

**JORDAN TELECOMMUNICATIONS COMPANY**  
**(A PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**AMMAN – THE HASHEMITE KINGDOM OF JORDAN**

**CONDENSED CONSOLIDATED INTERIM**  
**FINANCIAL INFORMATION FOR THE**  
**SIX-MONTH PERIOD ENDED JUNE 30, 2023**  
**TOGETHER WITH THE REVIEW REPORT**

**JORDAN TELECOMMUNICATIONS COMPANY**  
**(A PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**FOR THE SIX-MONTH PERIOD**  
**ENDED JUNE 30, 2023**

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## **Report on the Review of the Condensed Consolidated Interim Financial Information**

**AM/ 20268-002-003**

**To the Board of Directors of  
Jordan Telecommunications Company  
(A Public Shareholding Company)  
Amman - Jordan**

### **Introduction**

We have reviewed the accompanying condensed consolidated interim statement of financial position of Jordan Telecommunications Company (a Public Shareholding Company) as of June 30, 2023 and the related condensed consolidated interim statement of profit and loss and other comprehensive income for the three and six months period ended June 30, 2023, and the statements of changes in shareholder's equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard No. (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

### **Scope of Review**

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

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard No. (34) relating to interim financial reporting.

### **Other Matters**

The accompanying condensed consolidated interim financial information are a translation of the condensed consolidated interim financial information in Arabic language to which reference should be made.

**Amman – Jordan  
July 30, 2023**

**Deloitte & Touche (M.E.) – Jordan**

**Deloitte & Touche (M.E.)**  
ديلويت آند توش (الشرق الأوسط)  
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**JORDAN TELECOMMUNICATIONS COMPANY**  
**(A PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**(AMMAN – THE HASHEMITE KINGDOM OF JORDAN)**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**

<u>ASSETS</u>	<u>Note</u>	<u>June 30, 2023</u> <u>(Reviewed)</u>	<u>December 31,</u> <u>2022 (Audited)</u>
<b>Non-Current Assets</b>		<b>JD</b>	<b>JD</b>
Property and equipment	6	262,802,093	263,801,987
Intangible assets	21	210,395,789	215,056,774
Contract assets	8.b	717,897	703,693
Right-of-use assets	9.a	37,233,633	37,495,804
Renewable energy assets	10	33,175,562	34,231,733
Deferred tax assets		3,844,668	3,774,489
<b>Total Non-Current Assets</b>		<b>548,169,642</b>	<b>555,064,480</b>
<b>Current Assets</b>			
Inventories		14,460,703	12,384,499
Trade receivables and other current assets		126,777,515	106,822,769
Balances due from telecom operators		1,510,904	1,568,512
Contract assets	8.b	2,554,297	2,550,946
Cash and short-term deposits	17	50,204,916	64,320,009
<b>Total Current Assets</b>		<b>195,508,335</b>	<b>187,646,735</b>
<b>TOTAL ASSETS</b>		<b>743,677,977</b>	<b>742,711,215</b>
<b><u>SHAREHOLDERS' EQUITY AND LIABILITIES</u></b>			
<b>Shareholders' Equity</b>			
Paid in capital	13	187,500,000	187,500,000
Statutory reserve		62,500,000	62,500,000
Retained earnings		27,885,244	48,389,097
<b>Total Shareholders' Equity</b>		<b>277,885,244</b>	<b>298,389,097</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Telecommunications license payable	12	50,604,543	49,716,597
Other telecommunications license payable	21	51,777,172	51,177,610
Interest bearing loans	15	7,932,594	14,206,652
Lease liabilities	9.b	35,104,687	34,853,389
Renewable energy liability	10	30,085,952	31,470,175
Employees' end of service benefits		433,930	416,679
<b>Total Non-Current Liabilities</b>		<b>175,938,878</b>	<b>181,841,102</b>
<b>Current Liabilities</b>			
Orange Money - units in circulation	14	18,983,299	14,922,325
Trade payables and other current liabilities		142,794,501	123,084,845
Balances due to telecom operators		26,347,892	21,762,344
Income tax payable	11	13,357,322	18,447,714
Other telecommunications license payable	21	5,189,166	5,189,166
Current portion of interest-bearing loans	15	13,506,211	13,499,085
Due to banks	16	45,934,940	42,067,901
Lease liabilities	9.b	6,120,466	6,254,047
Renewable energy liability	10	6,747,413	5,971,327
Contract liabilities	8.c	10,839,743	11,257,771
Employees' end of service benefits		32,902	24,491
<b>Total Current Liabilities</b>		<b>289,853,855</b>	<b>262,481,016</b>
<b>Total Liabilities</b>		<b>465,792,733</b>	<b>444,322,118</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>743,677,977</b>	<b>742,711,215</b>

**The accompanying notes constitute an integral part of these condensed consolidated interim financial information and should be read with them and with the accompanying review report.**

**JORDAN TELECOMMUNICATIONS COMPANY**  
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**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT AND LOSS AND OTHER**  
**COMPREHENSIVE INCOME**  
**(REVIEWED NOT AUDITED)**

	<b>Note</b>	<b>For the three-Month Period Ended June 30,</b>		<b>For the Six-Month Period Ended June 30,</b>	
		<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
		<b>JD</b>	<b>JD</b>	<b>JD</b>	<b>JD</b>
Net revenues	5,8.a	88,490,454	85,940,199	174,313,419	171,236,693
Direct operating cost		(31,661,326)	(30,730,521)	(63,195,100)	(62,572,359)
<b>Gross Margin</b>		<b>56,829,128</b>	<b>55,209,678</b>	<b>111,118,319</b>	<b>108,664,334</b>
Administrative expenses		(5,520,469)	(6,209,180)	(10,784,179)	(11,399,500)
Selling and distribution expenses		(10,544,701)	(10,655,094)	(21,238,679)	(21,484,867)
Government revenue share		(1,774,291)	(2,250,000)	(3,290,000)	(4,300,000)
Business support fees and brand fees		(2,029,075)	(1,971,648)	(4,054,677)	(3,873,093)
Expected credit losses		(150,000)	(150,000)	(300,000)	(300,000)
Depreciation of property and equipment		(16,566,495)	(12,807,813)	(32,701,611)	(25,312,075)
Amortization of intangible assets		(3,129,992)	(6,152,490)	(6,212,902)	(12,279,329)
Depreciation of right-of-use assets	9.a	(1,736,505)	(1,634,763)	(3,455,998)	(3,266,367)
Depreciation of renewable energy assets	10	(528,085)	(528,085)	(1,056,171)	(1,056,171)
<b>Operating Profit</b>		<b>14,849,515</b>	<b>12,850,605</b>	<b>28,024,102</b>	<b>25,392,932</b>
Net foreign currency exchange differences		94,410	185,496	(14,491)	356,623
Leases interest expense	9.b	(619,655)	(604,454)	(1,213,321)	(1,168,506)
Finance cost on renewable energy assets	10	(701,691)	(841,677)	(1,180,500)	(1,333,850)
Finance costs on Banks's loans		(1,180,495)	(1,133,544)	(2,274,230)	(2,179,106)
Finance cost of telecommunications license	12	(443,972)	(443,973)	(887,946)	(887,946)
Finance cost of other telecommunications licenses		(303,743)	-	(599,562)	-
Finance income		735,250	449,767	1,358,825	890,248
Gain on sale of property and equipment	6	501,799	974,157	2,518,510	1,286,091
<b>Profit before Income Tax</b>		<b>12,931,418</b>	<b>11,436,377</b>	<b>25,731,387</b>	<b>22,356,486</b>
Income tax expense	11	(3,056,559)	(3,396,197)	(6,860,240)	(6,714,756)
<b>Profit for the Period</b>		<b>9,874,859</b>	<b>8,040,180</b>	<b>18,871,147</b>	<b>15,641,730</b>
Other comprehensive income		-	-	-	-
<b>Total Comprehensive Income for the Period</b>		<b>9,874,859</b>	<b>8,040,180</b>	<b>18,871,147</b>	<b>15,641,730</b>
<b><u>Earnings per share</u></b>		<b><u>JD/Fils</u></b>	<b><u>JD/Fils</u></b>	<b><u>JD/Fils</u></b>	<b><u>JD/Fils</u></b>
Basic and diluted earnings per share	18	<b>0.053</b>	<b>0.043</b>	<b>0.101</b>	<b>0.083</b>

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**JORDAN TELECOMMUNICATIONS COMPANY**  
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**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDER'S**  
**EQUITY**  
**(REVIEWED NOT AUDITED)**

	<b><u>Note</u></b>	<b><u>Share Capital</u></b>	<b><u>Statutory Reserve</u></b>	<b><u>Retained Earnings</u></b>	<b><u>Total Shareholders' Equity</u></b>
<b><u>For the Six Months Period Ended June 30, 2023</u></b>		<b><u>JD</u></b>	<b><u>JD</u></b>	<b><u>JD</u></b>	<b><u>JD</u></b>
<b>Balance at January 1,2023 (Audited)</b>		187,500,000	62,500,000	48,389,097	298,389,097
Total comprehensive income		-	-	18,871,147	18,871,147
Dividends	20	-	-	(39,375,000)	(39,375,000)
<b>Balance - End of the Period (Reviewed)</b>		<b><u>187,500,000</u></b>	<b><u>62,500,000</u></b>	<b><u>27,885,244</u></b>	<b><u>277,885,244</u></b>
<b><u>For the Six Months Period Ended June 30, 2022</u></b>					
<b>Balance – at January 1,2022 (Audited)</b>		187,500,000	62,500,000	31,358,069	281,358,069
Total comprehensive income		-	-	15,641,730	15,641,730
Dividends	20	-	-	(27,000,000)	(27,000,000)
<b>Balance - End of the Period (Reviewed)</b>		<b><u>187,500,000</u></b>	<b><u>62,500,000</u></b>	<b><u>19,999,799</u></b>	<b><u>269,999,799</u></b>

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**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**  
**(REVIEWED NOT AUDITED)**

	Note	For the Six-Month Period Ended June 30,	
		2023	2022
		JD	JD
<b>Cash Flows from Operating Activities</b>			
Profit for the period before income tax		25,731,387	22,356,486
<b>Adjustments for:</b>			
Finance costs on Banks's loans		2,274,230	2,179,106
Finance cost of telecommunications license	12	887,946	887,946
Finance cost of other telecommunications licenses		599,562	-
Finance income		(1,358,825)	(890,248)
Leases interest expense	9.b	1,213,321	1,168,506
Finance cost on renewable energy assets	10	1,180,500	1,333,850
Provision for expected credit losses		300,000	300,000
Depreciation of property and equipment		32,701,611	25,312,075
Amortization of intangible assets		6,212,902	12,279,329
Depreciation of right-of-use assets	9.a	3,455,998	3,266,367
Depreciation of renewable energy assets	10	1,056,171	1,056,171
Employees' end of service benefits		20,924	24,435
(Gain) from sale of property and equipment	6	(2,518,510)	(1,286,091)
<b>Cash Flows Generated from Operations before Changes in Working Capital</b>		<b>71,757,217</b>	<b>67,987,932</b>
<u>Decrease (increase) in assets:</u>			
Contract assets		(17,555)	(110,911)
Inventories		(2,076,204)	(3,535,278)
Trade receivables and other current assets		(20,196,182)	(2,229,360)
Balances due from telecom operators		57,608	(355,515)
<u>(Decrease) increase in liabilities:</u>			
Trade payables and other current liabilities		(1,611,934)	5,047,437
Balances due to telecom operators		4,585,548	1,401,628
Contract liabilities		(418,028)	2,058,737
Employees' end of service paid		4,738	(121,382)
<b>Cash Flow Generated from Operating Activities Before Income Tax Paid</b>		<b>52,085,208</b>	<b>70,143,288</b>
Income tax paid	11	(12,001,130)	(9,564,284)
<b>Net Cash Flows from Operating Activities</b>		<b>40,084,078</b>	<b>60,579,004</b>
<b>Cash Flows from Investing Activities</b>			
(Purchases) of property and equipment	6	(31,769,643)	(31,593,381)
(Purchases) of intangible assets		(1,551,917)	(1,481,787)
Proceeds from sale of property and equipment		2,586,436	1,399,932
Finance income received		1,230,082	773,708
<b>Net Cash Flows (used in) Investing Activities</b>		<b>(29,505,042)</b>	<b>(30,901,528)</b>
<b>Cash Flows from Financing Activities</b>			
Repayment of interest-bearing loan		(6,293,757)	(6,666,091)
Payments on capital reduction		(3,471)	(10,658)
Finance costs paid		(2,274,230)	(2,179,106)
Dividends paid		(17,999,441)	(12,892,388)
Payments of lease liabilities	9.b	(4,289,431)	(4,040,024)
Payments of renewable energy liability	10	(1,788,637)	(1,878,662)
<b>Net Cash Flows (used in) Financing Activities</b>		<b>(32,648,967)</b>	<b>(27,666,929)</b>
Net (Decrease) Increase in Cash		(22,069,931)	2,010,547
Net foreign currency exchange difference		11,699	375,155
Cash and cash equivalent - beginning of the period		7,234,904	3,847,546
<b>Cash and Cash Equivalent - End of the Period</b>	17	<b>(14,823,328)</b>	<b>6,233,248</b>

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**JORDAN TELECOMMUNICATIONS COMPANY**  
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**NOTES TO THE CONDENSED CONSOLIDATED**  
**INTERIM FINANCIAL INFORMATION**

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**1 Incorporation and Activities**

Jordan Telecommunications Company (Jordan Telecom) (the "Company") was established as a Public Shareholding Company on October 8, 1996, and adopted the Orange brand in 2007. The Company's authorized and paid in capital amounted to JD 187,500,000 divided into 187,500,000 shares. The interim condensed consolidated financial information of the Company as of June 30, 2023 comprise the Company and its subsidiaries (collectively referred to as the "Group").

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

The head office of the Group is located in Abdali, the Boulevard, Amman - Jordan.

The interim condensed consolidated financial information of the Group for the six months ended June 30, 2023 were authorized for issue in accordance with the Board of Directors' resolution on July 27, 2023.

**2. Basis of Preparation**

The accompanying condensed consolidated interim financial information have been prepared in accordance with International Accounting Standard (IAS) 34 relating to Interim Financial Reporting.

The condensed consolidated interim financial information is stated in Jordanian Dinar.

The condensed consolidated interim financial information has been prepared on the historical cost basis.

The accompanying condensed consolidated interim financial information do not include all the information and disclosures required for the annual financial statements, which are prepared in accordance with the International Financial Reporting Standards and should be read with the annual report of the Group as of December 31, 2022. In addition, the results of the Group's operations for the six months ended June 30, 2023 do not necessarily represent indications of the expected results for the year ending December 31, 2023. The Group did not deduct any statutory reserves from the profit of the six months period ended June 30, 2023 in accordance with the Companies Laws and Regulations issued, as these financial statements are an interim information and the deductions are made at the end of the fiscal year.



The interim condensed consolidated financial information comprises the financial information of Jordan Telecom and its wholly owned subsidiaries, which are all incorporated in Jordan are as follows:

Name of subsidiary	Principal activity	Capital	Shareholding percentage
		JD	%
Petra Jordanian Mobile Telecommunications	GSM Operator	70,000,000	100%
Jordan Data Communications	Internet service provider (ISP)	750,000	100%
Dimension Company for Digital Development of Data	Development of Renewable Energy Projects	220,000	*100%
Petra Mobile Payment Services Company	Electronic Payment Services through Mobile Phone	5,000,000	**100%
Future Pioneers for Development and Initiatives	Orange Foundation	15,000	**100%

\* Jordan Telecommunications owns 51% of the shares of Dimension Company for Digital Development of Data and the remaining 49% of the shares are owned by Petra Jordanian Mobile Telecommunications Company (wholly owned subsidiary).

\*\* Wholly owned subsidiaries of Petra Jordanian Mobile Telecommunications.

### **3. Changes in Accounting Policy and Disclosures**

The accounting policies used in the preparation of the condensed consolidated interim financial information for the period ended on June 30, 2023 are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2022. However, the Group has adopted the following amendments and interpretations that apply for the first time in 2023 and have not materially affected the amounts and disclosures in the condensed consolidated interim financial information for the period and prior years, which may have an impact on the accounting treatment of future transactions and arrangements:

#### **Adoption of new and revised Standards**

##### **New and amended IFRS Standards that are effective for the current year**

##### **IFRS 17 Insurance Contracts**

IFRS 17 establishes the principles for the recognition, measurement, presentation, and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the Board issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after January 1, 2023. At the same time, the Board issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after January 1, 2023.

In December 2021, the IASB issued Initial Application of IFRS 17 and IFRS 9—Comparative Information (Amendment to IFRS 17) to address implementation challenges that were identified after IFRS 17 was published. The amendment addresses challenges in the presentation of comparative information.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application. The amendments are applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

#### **Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current**

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

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

#### **Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies**

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term ‘significant accounting policies’ with ‘material accounting policy information’. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Board has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2. The amendments are applied retrospectively.

#### **Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates**

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The IASB added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The IASB has deleted one example (Example 3) as it could cause confusion in light of the amendments.

### **Amendments to IAS 12 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The Board also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognizes:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset

The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

#### **4. Significant Accounting Judgments and key Sources of Uncertainty Estimates and Risk Management**

The preparation of the condensed consolidated interim financial information and application of the accounting policies require the group management to make judgments, estimates, and assumptions that affect the amounts of financial assets and financial liabilities and to disclose the contingent liabilities. Moreover, these estimates and judgments affect revenue, expenses and provisions in general and the expected credit losses. In particular, the Group management requires judgments to be made to estimate the amounts and timing of future cash flows. These mentioned estimates are necessarily based on multiple hypotheses and factors with varying degrees of estimation and uncertainty. The actual results may differ from estimates due to the changes arising from the conditions and circumstances of those estimates in the future.

The management believe that the estimates used in the preparation of these condensed consolidated interim financial information are reasonable and consistent with those used in the preparation of the consolidated financial statements for the year ended December 31, 2022 except for that during the six-month period ended June 30, 2023, 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 with concentration on 4G network equipments to reflect the impact of introducing 5G network. Based on the review, the Group's management decided to adjust the useful lives of these assets to be consistent with the expected pattern of economic benefits. This adjustment resulted in increase in depreciation expenses amounting to JD 6,761,884 for the six-month period ended June 30, 2023 and will result in a decrease in depreciation expense with the same amount in 2024.

The Group's financial risk management objectives and policies are consistent with those disclosed in the audited consolidated financial statements as of December 31, 2022.

## **5. 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 condensed consolidated interim financial information.

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 revenue, profit, certain asset, and liability information regarding the Group's business segments for the three and six months ended June 30, 2023 and 2022.

**For the three-Month Period Ended June 30, 2023:**

	Fixed-line Voice	Mobile Communications	Data Services	Renewable Energy	Payment Services	Non-for- Profit Activities	Total
	JD	JD	JD	JD	JD	JD	JD
<b>Net revenues</b>							
External customers	34,755,130	45,061,208	7,870,860	-	803,256	-	88,490,454
Inter-segment revenues	9,285,231	670,935	-	1,864,642	194,646	-	12,015,454
	<u>44,040,361</u>	<u>45,732,143</u>	<u>7,870,860</u>	<u>1,864,642</u>	<u>997,902</u>	<u>-</u>	<u>100,505,908</u>

**Segment Results**

Operating Profit (Loss)	7,500,355	24,143,648	5,725,128	(365,683)	309,699	(756)	37,312,391
Depreciation and amortization							(21,961,077)
Finance costs and income, net							(2,514,306)
Net foreign currency exchange Differences							94,410
<b>Profit before Income Tax</b>							12,931,418
Income tax expense							(3,056,559)
<b>Profit and Comprehensive Income for the Period</b>							<u>9,874,859</u>

**For the three-Month Period Ended June 30, 2022:**

	Fixed-line Voice	Mobile Communications	Data Services	Renewable Energy	Payment Services	Non-for- Profit Activities	Total
	JD	JD	JD	JD	JD	JD	JD
<b>Net revenues</b>							
External customers	33,443,012	44,227,176	7,954,894	-	315,117	-	85,940,199
Inter-segment revenues	8,564,038	773,337	-	1,898,245	196,864	-	11,432,484
	<u>42,007,050</u>	<u>45,000,513</u>	<u>7,954,894</u>	<u>1,898,245</u>	<u>511,981</u>	<u>-</u>	<u>97,372,683</u>

**Segment Results**

Operating Profit (Loss)	6,613,717	23,763,373	5,612,009	(259,648)	(780,647)	(891)	34,947,913
Depreciation and amortization							(21,123,151)
Finance costs and income, net							(2,573,881)
Net foreign currency exchange Differences							185,496
<b>Profit before Income Tax</b>							11,436,377
Income tax expense							(3,396,197)
<b>Profit and Comprehensive Income for the Period</b>							<u>8,040,180</u>

For the six-Month Period Ended June 30, 2023:	Fixed-line Voice	Mobile Communications	Data Services	Renewable Energy	Payment Services	Non-for-Profit Activities	Total
	JD	JD	JD	JD	JD	JD	JD
<b>Net revenues</b>							
External customers	68,345,021	88,170,614	16,354,792	-	1,442,992	-	174,313,419
Inter-segment revenues	18,732,213	1,347,448	-	3,268,945	393,841	-	23,742,447
	<b>87,077,234</b>	<b>89,518,062</b>	<b>16,354,792</b>	<b>3,268,945</b>	<b>1,836,833</b>	-	<b>198,055,866</b>
<b>Segment Results</b>							
Operating Profit (Loss)	16,456,099	46,641,768	10,974,089	(504,318)	403,181	(1,525)	73,969,294
Depreciation and amortization							(43,426,682)
Finance costs and income, net							(4,796,734)
Net foreign currency exchange differences							(14,491)
<b>Profit before Income Tax</b>							<b>25,731,387</b>
Income tax expense							(6,860,240)
<b>Profit and Comprehensive Income for the Period</b>							<b>18,871,147</b>

#### Assets and Liabilities as of June 30, 2023

Segment Assets	274,283,834	374,027,960	27,532,477	37,327,477	30,287,724	218,505	<b>743,677,977</b>
Segment Liabilities	170,638,905	229,705,621	5,948,888	38,891,054	20,498,588	109,677	<b>465,792,733</b>
<b>Other Segment Information</b>							
Property and equipment	178,586,838	72,483,407	8,666,409	1,946,110	1,046,090	73,239	<b>262,802,093</b>
Intangible assets	15,518,464	192,633,254	2,244,071	-	-	-	<b>210,395,789</b>
Renewable energy assets	-	-	-	33,175,562	-	-	<b>33,175,562</b>
Right-of-use assets	5,897,124	30,243,123	-	1,093,386	-	-	<b>37,233,633</b>

For the six-Month Period Ended June 30, 2022:	Fixed-line Voice	Mobile Communications	Data Services	Renewable Energy	Payment Services	Non-for-Profit Activities	Total
	JD	JD	JD	JD	JD	JD	JD
<b>Net revenues</b>							
External customers	67,840,990	86,869,963	16,068,391	-	457,349	-	171,236,693
Inter-segment revenues	17,009,787	1,515,706	-	3,316,946	352,646	-	22,195,085
	<b>84,850,777</b>	<b>88,385,669</b>	<b>16,068,391</b>	<b>3,316,946</b>	<b>809,995</b>	-	<b>193,431,778</b>
<b>Segment Results</b>							
Operating Profit (Loss)	12,339,939	46,079,529	11,633,450	(397,582)	(1,050,861)	(11,510)	68,592,965
Depreciation and amortization							(41,913,942)
Finance costs and income, net							(4,679,160)
Net foreign currency exchange differences							356,623
<b>Profit before Income Tax</b>							<b>22,356,486</b>
Income tax expense							(6,714,756)
<b>Profit and Comprehensive Income for the Period</b>							<b>15,641,730</b>

#### Assets and Liabilities as of December 31, 2022

Segment Assets	263,068,099	389,049,919	25,376,219	37,877,362	27,140,280	199,336	<b>742,711,215</b>
Segment Liabilities	142,445,195	239,871,936	6,633,751	39,348,791	15,938,134	84,311	<b>444,322,118</b>
<b>Other Segment Information</b>							
Property and equipment	173,503,022	79,242,428	7,843,761	2,018,384	1,116,480	77,912	<b>263,801,987</b>
Intangible assets	16,424,769	196,766,262	1,865,743	-	-	-	<b>215,056,774</b>
Renewable energy assets	-	-	-	34,231,733	-	-	<b>34,231,733</b>
Right-of-use assets	6,783,580	29,587,146	-	1,125,078	-	-	<b>37,495,804</b>

## **6. Property and Equipment**

During the six-month period ended June 30, 2023, the Group acquired property and equipment with a total cost of JD 31,769,643 (JD 31,593,381 during the six months period ended June 30, 2022).

Assets at net book value of JD 67,926 were disposed by the Group during the six months ended June 30, 2023 (JD 113,841 during the six months ended June 30, 2022) resulting in a net gain on disposal of JD 2,518,510 and JD 1,286,091 respectively.

The depreciation expense for the six-months period ended June 30, 2023 is amounted to JD 32,701,611 (JD 25,312,075 during the six-months period ended June 30, 2022).

During the six-months period ended June 30, 2023, 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 with concentration on 4G network equipments to reflect the impact of introducing 5G network. Based on the review, the Group's management decided to adjust the useful lives of these assets to be consistent with the expected pattern of economic benefits. This adjustment resulted in an increase in depreciation expenses amounting to JD 6,761,884 for the six-month period ended June 30, 2023 and will result in a decrease in depreciation expense by the same amount in 2024. The total historical cost of the assets that are subject to the adjustments in their useful lives for the current period is JD 30,709,113.

## **7. Land Expropriation**

Trade receivables and other current assets category includes the cost of plots of land with a total amount of JD 230,000 as of June 30, 2023 (JD 274,356 as of December 31, 2022) 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 and due to delay in payment, a memorandum of understanding was signed during April 2021 with GAM in which GAM agreed to settle the remaining amounts due to Jordan Telecom Group through monthly equal payments starting from 2022 to 2025. Accordingly, the Group has received an amount of JD 2,000,000 during the six-months period ended June 30, 2023 (JD 4,000,000 during the year 2022) as a partial settlement.



## **8. Customer Contracts**

### **a. Revenues**

Revenues are presented by strategic business unit in the segment information (refer to note 5). Revenues are broken down by type of customers and product line as follows:

#### **Voice Services**

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

#### **Data Services**

Data services revenue is 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 business unit are as follows:

<b>For the six months period ended June 30, 2023 (Reviewed)</b>				
	<b>Consumer Business Unit</b>	<b>Enterprise Business Unit</b>	<b>Whole Sales Business Unit</b>	<b>Total Revenues</b>
	<b>JD</b>	<b>JD</b>	<b>JD</b>	<b>JD</b>
Voice services	35,897,716	16,062,963	16,816,556	68,777,235
Data services	71,426,543	13,007,402	5,219,582	89,653,527
Other services	5,851,042	8,283,513	1,748,102	15,882,657
	<b>113,175,301</b>	<b>37,353,878</b>	<b>23,784,240</b>	<b>174,313,419</b>
<b>For the six months period ended June 30, 2022 (Reviewed)</b>				
	<b>Consumer Business Unit</b>	<b>Enterprise Business Unit</b>	<b>Whole Sales Business Unit</b>	<b>Total Revenues</b>
	<b>JD</b>	<b>JD</b>	<b>JD</b>	<b>JD</b>
Voice services	36,964,693	16,129,682	19,025,132	72,119,507
Data services	67,796,611	12,619,908	4,470,775	84,887,294
Other services	4,939,890	7,881,531	1,408,471	14,229,892
	<b>109,701,194</b>	<b>36,631,121</b>	<b>24,904,378</b>	<b>171,236,693</b>

**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 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.

Movement on the contract assets for the period ended is as follows:

	<b>June 30, 2023 (Reviewed)</b>	<b>December 31, 2022 (Audited)</b>
	<b>JD</b>	<b>JD</b>
As of January 1,	3,254,639	3,131,370
Additions	1,587,483	3,300,335
Amortization	(1,569,928)	(3,177,066)
	<b>3,272,194</b>	<b>3,254,639</b>

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

	<b>June 30, 2023 (Reviewed)</b>	<b>December 31, 2022 (Audited)</b>
	<b>JD</b>	<b>JD</b>
Current portion of contract assets	2,554,297	2,550,946
Non-current portion of contract assets	717,897	703,693
	<b>3,272,194</b>	<b>3,254,639</b>

Set out below the maturities pattern of the long-term contract assets as of June 30, 2023:

	<b>JD</b>
2024	498,893
2025	219,004
	<b>717,897</b>

**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).

## 9. Leases

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.

### a. Right-of-use Assets

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

	Shops and Buildings	Network Sites (Fixed and Mobile)	Others	Total
	JD	JD	JD	JD
<b>As of January 1, 2023</b>	7,535,954	29,934,328	25,522	37,495,804
Additions	19,508	3,174,319	-	3,193,827
Depreciation	(812,103)	(2,624,790)	(19,105)	(3,455,998)
<b>As of June 30, 2023 (Reviewed)</b>	<b>6,743,359</b>	<b>30,483,857</b>	<b>6,417</b>	<b>37,233,633</b>
<b>As of January 1, 2022</b>	8,847,090	26,870,736	25,220	35,743,046
Additions	320,970	7,982,449	38,828	8,342,247
Depreciation	(1,632,106)	(4,918,857)	(38,526)	(6,589,489)
<b>As of December 31, 2022 (Audited)</b>	<b>7,535,954</b>	<b>29,934,328</b>	<b>25,522</b>	<b>37,495,804</b>

### b. Lease Liabilities

Lease liabilities related to Right of Use assets are discounted in line with the Group's policy. Liabilities are discounted at rates ranging between 5.69% - 8.58% (2022: 4.4% - 7.56%) depending on the liabilities contract terms which range between 2-20 years.

Set out below are the carrying amounts of lease liabilities and the movements during the period/year:

	June 30, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
As of January 1,	41,107,436	38,645,138
Additions	3,193,827	8,342,247
Interest expense	1,213,321	2,434,103
Payments	(4,289,431)	(8,314,052)
	<b>41,225,153</b>	<b>41,107,436</b>

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

	June 30, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Current portion	6,120,466	6,254,047
Non-current portion	35,104,687	34,853,389
	<b>41,225,153</b>	<b>41,107,436</b>

## **10. Renewable Energy Assets**

The net book value of the renewable energy assets and the movement on it were as follows:

	<b>June 30, 2023</b> <b>(Reviewed)</b>	<b>December 31, 2022</b> <b>(Audited)</b>
	<b>JD</b>	<b>JD</b>
As of January 1	34,231,733	36,344,076
Depreciation	(1,056,171)	(2,112,343)
	<b>33,175,562</b>	<b>34,231,733</b>

The movements on the renewable energy liability were as follows:

	<b>June 30, 2023</b> <b>(Reviewed)</b>	<b>December 31, 2022</b> <b>(Audited)</b>
	<b>JD</b>	<b>JD</b>
As of January 1,	37,441,502	38,570,038
Interest expense	1,180,500	2,762,968
Payments	(1,788,637)	(3,891,504)
	<b>36,833,365</b>	<b>37,441,502</b>

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

	<b>June 30, 2023</b> <b>(Reviewed)</b>	<b>December 31, 2022</b> <b>(Audited)</b>
	<b>JD</b>	<b>JD</b>
Within one year	4,938,220	5,031,462
After one year but not more than five years	16,790,593	16,856,234
More than five years	42,041,894	43,671,648
<b>Total minimum payments</b>	<b>63,770,707</b>	<b>65,559,344</b>
<u>Less:</u> amounts representing finance charges	(26,937,342)	(28,117,842)
<b>Present value of liability</b>	<b>36,833,365</b>	<b>37,441,502</b>

During the six-month period ended June 30, 2023, an amount of JD 1,180,500 (June 30, 2022: JD 1,333,850) was recognized as a finance cost in the consolidated statement of profit or loss and other comprehensive income.

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

	<b>June 30, 2023</b> <b>(Reviewed)</b>	<b>December 31, 2022</b> <b>(Audited)</b>
	<b>JD</b>	<b>JD</b>
Current portion	6,747,413	5,971,327
Non-current portion	30,085,952	31,470,175
	<b>36,833,365</b>	<b>37,441,502</b>

## **11. Income Tax**

The provision for income tax for the six-month period ended June 30, 2023 and 2022 were calculated in accordance with the income tax law No. (38) of 2018 which includes statutory tax rate of 24% and national contribution of 2% for the Company. The tax rate on subsidiaries ranges from 20% to 24% and national contribution ranges from 2% to 4%.

The movement on the income tax provision is as follows:

	<b>June 30, 2023 (Reviewed)</b>	<b>December 31, 2022 (Audited)</b>
	JD	JD
Balance - beginning of the period/year	18,447,714	13,119,580
Income charge for the year	6,930,420	18,925,206
Accrued income tax on current period/year profit	<b>25,378,134</b>	<b>32,044,786</b>
<u>Less: Income tax paid</u>	(12,001,130)	(13,464,822)
Withholding tax on interest income	(19,682)	(132,250)
<b>Balance – End of the Period/Year</b>	<b>13,357,322</b>	<b>18,447,714</b>

The major components of income tax expense in the interim condensed consolidated statement of comprehensive income are:

	<b>For the Six-Month Period Ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
	JD	JD
Current income tax charge	6,374,339	6,282,131
Social contribution fees	556,081	523,551
Deferred income tax	(70,180)	(90,926)
	<b>6,860,240</b>	<b>6,714,756</b>

## **Tax Status**

The below table represents the tax status for the Company and its subsidiaries:

<b>Company's Name</b>	<b>Final Settlements Up To</b>
Jordan Telecommunications	2018
Petra Jordanian Mobile Telecommunications	2020
Jordan Data Communications	2020
Dimension Company for Digital Development of Data	2018
Petra Mobile Payment Services Company	2019
Future Pioneers for Development and Initiatives	2021

## **12. Telecommunication 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 are as follows:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>
	<b>(Reviewed)</b>	<b>(Audited)</b>
	<b>Payments</b>	<b>Payments</b>
	<b>JD</b>	<b>JD</b>
Within one year	-	-
After one year but not more than five years	52,125,000	52,125,000
More than five years	-	-
<b>Total minimum payments</b>	<b>52,125,000</b>	<b>52,125,000</b>
<u>Less: amounts representing finance charges</u>	<u>(1,520,457)</u>	<u>(2,408,403)</u>
<b>Present value of liability</b>	<b>50,604,543</b>	<b>49,716,597</b>

During the six-month period ended June 30, 2023, an amount of JD 887,946 (June 30, 2022: JD 887,946) was recognized as an interest expense in the consolidated statement of profit or loss and other comprehensive income.

## **13. Paid in Capital**

Jordan Telecommunications Company (Jordan Telecom) authorized and paid in capital consists of 187,500,000 shares as of June 30, 2023 (December 31, 2022: 187,500,000 shares) with par value of one Jordanian Dinar each.

## **14. 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 June 30, 2023, customers' account balances of e-units in circulation amounted to JD 18,983,299 (December 31, 2022: JD 14,922,325).

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 17).

## 15. Loans

This item consists of the following:

Loan	Loan Amount	Currency	Annual Interest Rate %	Agreement Date	Number of Instalments	Principal and Interest Payment Terms	Grace Period Months	Due Date
French Government Protocol	52,000,000	FRF	1.00	23 February 1995	40	Semi-annual	126	2029
Arab Bank	22,800,000	JD	6.5	24 December 2017	14	Semi-annual	-	2024
Capital Bank	6,000,000	JD	7.35	26 December 2017	14	Semi-annual	-	2024
Housing Bank for Trade and Finance	25,000,000	JD	6.375	8 May 2019	10	Semi-annual	-	2024
Cairo Amman Bank	20,000,000	JD	6.5	9 May 2019	10	Semi-annual	-	2024

The amounts as of the reporting date are as follows:

Loan	As of June 30, 2023 (Reviewed)			As of December 31, 2022 (Audited)		
	Current Portion	Non – Current Portion	Total	Current Portion	Non – Current Portion	Total
	JD	JD	JD	JD	JD	JD
French Government Protocol	306,331	777,994	1,084,325	299,205	909,498	1,208,703
Arab Bank	3,258,000	1,623,000	4,881,000	3,258,000	3,252,000	6,510,000
Capital Bank	943,719	1,045,154	1,988,873	943,719	1,045,154	1,988,873
Housing Bank for Trade and Finance	4,998,161	2,486,446	7,484,607	4,998,161	5,000,000	9,998,161
Cairo Amman Bank	4,000,000	2,000,000	6,000,000	4,000,000	4,000,000	8,000,000
	<b>13,506,211</b>	<b>7,932,594</b>	<b>21,438,805</b>	<b>13,499,085</b>	<b>14,206,652</b>	<b>27,705,737</b>

The amounts of annual principal maturities of non–current portion loans are as follows:

	2024	2025	2026 and after	Total
	JD	JD	JD	JD
As of June 30, 2023	7,433,435	278,834	220,325	<b>7,932,594</b>
As of December 31, 2022	13,623,120	325,966	257,566	<b>14,206,652</b>

## **16. Due to Banks**

This item represents the utilized amount of the credit facilities granted to the Group from Jordanian commercial banks with a ceiling of JD 65 million as of June 30, 2023 (JD 65 million as of December 31, 2022). Interest rates on the credit facilities granted ranges from 6.30% to 8.50% during the six-months period ended June 30, 2023 (6.30% to 7.275% during the year 2022). These overdrafts are unsecured.

## **17. Cash and Cash Equivalents**

The cash and cash equivalents in the interim condensed 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 follows:

	<b>June 30, (Reviewed)</b>	
	<b>2023</b>	<b>2022</b>
	<b>JD</b>	<b>JD</b>
Cash and short-term deposits	50,204,916	66,791,553
<u>Less:</u> Due to banks	(45,934,940)	(46,823,444)
Restricted cash / Customers accounts -E-units*	(18,983,299)	(12,774,568)
Restricted cash / Grants funds**	(110,005)	(960,293)
	<b><u>(14,823,328)</u></b>	<b><u>6,233,248</u></b>

Cash and short-term deposits include deposits with commercial banks in Jordan for periods that ranges between one to three months in Jordanian Dinars and US Dollars amounting to JD 50,093,046 as of June 30, 2023 (June 30, 2022: JD 62,064,210) with an effective interest rate of JD 4.61%, and USD 2.65%, respectively (June 30, 2022: JD 3.38% and USD 0.64%).

- \* 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 14).
- \*\* The Group obtained four grants (two in 2020 and two in 2021) for the purpose of providing fund 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.

## **18. Earnings Per Share**

This item consists of the following:

	<b>For the three-Month Period Ended June 30, (Reviewed)</b>		<b>For the Six-Month Period Ended June 30, (Reviewed)</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>JD</b>	<b>JD</b>	<b>JD</b>	<b>JD</b>
Profit for the period attributable to parent company (JD)	9,874,859	8,040,180	18,871,147	15,641,730
Weighted average number of shares (Share)	187,500,000	187,500,000	187,500,000	187,500,000
<b>Basic and Diluted Earnings Per Share (JD) from the Profit for the Period</b>	<b><u>0.053</u></b>	<b><u>0.043</u></b>	<b><u>0.101</u></b>	<b><u>0.083</u></b>



## **19. Related Party Balances and Transactions**

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 according to the commercial practices.

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

	<b>June 30, 2023</b> <b>(Reviewed)</b>	<b>December 31, 2022</b> <b>(Audited)</b>
	<b>JD</b>	<b>JD</b>
<b><u>Interim Condensed Consolidated Statement of Financial Position:</u></b>		
<b>Government of Jordan &amp; Orange Group and its subsidiaries (Shareholders)</b>		
Amounts due from related parties	1,851,685	3,535,900
Amounts due to related parties	7,058,187	10,597,847
	<b>For the Six-Month Period Ended June 30, (Reviewed)</b>	
	<b>2023</b>	<b>2022</b>
	<b>JD</b>	<b>JD</b>
<b><u>Interim Condensed Consolidated Statement of Comprehensive Income:</u></b>		
<b>Orange Group and its subsidiaries (Shareholders)</b>		
Business support fees and brand fees	4,056,049	3,873,093
Operating expenses	3,499,713	4,385,208
Revenues	1,998,498	3,592,525
<b>Government of Jordan (Shareholder)</b>		
Government revenue share	3,290,000	4,300,000
Revenues	4,581,755	6,263,783
<b>Key management personnel</b>		
Executives' salaries and bonus	875,032	850,019

## **20. Dividends**

The Generals Assembly approved in its ordinary meeting held on April 26, 2023 to distribute cash dividends of JD 0.210 per share totaling JD 39,375,000 for the year 2022.

On April 21, 2022, the General Assembly approved cash dividends for JD 0.144 per share totaling JD 27,000,000 for the year 2021.

## **21. Agreement with Telecommunication Regulatory Commission**

During January 2022, the Group has been notified by the Telecommunications Regulatory Commission (TRC) of the Prime Minister decision which was been issued on December 29, 2021, aiming to develop integrated reform bundle “to restructure the Telecom Sector”, while taking into consideration the appropriate solutions to remedy the confronted challenges and obstacles which will contribute in Increase the investment in telecom infrastructure expansion /development, internet services, broadband services and technologies, in addition to support penetration growth, usage variety to serve individuals and enterprises, and digital economy support, where the telecom companies represent one of the most important success pillars to complete the digital transformation in addition to introducing 5G technologies roll out in the Kingdom, which will produce a quantum leap in the economic growth and Increase the sector job opportunities.

Therefore, the TRC in coordination with the Ministry of Digital Economy and Entrepreneurship, has been delegated to implement the proposed bundle with the Telecom Operators, which consist of the following:

1. Start with settlement agreement, in coordination with legal advisor office, to settle the revenue share issues between the TRC and the Operators.
2. Stop all legal proceedings in front of Courts which are related to disputes for the revenue share until the settlement agreement is signed or continue with these proceedings.
3. To calculate the revenue share amounts from accounting firm for the years from 2000 to 2020, in order to determine the final amounts for settlement on a 50% basis.
4. To extend spectrum and individual licenses validities for additional 10 years, therefore, the total license validity shall become 25 years, to be in line with the international practice, without changing the value of these licenses with a possibility to extend for further 5 years based on a specific criterion which will be evaluated after 3 years from the date of Settlement agreement signature.
5. Grant the operator’s spectrum licenses in the 3500MHz band (5G), with 100MHz per each operator, for 25 years, with operators' commitment to start launching within 18 months, and to cover 50% of population within a period not exceeding 4 years from the spectrum grant date.
6. Conversion of 2100 MHz spectrum band into a technology neutral band.

The agreement has been signed on August 11, 2022 and became effective from September 6, 2022 after fulfilling all the needed requirements as per the agreement. Therefore, the summary of the impact as following:

	<b>December 31, 2022</b>
	<b>JD</b>
Revenue share settlement	42,648,328
Intangible assets – 5G spectrum	30,000,000
<b>Total</b>	<b>72,648,328</b>
Upfront payment at 50%*	36,324,164
<b>Remaining liability amounts</b>	<b>36,324,164</b>

\* From this amount, the Group has paid only JD 15,724,164 after netting the deposit amount at TRC by JD 20,600,000 as per the agreement.

The remaining liability amounts is due over seven equal annual installments of JD 5,189,166 with 5% interest rate. Furthermore, the agreed on legal cases have been dropped as well.

The impact of the agreement on the Condensed Consolidated Interim Statement of Financial Position were as following:

	June 30, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
<b>Non-Current Assets</b>		
Intangible assets – 5G spectrum	30,000,000	30,000,000
Capitalization of the annual frequency fees at present value*	19,742,336	19,742,336
<b>Total assets</b>	<b>49,742,336</b>	<b>49,742,336</b>
<b>Non-Current Liabilities</b>		
Other telecommunications license payable – 5G spectrum	31,734,560	31,134,998
5G spectrum deferred annual frequency fees at present value *	20,042,612	20,042,612
<b>Total non-current liabilities</b>	<b>51,777,172</b>	<b>51,177,610</b>
<b>Current Liabilities</b>		
Other telecommunications license payable - 5G spectrum	5,189,166	5,189,166
<b>Total liability</b>	<b>56,966,338</b>	<b>56,366,776</b>

\* The present value of 5G spectrum deferred annual frequency fees amounted to JD 39,784,948 as of June 30, 2023 represents the cash price equivalent of the JD 44 million, with annual license fees of JD 2 million during the license period, the Group has calculated the cash price equivalent of the deferred payments using a discount rate of 6%, which represents the average borrowing rate for the Group at the date of the agreement.

During the six-month period ended June 30, 2023, an amount of JD 599,562 was recognized as an interest expense in the consolidated statement of profit or loss and other comprehensive income.

The impact on the condensed consolidated interim statement of profit and loss and other comprehensive income were as following:

	For the Six-Month Period Ended June 30, (Reviewed)	
	2023	2022
	JD	JD
Reduction of amortization of intangible assets – useful life extension	6,475,578	-

## **22. Contingent Liabilities**

### **Capital Commitments**

The Group enters into commitments in the ordinary course of business for major capital expenditures, primarily in connection with network expansion projects. Outstanding capital expenditure amounted to JD 37,081,950 as of June 30, 2023 (December 31, 2022: JD 26,823,248).

### **Legal Claims**

The Group is a defendant in a number of lawsuits with a value of JD 10,566,481 as of June 30, 2023 (December 31, 2022: JD 10,566,481) 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 2,038,985 has been made as of June 30, 2023 and December 31, 2022.

### **Guarantees**

The Group has issued letters of guarantee amounting to JD 17,562,256 as of December 31, 2022 (December 31, 2022: JD 11,758,167) in respect of legal claims and performance bonds.