on a straight-line basis (generally with no residual value deducted) over the estimated useful lives of the assets on a basis that reflects the pattern in which their future economic benefits are expected to be consumed (except for lands), as follows:

	Years
Buildings	25
Telecommunications equipment	5-20
Other assets	2-7

An item of property and equipment and any significant part initially recognized is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognized.

The useful lives and methods of depreciation of property, plant and equipment are reviewed and adjusted prospectively, if appropriate.

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.6 Summary of Significant Accounting Polices (Continued)

Property and equipment (Continued)

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances that indicates that the assets are recorded at values exceeding their recoverable amounts, consequently, the assets are written down to their recoverable amounts, and impairment is recognized in the consolidated statement of profit or loss.

Intangible assets

Intangible assets consist mainly of telecommunication licenses and software, as well as rights of use of transmission cables. Construction in progress is stated at cost, net of accumulated impairment losses, if any.

Intangible assets are initially recognized at acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses (if any).

The useful lives of intangible assets are assessed to be either finite or indefinite. The Group has no intangibles with indefinite useful lives and intangibles with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of profit or loss.

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss.
Intagible assets with finite lives are amortized over their economic lives as follows:

	Years
FLAG access rights	20
Mobile operating licenses and frequency rights	15
Other intangibles	4-25

Cash dividend

The Group recognises a liability to pay a dividend when the distribution is authorised, and the distribution is no longer at the discretion of the Group. A distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Customer contract assets and liabilities

Customer assets and customer liabilities mainly arise from the difference in revenue recognition and customer invoicing. Contract assets mainly concern amounts allocated pursuant to IFRS 15 to consideration for goods and services transferred to a customer, where the unconditional right to collect is subordinate to the transfer of other goods or services under the same contract (or group of contracts). This is the case in a bundled offering combining the sale of an equipment and services for a fixed-period, where the equipment is invoiced at a reduced price leading to the reallocation of a portion of amounts invoiced for services to the supply of the equipment. The excess of the amount allocated to the equipment over the price invoiced is recognized as a contract asset and transferred to trade receivables as the service is invoiced. Contract assets, like trade receivables, are subject to impairment for credit risk. The recoverability of contract assets is also verified and notably the risk of loss in value due to contract interruption. Recoverability may also be impacted by a change in the legal environment governing offerings.

Contract liabilities represent amounts paid by customers before receiving the goods and/or services promised in the contract. This is typically the case for advances received from customers or amounts invoiced and paid for goods or services not yet transferred, such as contracts payable in advance or prepaid packages (previously recorded in deferred revenue).

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.6 Summary of Significant Accounting Polices (Continued)

Taxation

Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount of current income tax are those that are enacted at the reporting date in the Hashemite Kingdom of Jordan.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation or judgments and establishes provisions where appropriate.

Deferred income tax
Deferred income tax is provided using the liability method on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the consolidated statement of financial position date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Sales tax
Revenues, expenses and assets are recognized net of the amount of sales tax except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable;

- When receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

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2. Basis of Preparation and Significant Accounting Policies (Continued)

2.6 Summary of Significant Accounting Polices (Continued)

Inventories
Inventories are valued at the lower of cost and net realizable value. Costs are those expenses incurred in bringing each item to its present location and condition and is determined using the weighted average method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Accounts receivable
Accounts receivable are stated at original invoice amount less any provision for any uncollectible amounts or expected credit loss (ECL). For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Cash and cash equivalents
Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand, short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value and restricted cash. If original maturity of deposits exceeds three months, they are classified as short-term investments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts and restricted cash.

Restricted cash from Grants are held only for the purposes they are kept for, and are only released according to the terms of the agreements.

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.6 Summary of Significant Accounting Polices (Continued)

Interest bearing-loans

Loans are initially recognized at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any “discount or premium” on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of profit or loss.

Employees’ end of service benefits

The Group provides end of service benefits for its employees who have chosen the option to accumulate the end of service benefits starting from 1 January 2012. The entitlement to these benefits is based upon the employees’ final salary and length of service, subject to the completion of a minimum service period in accordance with the Group’s internal policies. A provision is made for the full amount of end of service benefit for the period of service up to the end of the year. The provision is disclosed as both current and non-current liability.

Trade and other payables

Liabilities are recognized for amounts to be paid in the future for goods received or services rendered, whether billed by the supplier or not.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

Restricted donations from Grants

A grant is recognized when there is reasonable assurance that the grant will be received and the conditions attached to them are complied with.

When the grant relates to an expense item, it is recognized as income over the period necessary to match on a systematic basis to the costs that it is intended to compensate.

Orange Money - units in circulation

Orange Money is a money transfer, payment and financial services solution provided through an electronic money (e-units) account that can be initiated using a valid mobile phone number.

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.6 Summary of Significant Accounting Polices (Continued)

Orange Money - units in circulation (Continued)

E-units in circulation represent customers’ e-unit accounts. The Group deposits a cash amount that equals the e-units in circulation to a restricted bank account which is monitored by the Central Bank of Jordan. e-units in circulation are recognized when customers deposit cash of the same amount at any of the Group’s shops or bank account.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non- current assets and liabilities.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Leases

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.6 Summary of Significant Accounting Polices (Continued)

Leases (Continued)

The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment. The estimated useful lives of the assets are as follows:

	Years
Shops and buildings	2-15
Network sites (Fixed and Mobile)	2-20
Others	2

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to some of its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.6 Summary of Significant Accounting Polices (Continued)

Leases (Continued)

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew.

That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Group included the renewal period as part of the lease term for leases of plant and equipment due to the significance of these assets to its operations. These leases have a short non-cancellable period and there will be a significant negative effect on Group's operations if a replacement is not readily available.

Revenue recognition

Most of the Group's revenue falls within the application scope of IFRS 15 "Revenue from contracts with customers". The Group's products and services are offered to customers under service contracts only and contracts combining the equipment used to access services and/or other service offerings. Revenue is recognized net of VAT and other taxes collected on behalf of government.

Revenues from contracts with customers is recognized when control of the goods or services Is transferred to the customer at an amount that reflects the considerations to which the Group expects to be entitled in exchange for those goods and services. The Group has generally concluded that it is the principal in its revenue arrangements.

Standalone service offerings (mobile service only, fixed service only, convergent service)

The Group proposes to individual consumers and corporate/enterprise customers a range of fixed and mobile telephone services, fixed, mobile and ADSL internet access services and content offerings (Media, added-value audio service, etc.). Certain contracts are for a fixed term (ranges between 12 to 36 months), while others may be terminated at short notice (i.e. monthly arrangements or portions of services).

Service revenue is recognized when the service is rendered, based on use (e.g. minutes of traffic) or the period (e.g. monthly service costs).

Under certain content offerings, the Group may act solely as an agent enabling the supply by a third-party of goods or services to the customer and not as a principal in the supply of the content. In such cases, revenue is recognized net of amounts transferred to the third-party.

Contracts with customers generally do not include a material right, as the price invoiced for contracts and the services purchased and consumed by the customer beyond the firm scope (e.g. additional consumption, options, etc.) generally reflect their standalone selling prices. The Group has no significant impact related to contract modification for this type of contract. Service obligations transferred to the customer at the same pace are treated as a single obligation.

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.6 Summary of Significant Accounting Polices (Continued)

Revenue recognition (Continued)

When contracts include contractual clauses covering commercial discounts (initial discount on signature of the contract or conditional on attaining a consumption threshold) or free offers (e.g. 3 free months), the Groups defers these discounts or free offers over the enforceable contract term (period during which the Group and the customer have a firm commitment). Where applicable, the consideration payable to the customer is recognized as a deduction from revenue in accordance with the specific terms and conditions of each contract. If the performance obligations are not classified as distinct, the offering revenue is recognized on a straight-line over the contract term. The initial service connection in the context of a service contract and communication offering, is a good example. It is not generally separable from the service contract and communication offering and is therefore recognized in income over the average term of the expected contractual relationship.

Separate equipment sales

Jordan Telecom proposes to individual consumers and corporate/enterprise customers several ways to buy their equipment (primarily mobile phones): equipment sales may be separate from or bundled with a service offering. When separate from a service offering, the amount invoiced is recognized in revenue on delivery and receivable immediately. Where payment is received in instalments, the offering comprises a financial component and interest is calculated and deducted from the amount invoiced and recognized over the payment period in finance income.

Bundled equipment and service offerings

Jordan Telecom proposes numerous offerings to its individual consumers and corporate/enterprise customers comprising equipment (e.g. a mobile terminal) and services (e.g. a communications contract).

Equipment revenue is recognized separately if the two components are distinct (i.e. if the customer can receive the services separately). Where one of the components in the offering is not at its separate selling price, revenue is allocated to each component in proportion to their individual selling prices. This is notably the case in offerings combining the sale of a mobile phone at a reduced price, where the individual selling price of the mobile phone is considered equal to its selling price on the sale date based on market practice.

Services including a build and run phase

Certain corporate/enterprise customers contracts include two phases: a build phase followed by the management of the IT platforms.

Revenue recognition requires an analysis of the facts and circumstances of each contract in order to determine whether distinct performance obligations exist. Depending on the contract, the Group recognizes build phase revenue at completion if this phase is qualified as distinct. On each contract modification, the Group assess the scope modification or its impact on the contract price in order to determine whether the amendment must be treated as a distinct contract, as if the existing contract were terminated and a new contract signed, or whether the amendment must be considered as a change to the existing contract.

Service offerings to carriers (wholesale)

Three types of commercial agreement are entered into with wholesale customers (e.g. other telecommunication operators) for domestic wholesale activities and International carrier offerings:

Pay-as-you-go model: contract generally applied to “legacy” regulated activities (bitstream call termination, access to the local loop, roaming and certain data solution contracts), where contract services are not covered by a firm volume commitment. Revenue is recognized as the services are rendered (which corresponds to transfer of control) over the contractual term;

Send-or-pay model: contract where the price, volume and term are defined. The customer has a commitment to pay the amount indicated in the contract irrespective of actual traffic consumed over the commitment period. This contract category notably includes certain MVNO, IDD and hubbing contracts. Revenue is recognized progressively based on actual traffic during the period, to reflect transfer of control to the customer.

Agreements between major transit carriers are not billed (free peering) and therefore not recognized in revenue.

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.6 Summary of Significant Accounting Polices (Continued)

Revenue recognition (Continued)

Service level commitment clause

The Group’s commercial arrangements incorporate service level commitments (delivery time, service reinstatement time).

These service level agreements cover commitments provided by the Group under the order, delivery, and after sales services process. If the Group fails to comply with one of these commitments, then it pays compensation to the end-customer, which is usually a tariff reduction deducted from revenues. The expected amount of such penalties is deducted from revenue as soon as it is probable that the commitment has not been or will not be met.

Fair value measurement

The fair value financial assets trade in active markets is determined by reference to closing prices at the date of the consolidated financial statement.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability in principal market for the assets or liability or in absence of principal market, in the most advantageous market for the assets or liability.

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

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

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

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

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

Foreign currencies

Transactions in foreign currencies are initially recorded by the Group’s entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Finance costs

Finance costs are recognized as an expense when incurred. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized.

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.6 Summary of Significant Accounting Polices (Continued)

Offsetting

Offsetting between financial assets and financial liabilities and presenting the net amount on the consolidated statement of financial position is performed only when there are legally-enforceable rights to offset, the settlement is on a net basis, or the realization of the assets and satisfaction of the liabilities is simultaneous.

3. Segment Information

The Group's operating businesses are organized and managed separately according to the nature of the services provided, with each segment representing a strategic business unit that offers different services.

The Fixed-line voice segment constructs, develops, maintains fixed telecommunication network services and provides fiber to home services.

The Mobile communications segment installs, operates and manages a cellular network in Jordan.

The Data services segment provides, furnishes, installs, maintains, engineers and operates communication facilities for the provision of data network and internet access services to its customers and helping companies to be more efficient in the way they do their business on internet.

The renewable energy segment provides the Group with its need from electricity through managing the solar farms and renewable energy projects.

The mobile payments segment provides the customers with electronic wallets services which enable them to execute financial payments through their mobile phones.

The non-for-profit segment supports the local socio-economic development through academic initiatives in the areas of sustainable economics, social responsibility, environment, health, culture and science. This segment is not operating up to the date of this consolidated financial statements.

The Group's management monitors the operating results of the operating segment separately for making decisions about performance assessment; segment performance is calculated based on operating profit or loss.

The following tables represent revenues and profit and certain assets and liabilities information of the Group's business segments for the years ended 31 December 2020 and 2019.

3. Segment Information (Continued)

Year ended 31 December 2020	Fixed-line JD	Mobile communications JD	Data services JD	Renewable energy JD	Payment services JD	Non-for-profit activities JD	Total JD
Net revenues							
External customers	121,608,954	161,161,965	34,048,626	-	246,795	-	317,066,340
Inter-segment revenues	47,552,670	3,631,762	386,272	5,719,077	171,534	-	57,461,315
	169,161,624	**164,793,727**	**34,434,898**	**5,719,077**	**418,329**	**-**	**374,527,655**
Segment results							
Operating profit before depreciation, amortization, net foreign currency exchange difference, interest and tax*	15,388,127	79,731,946	25,378,431	(740,656)	(333,200)	-	**119,424,648**
Depreciation and amortization of property, equipment and intangible assets							(75,358,509)
Depreciation of right-of-use assets							(4,607,530)
Depreciation of renewable energy lease assets							(2,112,343)
Net foreign currency exchange differences							(614,290)
Leases interest expense							(2,452,937)
Renewable energy lease interest expense							(2,609,701)
Finance costs							(5,503,633)
Finance income							956,465
Finance cost of telecommunications license payable							(1,775,893)
Profit before income tax							**25,346,277**
Income tax expense							(7,844,156)
Profit and comprehensive income for the year							**17,502,121**
Assets and liabilities							
Segment assets	200,515,569	384,180,831	56,153,219	43,449,660	6,995,979	1,632,237	**692,927,495**
Segment liabilities	136,435,917	226,752,824	6,721,233	42,061,062	5,340,444	1,632,237	**418,943,717**
Other segment information							
Property and equipment	148,585,284	92,889,922	6,711,619	2,179,468	741,671	-	**251,107,964**
Intangible assets	16,070,963	185,131,694	2,121,393	-	-	-	**203,324,050**
Renewable energy assets	-	-	-	38,456,419	-	-	**38,456,419**
Right-of-use assets	7,409,465	35,399,726	-	1,251,846	-	-	**44,061,037**

3. Segment Information (Continued)

Year ended 31 December 2019	Fixed-line JD	Mobile communications JD	Data services JD	Renewable energy JD	Payment services JD	Total JD
Net revenues						
External customers	117,439,150	162,359,712	38,940,901	-	-	318,739,763
Inter-segment revenues	48,102,886	4,847,874	19,781	4,890,055	-	57,860,596
	165,542,036	**167,207,586**	**38,960,682**	**4,890,055**	**-**	**376,600,359**
Segment results						
Operating profit before depreciation, amortization, net foreign currency exchange difference, interest and tax*	9,620,072	75,474,857	28,694,716	(628,045)	(11,219)	**113,150,381**
Depreciation and amortization of property, equipment and intangible assets						(69,608,793)
Depreciation of right-of-use assets						(4,481,829)
Depreciation of renewable energy lease assets						(1,678,094)
Net foreign currency exchange differences						240,101
Leases interest expense						(2,505,461)
Renewable energy lease interest expense						(2,472,892)
Finance costs						(5,584,188)
Finance income						889,313
Finance cost of telecommunications license						(2,460,769)
Profit before income tax						**25,487,769**
Income tax expense						(6,442,926)
Profit and comprehensive income for the year						**19,044,843**
Assets and liabilities						
Segment assets	191,418,623	398,262,273	54,279,093	45,104,560	2,095,849	**691,160,398**
Segment liabilities	141,173,784	228,479,227	6,250,389	43,691,378	83,963	**419,678,741**
Other segment information						
Property and equipment	140,020,921	98,250,380	6,165,821	2,211,770	357,080	**247,005,972**
Intangible assets	13,411,489	206,575,824	2,688,688	-	-	**222,676,001**
Renewable energy assets	-	-	-	40,568,762	-	**40,568,762**
Right-of-use assets	8,698,126	31,370,616	-	1,315,230	-	**41,383,972**

*Operating profits for segment reporting purposes includes gains on disposal of property and equipment and other income.

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4. Property and Equipment

2020	Land and buildings JD	Telecommunications equipment and software JD	Other property and equipment JD	Total JD
Cost				
At 1 January 2020	87,782,169	971,031,214	63,749,242	1,122,562,625
Additions	2,483,292	46,474,313	839,138	49,796,743
Transfers from inventories (note 8)	-	6,294,553	-	6,294,553
Disposals	(534,350)	(18,681)	(177,467)	(730,498)
At 31 December 2020	**89,731,111**	**1,023,781,399**	**64,410,913**	**1,177,923,423**
Depreciation				
At 1 January 2020	47,856,624	773,617,417	54,082,612	875,556,653
Depreciation charge for the year	2,014,964	48,948,259	572,790	51,536,013
Disposals	(102,048)	(18,307)	(156,852)	(277,207)
At 31 December 2020	**49,769,540**	**822,547,369**	**54,498,550**	**926,815,459**
Net book value				
At 31 December 2020	**39,961,571**	**201,234,030**	**9,912,363**	**251,107,964**

4. Property and Equipment (Continued)

2019	Land and buildings JD	Telecommunications equipment and software JD	Other property and equipment JD	Total JD
Cost				
At 1 January 2019	87,634,777	914,283,341	64,079,913	1,065,998,031
Additions	1,096,850	51,269,120	393,825	52,759,795
Transfers from inventories (note 8)	-	6,573,040	-	6,573,040
Disposals	(949,458)	(1,094,287)	(724,496)	(2,768,241)
At 31 December 2019	**87,782,169**	**971,031,214**	**63,749,242**	**1,122,562,625**
Depreciation				
At 1 January 2019	46,549,088	731,367,815	54,219,278	832,136,181
Depreciation charge for the year	1,994,162	43,321,882	571,014	45,887,058
Disposals	(686,626)	(1,072,280)	(707,680)	(2,466,586)
At 31 December 2019	**47,856,624**	**773,617,417**	**54,082,612**	**875,556,653**
Net book value				
At 31 December 2019	**39,925,545**	**197,413,797**	**9,666,630**	**247,005,972**

Land Expropriation

Land and buildings category includes the cost of plots of land with a total amount of JD 2,147,435 (2019: JD 2,504,970) that were expropriated by Greater Amman Municipality (GAM) in previous years. During 2018, the Group signed an agreement with GAM to settle the land expropriation lawsuit in regards of all plots of land except for one plot with a total cost of JD 207,882 which was not part of the settlement agreement and management is in the process of negotiating a separate settlement agreement regarding this plot of land. Based on the agreement, the Group will receive plots of land in exchange for those expropriated by GAM.

During August 2019, Management received a list of plots of land suggested by GAM in order for management to choose the most suitable plots for which the ownership will be transferred to the Group in exchange of the expropriated plots of land. Management performed a valuation of all parcels within the list and provided GAM with a list of the plots of land which they have selected.

As per the agreement, GAM will perform an independent valuation for the plots of land selected by Jordan Telecom Group before approving the transaction and transfers of ownership. The Group has received GAM's and the Land and Survey Department's valuations, which resulted in a higher valuation than the Group's valuation.

Recent events surrounding the COVID-19 pandemic may have affected the valuation of the plots of land selected previously. As a result, Management has agreed with GAM to reevaluate the plots of land in order to reach to an acceptable value before receiving the final approval.

Due to the delay in the valuation process, Management sent a letter to GAM during October 2020 requesting to receive immediate compensation in accordance with the terms of the settlement agreement. Accordingly, the Group has received an amount of JD 4,626,220 as a partial settlement up to the date of the consolidated financial statements. The Group's management is in the process of negotiating the settlement either in cash or by exchanging plots of land. Up to the date of the consolidated financial statements, the parties did not reach a final agreement.

4. Property and Equipment (Continued)

Depreciation

During 2020, the Group's management has reviewed the estimated useful lives for specific assets in the telecommunications equipment category taking into consideration the Group's policies, procedures and the telecom industry's best practice. Based on the review, the Group's management decided to adjust the useful lives of these assets in order to be consistent with the expected pattern of economic benefits. This adjustment resulted in a net increase in depreciation expenses amounting to JD 51,190.

5. Intangible Assets

2020	FLAG access rights JD	Mobile operating licenses and frequency rights JD	Other intangibles JD	Projects under progress JD	Total JD
Cost					
At 1 January 2020	29,067,613	334,743,044	8,798,361	-	372,609,018
Additions	3,136,308	-	4,425	1,329,812	4,470,545
At 31 December 2020	**32,203,921**	**334,743,044**	**8,802,786**	**1,329,812**	**377,079,563**
Amortization					
At 1 January 2020	15,656,123	129,218,260	5,058,634	-	149,933,017
Amortization	1,552,660	21,456,126	813,710	-	23,822,496
At 31 December 2020	**17,208,783**	**150,674,386**	**5,872,344**	**-**	**173,755,513**
Net book value					
At 31 December 2020	**14,995,138**	**184,068,658**	**2,930,442**	**1,329,812**	**203,324,050**

2019	FLAG access rights JD	Mobile operating licenses and frequency rights JD	Other intangibles JD	Projects under progress JD	Total JD
Cost					
At 1 January 2019	27,677,477	334,430,294	9,210,677	-	371,318,448
Additions	1,390,136	312,750	287,684	-	1,990,570
Disposals	-	-	(700,000)	-	(700,000)
At 31 December 2019	**29,067,613**	**334,743,044**	**8,798,361**	**-**	**372,609,018**
Amortization					
At 1 January 2019	14,220,636	107,769,888	4,920,758	-	126,911,282
Amortization	1,435,487	21,448,372	837,876	-	23,721,735
Disposals	-	-	(700,000)	-	(700,000)
At 31 December 2019	**15,656,123**	**129,218,260**	**5,058,634**	**-**	**149,933,017**
Net book value					
At 31 December 2019	**13,411,490**	**205,524,784**	**3,739,727**	**-**	**222,676,001**

6. Leases

a) Right-of-use assets and lease liabilities

The Group has lease contracts for various items of shops, buildings, network sites and other items used in its operations. Leases of shops and buildings generally have lease terms between 2 and 15 years, while network sites and others generally have lease terms between 2 and 20 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

The Group also has certain leases of apartments for expatriate employees with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemption for these leases.

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the year:

2020	Shops and buildings JD	Network sites (Fixed and Mobile) JD	Others JD	Total JD
At 1 January 2020	10,476,951	30,853,027	53,994	41,383,972
Additions	364,805	6,919,790	-	7,284,595
Depreciation	(1,432,532)	(3,137,512)	(37,486)	(4,607,530)
At 31 December 2020	**9,409,224**	**34,635,305**	**16,508**	**44,061,037**

2019	Shops and buildings JD	Network sites (Fixed and Mobile) JD	Others JD	Total JD
At 1 January 2019	10,408,953	30,857,775	90,301	41,357,029
Additions	1,592,675	2,916,097	-	4,508,772
Depreciation	(1,524,677)	(2,920,845)	(36,307)	(4,481,829)
At 31 December 2019	**10,476,951**	**30,853,027**	**53,994**	**41,383,972**

Lease liabilities related to Right-of-Use assets are discounted in line with the Group's policy. Liabilities are discounted at rates ranging between 4.4% - 7.56% depending on the liabilities contract term which range between 2-20 years. Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2020 JD	2019 JD
At 1 January	39,804,440	40,080,390
Additions	7,284,595	4,508,772
Interest expense	2,452,937	2,505,461
Payments	(7,724,914)	(7,290,183)
At 31 December	**41,817,058**	**39,804,440**

6. Leases (Continued)

a) Right-of-use assets and lease liabilities (Continued)

The allocation of short and long term lease liabilities was as follows:

	2020 JD	2019 JD
Current	6,511,761	6,874,962
Non-current	35,305,297	32,929,478
	41,817,058	**39,804,440**

b) Renewable energy finance lease

During the year 2018, the Group entered through its subsidiary E-Dimension in a Design, Build, Finance and Operate solar photovoltaic power plants agreement to self-generate electricity for the Group's own use from different locations in Jordan. According to the agreement, the Group engaged a private sector entity to plan, design, engineer, procure, turnkey construct, finance, operate, maintain and transfer, the PV power plants after 20 years from the date of operations.

Based on the agreement terms the management assessed if the contract contains a lease in accordance with the requirements of IFRS 16 "Leases" and concluded that the contract contains a lease.

During 2019, the private entity engaged to execute the agreement, completed the construction of the solar photovoltaic power plants and started the operations in all locations. Accordingly, the Group finance lease was capitalized at the commencement of the lease at the present value of the minimum lease payments amounted to JD 42,246,856 in accordance with the requirements of IFRS 16 "Leases", using the incremental borrowing rate of 7.56%. The renewable energy lease asset is depreciated over the lease term which is 20 years, lease payments are apportioned between interest (recognized as finance costs) and reduction of the renewable energy lease liability.

The movements on the renewable energy lease assets were as follows:

	2020 JD	2019 JD
At 1 January	40,568,762	-
Additions	-	42,246,856
Depreciation	(2,112,343)	(1,678,094)
At 31 December	**38,456,419**	**40,568,762**

6. Leases (Continued)

b) Renewable energy finance lease (Continued)

Future payments under the finance lease agreement together with the present value of the payments were as follows:

	2020 JD	2019 JD
Within one year	4,215,006	4,272,689
After one year but not more than five years	17,116,201	17,245,506
More than five years	52,355,687	56,265,086
Total minimum payments	**73,686,894**	**77,783,281**
Less: amounts representing finance charges	(33,888,404)	(36,498,105)
Present value of liability	**39,798,490**	**41,285,176**

During the year, an amount of JD 2,609,701 (2019: JD 2,472,892) was recognized as an interest expense.

The movements on the renewable energy lease liability were as follows:

	2020 JD	2019 JD
At 1 January	41,285,176	-
Additions	-	42,246,856
Interest expense	2,609,701	2,472,892
Payments	(4,096,387)	(3,434,572)
At 31 December	**39,798,490**	**41,285,176**

The allocation for the renewable energy assets lease liabilities between current and non-current were as follows:

	2020 JD	2019 JD
Current portion of lease liability	3,098,575	2,187,629
Non-current portion of lease liability	36,699,915	39,097,547
	39,798,490	**41,285,176**

This liability is guaranteed by Jordan Telecommunications Company and Petra Jordanian Mobile Telecommunications Company.

7. Income Tax

Major components of income tax expense for the years ended 31 December 2020 and 2019 were as follows:

	2020 JD	2019 JD
Consolidated statement of comprehensive income		
Income tax charge – current year	7,405,343	6,079,527
National contribution – current year	617,270	578,887
Deferred tax assets adjustments		
IFRS 16 deferred tax	(178,457)	(215,488)
Income tax expense reported in the consolidated statement of comprehensive income	**7,844,156**	**6,442,926**

The reconciliation between income tax expense at the statutory income tax rate and income tax expense at the Group's effective income tax rate for the years ended 31 December 2020 and 2019 was as follows:

	2020 JD	2019 JD
Accounting profit before income tax	25,346,277	25,487,769
At statutory income tax rate of 26%*	6,590,032	6,626,820
Tax adjustments for:		
Provision for expected credit losses (note 9)	406,935	260,046
Debts written off (note 9)	(78,916)	(1,244,598)
Non-tax deductible expenses and provisions	2,025,707	1,194,379
Non-taxable gain on disposal of land	(1,099,602)	(393,721)
Income tax expense reported in the consolidated statement of comprehensive income at effective income tax rate of 30.9% (2019: 25.3%)	**7,844,156**	**6,442,926**

* The income tax provision for the years ended 31 December 2020 and 2019 were calculated in accordance with the income tax law No. (38) of 2018 which includes statutory tax rate amounting to 24% and national contribution amounting to 2%.

7. Income Tax (Continued)

Movement on the income tax payable during the year is as follows:

	2020 JD	2019 JD
At 1 January	8,622,343	9,727,013
Income tax charge for the year	7,405,343	6,079,527
	16,027,686	**15,806,540**
Less: Income tax paid	(6,168,710)	(3,774,423)
Income tax refund	-	(3,353,554)
Withholding tax on interest income	(66,443)	(56,220)
At 31 December (note 19)	**9,792,533**	**8,622,343**

Deferred tax assets at 31 December relate to the following items:

	2020 JD	2019 JD
Carried forward losses*	2,576,742	2,576,742
IFRS 16 deferred tax	393,945	215,488
Legal cases provision	360,368	360,368
	3,331,055	**3,152,598**

* Deferred tax assets have not been recognised in respect of the full amount these losses as they may not be used to offset taxable profits elsewhere in the Group, they have arisen in Petra Jordanian Mobile Telecommunications Company that have been loss-making for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future.

Tax Status

Income tax assessments for the Group and its subsidiaries have been agreed with the Income Tax Department for all the years up to 31 December 2014.

The Group submitted income tax returns for the years 2015 until 2019. The Income and Sales Tax Department has reviewed Jordan Telecom and Jordan Data Communications' income tax returns for the years 2015 and 2016, however, no final settlement has been reached up to the date of the consolidated financial statements.

The Income and Sales Tax Department has reviewed Petra Jordanian Mobile Telecommunications' income tax returns for the years 2015 and 2016. The tax auditors raised points which were appealed by the Group. In the opinion of the Group's management and legal and tax consultants, the Group's position is strong, and no additional provision is needed.

The Group has submitted the income tax returns for the year 2019 in accordance with Jordanian Income Tax Law No. (38) of 2018.

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8. Inventories

	2020 JD	2019 JD
Materials and supplies*	5,955,775	5,766,485
Handsets and others	2,099,624	2,383,897
Provision for damaged and slow moving inventories	(1,522,339)	(1,422,339)
	6,533,060	**6,728,043**

* The materials and supplies are held for own use and are not for resale. During 2020, an amount of JD 11,904,723 (2019: JD 11,198,614) was recognized as a direct operating cost and inventories amounting to JD 6,294,553 (2019: JD 6,573,040) in materials and supplies were transferred to property and equipment (note 4).

Movement on the provision for damaged and slow moving inventories is as follows:

	2020 JD	2019 JD
At 1 January	1,422,339	1,172,647
Additions	100,000	249,692
At 31 December	**1,522,339**	**1,422,339**

9. Trade Receivables and Other Current Assets

	2020 JD	2019 JD
Trade receivables	65,353,245	57,358,081
Contract assets - unbilled revenue	5,608,105	6,530,397
Amounts due from related parties	3,832,041	2,803,360
	74,793,391	**66,691,838**
Allowance for expected credit losses and doubtful accounts	(9,378,145)	(7,930,380)
	65,415,246	**58,761,458**
Other current assets	29,143,285	28,666,859
	94,558,531	**87,428,317**

9. Trade Receivables and Other Current Assets (Continued)

Trade receivables are non-interest bearing. The Group does not obtain collateral over trade receivables except for some distributors' trade receivables where guarantees are obtained.

Movements on the allowance for expected credit losses and doubtful accounts were as follows:

	2020 JD	2019 JD
At 1 January	7,930,380	11,717,120
Provision for the year	1,565,136	1,000,177
Write offs	(117,371)	(4,786,917)
At 31 December	**9,378,145**	**7,930,380**

Set out below is the information about the credit risk exposure on the Group trade receivables and contract assets:

31 December 2020	Days past due					
	Current JD	1-30 days JD	31-90 days JD	91-180 days JD	>180 days JD	Total JD
Expected credit loss rate	0%	5%	5%	5-20%	20-100%	
Estimated total gross carrying amount at default	8,538,970	13,449,873	7,869,453	5,498,058	39,437,037	**74,793,391**
Expected credit loss	-	672,494	393,472	504,708	7,807,471	**9,378,145**

31 December 2019	Days past due					
	Current JD	1-30 days JD	31-90 days JD	91-180 days JD	>180 days JD	Total JD
Expected credit loss rate	0%	5%	5%	5-20%	20-100%	
Estimated total gross carrying amount at default	8,945,166	11,967,853	9,005,228	7,253,688	29,519,903	**66,691,838**
Expected credit loss	-	598,393	450,261	797,906	6,083,820	**7,930,380**

Management determines the expected credit losses on customers' balances and builds up a provision based on different factors including analysis of customer or group of customer's behaviors.

Unimpaired receivables are expected to be fully recoverable. The Group has a credit department that continuously monitors the credit status of the Group's customers. Service will be disconnected for customers exceeding certain limits for certain period of time.

10. Balances Due From / To Telecom Operators

The Group has agreements with local and foreign telecom operators, whereby amounts due from and to the same operator are subject to the right of offset. The net balances as of 31 December 2020 and 2019 are as follows:

	2020 JD	2019 JD
Balances due from telecom operators	4,926,236	8,218,182
Amounts due from related parties (note 24)	1,508,799	631,993
Allowance for expected credit losses and doubtful accounts	(3,150,442)	(3,336,594)
Balances due from telecom operators	**3,284,593**	**5,513,581**
Balances due to telecom operators	25,184,617	24,538,764
Amounts due to related parties (note 24)	582,187	1,494,929
Balances due to telecom operators	**25,766,804**	**26,033,693**

Balances due from/to telecom operators are non-interest bearing and not guaranteed.

Set out below is the information about the credit risk exposure on the Group's balances due from telecom operators:

31 December 2020	Days past due					
	Current JD	1-90 days JD	91-180 days JD	180-270 days JD	>270 days JD	Total JD
Expected credit loss rate	0%	30-50%	50%	50%	50%	
Estimated total gross carrying amount at default	1,635,104	1,492,151	1,415,519	363,896	1,528,365	**6,435,035**
Expected credit loss	-	746,076	707,760	181,948	1,514,658	**3,150,442**

31 December 2019	Days past due					
	Current JD	1-90 days JD	91-180 days JD	180-270 days JD	>270 days JD	Total JD
Expected credit loss rate	0%	30-50%	50%	50%	50%	
Estimated total gross carrying amount at default	2,681,423	2,086,193	2,514,864	778,898	788,797	**8,850,175**
Expected credit loss	-	1,016,823	1,257,432	389,449	672,890	**3,336,594**

Unimpaired amounts due from telecommunication operators are expected to be fully recoverable.

11. Cash and Cash Equivalents

Cash and Cash Equivalents

The cash and cash equivalents at 31 December 2020 in the consolidated statement of cash flows represent the balance of cash and short-term deposits netted by the balance of the overdrafts and restricted cash as of 31 December 2020.

	2020 JD	2019 JD
Cash and short-term deposits	44,730,808	32,448,249
Less: Due to banks	(38,717,495)	(35,208,570)
Restricted cash / Customers accounts - e-units*	(3,441,683)	(2,900)
Restricted cash / Grants funds**	(1,632,237)	-
	939,393	**(2,763,221)**

Cash and short-term deposits include deposits with commercial banks in Jordan for periods that ranges between one day and three months in Jordanian Dinars, and US Dollars amounting to JD 44,034,975 as of 31 December 2020 and JD 32,162,711 as of 31 December 2019 with an effective interest rate of JD 2.35% and USD 1.98%, respectively (2019: JD 3.09% and USD 1.68%).

* The balance in this account represents restricted cash relating to e-units in circulation in Petra Mobile Payment Service Company (Orange Money) in compliance with the Central Bank of Jordan's requirements (note 18).

** During 2020, the Group obtained two grants both providing funding to promote Jordan Telecom's innovation initiatives, including the Group's coding academy and other academic programs. The Grants are restricted as per the conditions of the contracts (note 19).

Due to banks

This item represents the utilized amount of the credit facilities granted during 2016 to the Group from three Jordanian commercial banks with a ceiling of JD 30 million. During May 2019, the Group has increased the ceiling for one of the credit facilities by JD 10 million to reach JD 40 million. Interest rates on the credit facilities granted ranges from 5.15% to 5.75%. These overdrafts are unsecured.

12. Paid in Capital

Jordan Telecommunications Company (Jordan Telecom) authorized and paid in capital consists of 187,500,000 shares (2019: 187,500,000 shares) with par value of one Jordanian Dinar each.

13. Statutory Reserve

As required by the Jordanian Companies' Law, 10% of the Group's net income before tax is transferred to statutory reserve. The Group may resolve to discontinue such annual transfers when the balance of the reserve reaches 25% of the paid in capital. The Group has elected not to transfer any amount to the statutory reserve starting from the year 2005. The statutory reserve is not available for distribution to the shareholders.

14. Dividends Paid and Proposed

The Board of Directors will propose to the General Assembly in its meeting that will be held during 2021 a cash dividend of JD 0.10 per share totaling JD 18,750,000.

On 23 July 2020, the General Assembly approved cash dividends for JD 0.08 per share totaling JD 15,000,000 for the year 2019.

On 23 April 2019, the General Assembly approved cash dividends for JD 0.1146 per share totalling JD 21,500,000 for the year 2018.

15. Telecommunications License Payable

This amount represents the cash price equivalent of the JD 104,250,000 deferred payments for the renewal of the 900 MHz spectrum license which was renewed on 9 May 2019 for an additional 10 years, in accordance with the settlement agreement signed with the Government of Jordan during October 2016.

The Group has calculated the cash price equivalent of the deferred payments amounting to JD 86,595,425 using a discount rate of 4%, which represents the average borrowing rate for the Group at the date of the agreement.

Future payments under the settlement agreement together with the present value of the payments were as follows:

	2020 Payments JD	2019 Payments JD
Within one year	-	-
After one year but not more than five years	52,125,000	52,125,000
More than five years	-	-
Total payments	**52,125,000**	**52,125,000**
Less: amounts representing finance charges	(5,960,189)	(7,736,082)
Present value of liability	**46,164,811**	**44,388,918**

During the year ended 31 December 2020, an amount of JD 1,775,893 (2019: JD 2,460,769) was recognised as interest expense on the consolidated statement of comprehensive income.

16. Interest-Bearing Loans

	2020 JD	2019 JD
Current		
French Government Protocol / Second loan	343,207	311,597
French Government Protocol / Third loan	22,153	30,851
Arab Bank loan	3,258,000	3,258,000
Societe Generale De Banque – Jordanie loan	859,017	793,406
Housing Bank for Trade and Finance loan	5,000,000	5,000,000
Cairo Amman Bank loan	4,000,000	4,000,000
	13,482,377	**13,393,854**
Non-current		
French Government Protocol / Second loan	1,644,021	1,804,204
French Government Protocol / Third loan	11,078	30,171
Arab Bank loan	9,768,000	13,026,000
Societe Generale De Banque – Jordanie loan	2,889,532	3,756,892
Housing Bank for Trade and Finance loan	15,000,000	17,500,000
Cairo Amman Bank loan	12,000,000	14,000,000
	41,312,631	**50,117,267**

French Government Protocol / Second Loan

On 23 February 1995 the Government of Jordan, represented by the Ministry of Planning, signed a financial protocol with the Government of the Republic of France to finance several development projects including an FRF 52,000,000 loan to finance the construction and operation of Tla'a Al-Ali Communication Switch Unit.

The loan is subject to an annual interest rate of 1% payable on the total amount outstanding from the date of each drawing and shall be paid semi-annually.

The principal payments of each withdrawal is payable in 40 equal semi-annual instalments, the first installment falling due 126 months after the end of the calendar quarter during which each drawing is made. Drawings commenced on 1 July 1995. The repayment of this loan started on 31 March 2006.

French Government Protocol / Third Loan

On 24 October 1996 the Government of Jordan represented by the Ministry of Planning signed a financial protocol with the Government of the Republic of France to finance several development projects including an FRF 15,000,000 loan to finance the construction of Al-Ashrafia Communication Switch Unit.

The loan is subject to an annual interest rate of 1% payable on the total amount outstanding and shall be paid semi-annually.

The principal payments of each withdrawal are payable in 30 equal consecutive semi-annual instalments, the first installment falling due 90 months after the end of the calendar quarter during which each drawing is made. Drawings commenced on 1 July 1997. Repayment of this loan started on 31 March 2005.

16. Interest-Bearing Loans (Continued)

Arab Bank Loan

On 24 December 2017, Petra Jordanian Mobile Telecommunications Company (Orange Mobile) has signed a JD 22,800,000 loan agreement with Arab Bank to finance the acquisition of frequency license (10 + 10 MHz) in 2600 MHz band.

The floating interest rate on the loan 5.375%, which represents the prime lending rate for the bank minus 3%, and it is calculated and paid on a monthly basis over the utilized balance.

The utilized loan balance is payable in 14 equal semi-annual instalments, the first installment was due and paid on 30 June 2018 and the final installment is due in seven years from the date of the loan agreement.

The loan is secured by Jordan Telecommunications Company.

Societe Generale De Banque – Jordanie Loan

On 26 December 2017, Petra Jordanian Mobile Telecommunications Company (Orange Mobile) has signed a JD 6,000,000 loan agreement with Societe Generale De Banque – Jordanie to finance the acquisition of frequency license (10 + 10 MHz) in 2600 MHz band.

The floating interest rate on the loan is 5.75%, and it is calculated and paid on a monthly basis over the utilized balance.

The utilized loan balance is payable in 14 equal semi-annual instalments, the first installment was due and paid on 30 June 2019 and the final installment is due in seven years from the date of the loan agreement.

Housing Bank for Trade and Finance Loan

On 8 May 2019, Petra Jordanian Mobile Telecommunications Company (Orange Mobile) has signed a JD 25,000,000 loan agreement with Housing Bank for Trade and Finance to finance the first instalment of the 900MHz spectrum license (note 15). The interest rate is fixed at 5.75% and is calculated and paid on a semi-annual basis.

The utilized loan balance is payable in 10 equal semi-annual instalments, the first instalment was due and paid on 7 November 2019. This loan is secured by Jordan Telecommunications Company.

As a result of the impact of the pandemic COVID-19, management requested the deferral of the installments that were due in May 2020 amounting to JD 2,500,000 granted by the Housing Bank. The bank approved management's request during April 2020 by including the deferred installment in the final payment due in May 2024.

Cairo Amman Bank Loan

On 8 May 2019, Petra Jordanian Mobile Telecommunications Company (Orange Mobile) signed a JD 20,000,000 loan agreement with Cairo Amman Bank to finance the first instalment of the 900MHz spectrum license (note 15). The interest rate is fixed at 5.9% and is calculated and paid on a semi-annual basis.

The utilized loan balance is payable in 10 equal semi-annual instalments, the first instalment was due and paid on 7 November 2019. This loan is secured by Jordan Telecommunications Company.

As a result of the impact of the pandemic COVID-19, management requested the deferral of the installments that were due in May 2020 amounting to JD 2,000,000 towards facilities granted Cairo Amman Bank. The bank approved management's request during April 2020, by extending the loan repayment date by 6 months to fall due in November 2024.

16. Interest-Bearing Loans (Continued)

The amounts of annual principal maturities of long-term loans are as follows:

	JD
2022	13,521,406
2023	13,563,354
2024	13,613,473
2025 and after	614,398
	41,312,631

17. Employees' End of Service Benefits

During May 2011, the Group signed an agreement with the General Trade Union for Public Services and Free Vocations whereby the Group shall provide additional benefits to the employees which include the option for all employees to liquidate their end of service benefit accumulated up to 31 December 2011 during 2012 with an option of either to accumulate the end of service benefits again starting from 1 January 2012 or have the benefit added to their monthly salary.

In accordance with the Group's by-laws, the Group provides end of service benefits for its employees who have chosen the option to accumulate the end of service benefits starting from 1 January 2012.

The amounts recognized in the consolidated statement of financial position in respect of end of service benefits were as follows:

	2020 JD	2019 JD
Provision at 1 January	356,155	354,355
Expenses recognized in the consolidated statement of comprehensive income	70,259	59,932
End of service benefits paid	(66,585)	(58,132)
Provision at 31 December	**359,829**	**356,155**

The allocation for the Employees' end of service benefits between current and non-current were as follows:

	2020 JD	2019 JD
Employees' end of service benefits – current	41,513	39,623
Employees' end of service benefits – non-current	318,316	316,532
	359,829	**356,155**

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18. Orange Money – units in circulation

This account represents customers' electronic unit accounts in Petra Mobile Payment Service Company (Orange Money). Orange Money is a money transfer and payment solution through an electronic money (e-units) account that can be initiated using a valid mobile phone number.

As at 31 December 2020, customers' account balances of e-units in circulation amounted to JD 3,441,683 (31 December 2019: JD 2,900).

As per the Central Bank of Jordan's requirements, the Company is required to deposit an amount that equals the e-units in circulation to restricted bank account which is monitored by the Central Bank of Jordan (note 11).

19. Trade Payables and Other Current Liabilities

	2020 JD	2019 JD
Trade payables	56,939,459	66,886,670
Other provisions	40,916,584	36,870,765
Accrued expenses	18,815,651	18,439,918
Subscribers' deposits	16,659,402	16,765,558
Income tax payable (note 7)	9,792,533	8,622,343
Government revenue share payable	4,116,342	3,977,839
Amounts due to related parties (note 24)	9,524,659	8,502,388
Dividends payable	1,578,294	1,372,712
Restricted grants* (note 11)	1,632,237	-
Capital reduction payable to shareholders	267,268	277,980
	160,242,429	**161,716,173**

* During 2020, the Group obtained two grants both providing funding to promote Jordan Telecom's innovation initiatives, including the Group's coding academy and other academic programs. The Grants are restricted as per the conditions of the contracts. The details of the Grants were as follows:

EU Grant

During 2020, Jordan Telecommunications Company signed a Grant agreement with the European Union (EU) to fund an Innovation Space which promotes innovation culture, providing a space for innovation opportunities both virtually and physically, private sector innovation advice, support and financing. The EU Grant provides the Group with EURO 6,400,000 over three years. In December 2020, the Group received the first payment amounting to EURO 1,656,450. As per the terms of the agreement, the Grant is restricted to conditions specified in the agreement.

GIZ Grant

During 2020, Future Pioneers for Developments and Initiatives (Orange Foundation) signed a Grant agreement with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) to fund Orange Digital Center which promotes creating an innovation ecosystem for young entrepreneurs in enhancing job-related digital skills, their employability, and thus contributing to reduce youth unemployment in Jordan. The GIZ Grant provides the Group with EURO 591,000 over two and a half years. In December 2020, the Group received the first payment amounting to EURO 269,461. As per the terms of the agreement, the Grant is restricted to conditions specified in the agreement.

20. Customer Contracts

a) Revenues

Revenues are presented by strategic business unit in the segment information (see note 3).

Revenues are broken down by type of customers and product line as follows:

Voice Services
Voice services revenues are generated through incoming and outgoing calls on mobile network in addition to revenues from fixed narrowband services including roaming revenues from customers of other networks (national and international), and from network sharing.

Data Services
Data services revenues are generated from providing communication facilities for the provision of data network and internet access services on both fixed and mobile networks.

Other Services
Other services revenues represent all equipment sales (mobile phones, broadband equipment, connected objects and accessories) revenues from infrastructure services, applications services, security services, sales of equipment and mobile payment services related to the above products and services.

The details of revenues per type of customer and revenue were as follows:

	2020 JD	2019 JD
Consumer Business Unit		
Voice services	77,690,464	76,510,659
Data services	102,699,010	95,418,080
Other services	6,613,366	2,867,033
	187,002,840	**174,795,772**
Enterprise Business Unit		
Voice services	33,478,876	35,460,877
Data services	22,919,025	21,452,216
Other services	9,641,074	10,092,888
	66,038,975	**67,005,981**
Whole Sales Business Unit		
Voice services	53,301,679	65,670,104
Data services	7,999,008	7,080,190
Other services	2,723,838	4,187,716
	64,024,525	**76,938,010**
Total revenues	**317,066,340**	**318,739,763**

20. Customer Contracts (Continued)

b) Contract Assets

Pursuant to IFRS 15 “Revenue from contracts with customers” application and due to the timing of revenue recognition that may differ from that of customer invoicing which is mainly related to the bundled offering combining the sale of a equipment and other services for a fixed-period, where the equipment is invoiced at a reduced price leading to the reallocation of a portion of amounts invoiced for the other services to the supply of the equipment. The excess of the amount allocated to the equipment over the price invoiced is recognized as a contract asset.

Movements on the contract assets were as follows:

	2020 JD	2019 JD
At 1 January	2,801,837	3,337,905
Additions	3,367,744	4,555,143
Amortization	(3,057,124)	(5,091,211)
At 31 December	**3,112,457**	**2,801,837**

20. Customer Contracts (Continued)

b) Contract Assets (Continued)

The allocation of the short and long-term contract assets was as follows:

	2020 JD	2019 JD
Non-current portion of contract assets	778,775	644,418
Current portion of contract assets	2,333,682	2,157,419
	3,112,457	**2,801,837**

Set out below the maturities pattern of the long-term contract assets:

	JD
2022	765,560
2023	13,215
	778,775

c) Contract Liabilities

Contract liabilities represent amounts paid by customers before receiving the goods and/or services promised in the contract. This is typically the case for advances received from customers or amounts invoiced and paid for goods or services not yet transferred, such as contracts payable in advance or prepaid packages (previously recorded in deferred revenues).

The allocation of short and long-term contract liabilities is as follows:

	2020 JD	2019 JD
Non-current portion of contract liabilities	224,737	224,737
Current portion of contract liabilities	7,615,373	7,146,858
	7,840,110	**7,371,595**

Set out below the maturities pattern of the long-term contract liabilities:

	JD
2022	205,639
2023	19,098
	224,737

21. Government Revenue Share

In accordance with the agreement signed with the Telecommunications Regulatory Commission (TRC), a percentage of certain telecommunications services revenues is payable to TRC as revenue share.

22. Business Support Fees and Brand Fees

The Group calculates and pays business support fees to Orange Group, in accordance with the agreement signed between the Group and Orange Group.

During July 2007, the Group entered into a license agreement with Orange Brand Services Limited whereby, Jordan Telecommunications Company, Petra Jordanian Mobile Telecommunications Company and Jordan Data Communications were granted the right to use Orange brand in Jordan in return for royalty fees at 1.6% of the operating revenues as defined in the agreement. The license agreement is valid for 10 years. The agreement has been renewed for a period of 10 years starting from July 2017.

23. Earnings Per Share

	2020	2019
Profit for the year attributable to the equity holders of parent (JD)	17,502,121	19,044,843
Weighted average number of shares during the year	187,500,000	187,500,000
Basic earnings per share	**0.093**	**0.102**

No figure for diluted earnings per share has been calculated as there are no potentially dilutive ordinary shares outstanding.

24. Related Party Disclosures

The consolidated financial statements include the financial statements of Jordan Telecommunications Company and the subsidiaries listed below:

Name	Country of Incorporation	Percentage of equity interest		Description of Service
		2020	2019	
Petra Jordanian Mobile Telecommunications Company	Jordan	100%	100%	Mobile communications
Jordan Data Communications Ltd.	Jordan	100%	100%	Data service
Dimension Company for Digital Development of Data	Jordan	100%	100%	Content service, renewable energy
Petra Mobile Payment Services	Jordan	100%	100%	Mobile payment
Future Pioneers for Developments and Initiatives	Jordan	100%	-	Non-for-profit activites

Related parties are shareholders, senior management of the Group, and companies of which they are principal owners. Pricing policies and terms of these transactions are approved by the Group's management.

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

24. Related Party Disclosures (Continued)

Balances and transactions with related parties included in the consolidated statements of financial positions and consolidated statement of comprehensive income, respectively, were as follows:

	2020 JD	2019 JD
Consolidated statement of financial position:		
Government of Jordan and Orange Group and its subsidiaries (shareholder)		
Amounts due from related parties	5,340,840	3,435,353
Amounts due to related parties	10,106,846	9,997,317
Consolidated statement of comprehensive income:		
Orange Group and its subsidiaries (shareholder)		
Business support fees and brand fees	7,460,437	7,083,367
Operating expenses	5,592,853	6,193,896
Revenues	5,325,505	4,216,051
Government of Jordan		
Government revenue share	4,116,342	3,977,839
Revenues	12,331,351	9,340,962
Key management personnel		
Executives' salaries and bonus	1,432,147	1,519,806
Board of Directors remuneration	223,200	224,950

Balances due from and to related parties are disclosed in notes 9, 10 and 19 to these consolidated financial statements.

25. Commitments and Contingences

Capital commitments

The Group enters into commitments during the ordinary course of business for major capital expenditures, primarily in connection with network expansion projects. Outstanding capital expenditure amounted to JD 31,858,752 as of 31 December 2020 (2019: JD 25,336,027).

Operational commitments

The Group entered into a 6-year sponsorship commitment. Outstanding operational expenditure amounted to JD 4,500,000 as of 31 December 2020 (2019: JD 6,000,000).

Legal claims

The Group is a defendant in a number of lawsuits with a value of JD 22,128,728 (31 December 2019: JD 26,336,659) representing legal actions and claims in the ordinary course of business. Related risks have been analysed as to likelihood of occurrence. Accordingly, a provision of JD 9,678,985 has been made (2019: JD 9,678,985).

During July 2019 the Group was notified of a lawsuit that was filed against the Group by another telecom operator relating to the fixed geographic numbers services. The Group has submitted its list of defense documents to the court. In the opinion of the Group's management and legal consultant the Group's position is strong and no provision is needed at this stage of the litigation.

Guarantees

The Group has issued letters of guarantee amounting to JD 23,437,015 as of 31 December 2020 (2019: JD 19,235,087) in respect of legal claims and performance bonds.

26. Risk Management

The Group is exposed to interest rate risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by a credit risk committee that advises on financial risks and the appropriate financial risk governance framework for the Group.

As a result of the COVID-19 pandemic, Management has established a Business Continuity and Crisis Management (BCCM) framework to assess and monitor the impact of COVID-19. An analysis of the impact of the pandemic was conducted as part of their going concern assessment using information available to the date of issue of these consolidated financial statements. The analysis included an assessment of areas of concern including: Revenue recognition, collectability of receivables and expected credit losses, disruption to existing contracts and payment extensions, loan repayments and interest rates, currency movements, impairment of property and equipment, dividends and impact on the Group's liquidity.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group is exposed to interest rate risk on its interest bearing assets and liabilities (bank deposits, bank overdraft and term loans).

The sensitivity of the consolidated statement of comprehensive income is the effect of the assumed changes in interest rates on the Group's profit for one year, based on the floating rate financial assets and financial liabilities held at 31 December 2020.

26. Risk Management (Continued)

Interest rate risk (Continued)

The following table demonstrates the sensitivity of the statement of comprehensive income to reasonably possible changes in interest rates, with all other variables held constant.

2020	Changes in interest rate %	Effect on profit for the year JD
Currency		
JD	1	88,639
USD	1	563
EUR	1	78

2019	Changes in interest rate %	Effect on profit for the year JD
Currency		
JD	1	(107,426)
USD	1	3,582
EUR	1	70

The effect of decrease in interest rate is expected to be equal and opposite to the effect of increases shown.

Credit risk

The credit risk is the risk that other parties will fail to discharge their obligations to the Group. The Group manages credit risk with its customers by establishing credit limits for customers' balances and also disconnects the service for customers exceeding certain limits for a certain period of time. Also, the diversity of the Group's customer base (residential, corporate, government agencies) limits the credit risk. The Group also has a credit department that continuously monitors the credit status of the Group's customers.

The Group deposits its cash balances with a number of major high rated financial institutions and has a policy of limiting its balances deposited with each institution.

Liquidity risk

The Group monitors its risk of a shortage of funds by performing analysis for cash projection in addition to performing a detailed analysis of accounts payables. The Group's current liabilities exceed its current assets. Management has assessed the liquidity risk associated with having the negative working capital and based on the analysis the management believes that the Group is not subject to a significant risk, in addition to the fact that the Group can manage its cash demands through the use of bank overdrafts and bank loans.

26. Risk Management (Continued)

Liquidity risk (Continued)

The table below summarises the maturities of the Group's financial liabilities at 31 December 2020 and 2019, based on contractual undiscounted payment.

	Less than 3 months JD	3 to 12 months JD	1 to 5 Years JD	> 5 years JD	Total JD
31 December 2020					
Trade creditors and amounts due to related parties	28,760,253	30,366,660	36,758,069	11,500,713	107,385,695
Telecommunications licenses payable	-	-	52,125,000	-	52,125,000
Balances due to telecom operators	16,647,339	1,834,324	7,285,141	-	25,766,804
Loans	101,457	15,912,584	45,221,534	78,023	61,313,598
Lease liabilities	5,953,470	2,170,379	26,262,589	23,302,266	57,688,704
Renewable energy lease liability	-	4,215,006	17,116,201	52,355,687	73,686,894
Total	**51,462,519**	**54,498,953**	**184,768,534**	**87,236,689**	**377,966,695**
31 December 2019					
Trade creditors and amounts due to related parties	47,000,348	35,976,656	14,352,569	11,932,485	109,262,058
Telecommunications licenses payable	-	-	52,125,000	-	52,125,000
Balances due to telecom operators	15,697,179	2,679,042	7,657,472	-	26,033,693
Loans	98,835	17,059,951	56,921,221	402,014	74,482,021
Lease liabilities	5,826,420	1,777,306	26,967,429	27,384,688	61,955,843
Renewable energy lease liability	-	4,272,689	17,245,506	56,265,086	77,783,281
Total	**68,622,782**	**61,765,644**	**175,269,197**	**95,984,273**	**401,641,896**

Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

Most of the Group's transactions are in Jordanian Dinars and U.S. Dollars. The Jordanian Dinar exchange rate is fixed against the U.S. Dollar (US $ 1.41 for JD 1).

The Group has loans payable in Euros and short term deposits in Euros. Changes in Euro exchange rates may significantly affect the loans values.

26. Risk Management (Continued)

Currency risk (Continued)

The table below indicates the effect of a reasonably possible movement in the JD rate against foreign currencies on the consolidated statement of comprehensive income, with all other variables held constant.

	Changes in Euro rate to JD %	Effect on profit before tax JD
2020		
EUR	5	14,127
2019		
EUR	5	(108,102)

The effect of decrease in Euro rate is expected to be equal and opposite to the increase shown.

COVID-19 Analysis

The consolidated financial statements are prepared on a going concern basis under the historical cost convention.

On 30 January 2020, the World Health Organization declared the outbreak of coronavirus ("COVID-19") to be a public health emergency of international concern. This coronavirus outbreak has severely restricted the level of economic activity around the world. In response to this coronavirus outbreak, the governments of many countries, states, cities and other geographic regions have taken preventative or protective actions, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forego their time outside of their homes.

Management continues to monitor the impact that the COVID-19 pandemic has on the Group, the telecommunications industry and the Jordanian economy, in which the Group operates. Below is the impact of the COVID-19 pandemic on the Group:

Revenue recognition

Due to the large impact on some sectors, recognition of revenue from existing contracts with customers operating in these sectors have been delayed as uncertainty surrounding the collectability of these revenues rises. In accordance with IFRS 15, a contract with a customer may be reassessed due to a significant change in facts or circumstances including a significant deterioration in a customer's ability to pay the consideration.

Revenues amounting to JD 311,505 have not been booked for the year ended 31 December 2020.

Management does not expect a significant impact on other revenue streams or other contracts with customers.

Accounts receivable

Exposure by industry has been prepared to better monitor and assess the potential impact on the Group. Analysis of the Group's receivables included on a sector-by-sector basis to assess the magnitude of the impact of the pandemic on the various sectors the Group's customers operate in.

Additionally, the Group has implemented a two-month extension on the billing cycles for its customers as per governmental instructions. Management has assessed the potential impact on collections and accordingly a provision of JD 1,565,136 was recorded for any additional expected credit losses. Moreover, and as discussed above, management did not record an amount of JD 311,505 where it is not certain that they will collect consideration in exchange for the goods or services that was transferred to these customers.

26. Risk Management (Continued)

COVID-19 Analysis (Continued)

The analysis of the Group's Enterprise Business Unit accounts receivable on sector by sector basis as at 31 December 2020 and 2019 were as follows:

		Corporate						
	Individuals JD	Government JD	Hospitality JD	Financial Institutions JD	Commercial Centers and Retail JD	Healthcare JD	Others JD	Total JD
31 December 2020	6,482,357	3,730,002	875,684	941,042	131,925	2,515,809	2,925,021	**17,601,840**
31 December 2019	6,654,836	3,687,139	693,967	758,835	200,325	3,261,290	2,328,775	**17,585,167**

As part of the BCCM, the Group has implemented aggressive cash collection measures to monitor, assess and collect the maximum possible cash from customers following the events of the ongoing crisis.

Contracts with suppliers

Management renegotiated various contracts with suppliers in order to control cash expenditures during the pandemic. The contracts that were renegotiated mainly affected selling and administrative expenses.

Interest-bearing loans

Interest rates on interest-bearing loans and borrowings were reduced from an average of 6.5% to 5.8% effective 1 April 2020 as per the requirements of the Central Bank of Jordan.

Due to the impact of the pandemic COVID-19, the management requested the deferral of the installments that were due in May 2020 amounting to JD 2,500,000 and JD 2,000,000 towards facilities granted by the Housing Bank and Cairo Amman Bank, respectively. The banks approved management's request during April 2020, by extending Cairo Amman Bank's loan repayment date by 6 months while Housing Bank included the deferred installment in the final payment due in May 2024.

Impairment of Assets

The Group assessed whether there is an indication that an asset may be impaired at the reporting date and concluded that no such indication exists. The events surrounding the outbreak have not had an impact on the Group's assets.

Management will be continuously assessing the existence of impairment indicators including the fall of stock, decrease of market interest rates, shop closures and reduced demand and selling prices of equipment and services.

Dividends

On 30 January 2020, the Board of Directors decided to propose to the General Assembly in its meeting that will be held during 2020 a cash dividend for 2019 of JD 0.1013 per share totaling JD 19,000,000. Due to the COVID-19 outbreak, the Board of Directors reassessed its decision during the meeting held in May 2020 and decided to propose a cash dividend totaling JD 13,125,000, which does not exceed 70% of 2019 profits. In its meeting held on 23 July 2020, the General Assembly decided to increase the cash dividends for the year 2019 to JD 0.08 per share with total amount of JD 15,000,000.

Group's liquidity

Management conducted an analysis which indicates that the solvency position is and will likely remain within the Group's 'Capital Management Framework' targets. Management believes the preparation of the financial statements on a going concern basis remains appropriate.

27. Fair Values of Financial Instruments

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash and short-term deposits, receivables and some other current assets. Financial liabilities consist of term loans, payables and some other current liabilities.

The fair values of financial instruments are not materially different from their carrying values.

28. Capital Management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions.

On 10 December 2015, the General Assembly, in its extra ordinary meeting, has approved the reduction of the authorized and paid in capital by 25%, to become 187,500,000 shares at a value of one Jordanian Dinar each. The capital reduction has been approved by the Ministry of Industry and Trade on 6 April 2016 and it was approved by Amman Stock Exchange on 21 April 2016.

Capital comprises share capital, statutory reserve and retained earnings, and is measured at JD 273,983,778 as at 31 December 2020 (2019: JD 271,481,657).

29. Comparative figures

The 2019 figures have been reclassified in order to conform to the presentations in 2020. Such reclassification does not affect previously reported profit or equity.

Engage 2025

Orange international group's strategy plan is the future's road map, where Engage 2025 sets the main pillars supporting Orange Jordan's endeavours of giving everyone keys to a responsible digital world during the coming five years.

As a local company operating with an international spirit, Orange Jordan's role is inspired by the group's strategy.

Engage 2025 four key ambitions:

- Reinvent our business model, as we strive to achieve it by improving the customers' coverage-quality; for both individuals and the enterprise sector and continuing our leading position through the higher valuable and open infrastructure.
- Accelerate growth areas to make Orange the digital operator reference in Africa and the Middle East, accelerating IT service development for B2B customers while scaling up cybersecurity and continuing our expansion in financial services across our footprint.
- Data and AI are at the heart of our innovation model to offer a reinvented customer experience, smarter networks and greater operational efficiency.
- Create a future-facing company, by enhancing employees' skills as we become one of the most attractive employers in the world.

These ambitions reflect our commitment towards digital equality; we continue supporting everyone as part of our role as a responsible transformation company, a fundamental pillar of socioeconomic progress.

Our leading role in digital technologies is intertwined with our promise to preserve the environment, by adopting clean and sustainable energy sources in order to face climate change and limit environmental damage as part of the group's commitment to reduce carbon emissions by 30% by 2025 and to zero by 2040.