

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

CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION FOR THE
THREE-MONTH PERIOD ENDED MARCH 31, 2024
TOGETHER WITH THE REVIEW REPORT

JORDAN TELECOMMUNICATIONS COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD
ENDED MARCH 31, 2024

TABLE OF CONTENTS

	<u>Page</u>
Report on the Review of the Condensed Consolidated Interim Financial Information	1
Condensed Consolidated Interim Statement of Financial Position	2
Condensed Consolidated Interim Statement of Profit and Loss and Other Comprehensive Income	3
Condensed Consolidated Interim Statement of Changes in Shareholders' Equity	4
Condensed Consolidated Interim Statement of Cash Flows	5
Notes to the Condensed Consolidated Interim Financial Information	6 – 22

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 March 31, 2024 and the related condensed consolidated interim statements of profit and loss and other comprehensive income and changes in shareholder's equity and cash flows for the three-month period then ended, and a summary of material accounting policy information 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
April 29, 2024**

Deloitte & Touche (M.E.) – Jordan

Deloitte & Touche (M.E.)

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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>	Note	March 31, 2024 (Reviewed)	December 31, 2023 (Audited)
Non-Current Assets		JD	JD
Property and equipment	6	294,322,652	287,879,892
Intangible assets	8	219,681,172	220,990,020
Contract assets	9.b	815,343	763,335
Right-of-use assets	10.a	41,545,503	36,993,974
Renewable energy assets	11	31,591,304	32,119,390
Deferred tax assets		3,924,315	3,900,621
Total Non-Current Assets		591,880,289	582,647,232
Current Assets			
Inventories		11,410,022	12,142,645
Trade receivables and other current assets		130,452,931	117,558,432
Balances due from telecom operators		2,752,272	5,200,552
Contract assets	9.b	2,711,566	2,621,294
Cash and short-term deposits	18	65,987,685	66,787,549
Total Current Assets		213,314,476	204,310,472
TOTAL ASSETS		805,194,765	786,957,704
<u>SHAREHOLDERS' EQUITY AND LIABILITIES</u>			
<u>Shareholders' Equity</u>			
Paid in capital	14	187,500,000	187,500,000
Statutory reserve		62,500,000	62,500,000
Retained earnings		66,681,931	54,762,352
Total Shareholders' Equity		316,681,931	304,762,352
<u>Liabilities</u>			
<u>Non-Current Liabilities</u>			
Telecommunications license payable	13	58,462,439	58,462,440
Interest bearing loans	16	619,226	634,696
Lease liabilities	10.b	38,251,597	35,035,663
Renewable energy liability	11	31,277,534	31,104,175
Employees' end of service benefits		463,402	453,611
Total Non-Current Liabilities		129,074,198	125,690,585
<u>Current Liabilities</u>			
Orange Money - units in circulation	15	21,613,594	24,472,459
Trade payables and other current liabilities		132,319,673	126,410,597
Balances due to telecom operators		28,536,085	27,982,263
Income tax payable	12	19,933,248	19,640,065
Telecommunications license payable	13	60,489,003	64,280,190
Current portion of interest-bearing loans	16	13,443,598	14,064,482
Due to banks	17	60,392,114	58,399,258
Lease liabilities	10.b	7,641,453	6,160,100
Renewable energy liability	11	4,630,810	5,038,668
Contract liabilities	9.c	10,419,190	10,038,761
Employees' end of service benefits		19,868	17,924
Total Current Liabilities		359,438,636	356,504,767
Total Liabilities		488,512,834	482,195,352
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		805,194,765	786,957,704

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
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
(AMMAN - THE HASHEMITE KINGDOM OF JORDAN)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT AND LOSS
AND OTHER COMPREHENSIVE INCOME
(REVIEWED NOT AUDITED)

	Note	For the Three-Month	
		Period Ended March 31,	
		2024	2023
		JD	JD
Net revenues	5,9.a	89,160,834	85,822,965
Direct operating cost		(32,171,906)	(31,533,774)
Gross Margin		56,988,928	54,289,191
Administrative expenses		(5,026,198)	(5,263,710)
Selling and distribution expenses		(10,766,041)	(10,693,978)
Government revenue share	13.a	(1,713,490)	(1,515,709)
Business support fees and brand fees		(2,181,968)	(2,025,602)
Expected credit losses		(150,000)	(150,000)
Depreciation of property and equipment	6	(12,066,624)	(16,135,116)
Amortization of intangible assets	8	(3,723,438)	(3,082,910)
Depreciation of right-of-use assets	10.a	(2,036,866)	(1,719,493)
Depreciation of renewable energy assets	11	(528,086)	(528,086)
Operating Profit		18,796,217	13,174,587
Net foreign currency exchange differences		34,254	(108,901)
Leases interest expense	10.b	(693,083)	(593,666)
Finance cost of renewable energy assets	11	(455,203)	(478,809)
Finance costs on Banks's loans		(1,302,224)	(1,093,735)
Finance cost of telecommunications license	13.d	(918,294)	(739,793)
Finance income		573,732	623,575
Gain on sale of property and equipment	6	429,005	2,016,711
Profit before Income Tax		16,464,404	12,799,969
Income tax expense	12	(4,544,825)	(3,803,681)
Profit for the Period		11,919,579	8,996,288
Other comprehensive income		-	-
Total Comprehensive Income for the Period		11,919,579	8,996,288
<u>Earnings per share</u>		<u>JD/Fils</u>	<u>JD/Fils</u>
Basic and diluted earnings per share	19	0.064	0.048

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
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
(AMMAN - THE HASHEMITE KINGDOM OF JORDAN)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDER'S
EQUITY
(REVIEWED NOT AUDITED)

	<u>Share Capital</u>	<u>Statutory Reserve</u>	<u>Retained Earnings</u>	<u>Total Shareholders' Equity</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
<u>For the Three Months Period Ended</u>				
<u>March 31, 2024</u>				
Balance at January 1, 2024 (Audited)	187,500,000	62,500,000	54,762,352	304,762,352
Total comprehensive income	-	-	11,919,579	11,919,579
Balance at March 31, 2024 (Reviewed)	<u>187,500,000</u>	<u>62,500,000</u>	<u>66,681,931</u>	<u>316,681,931</u>
<u>For the Three Months Period Ended</u>				
<u>March 31, 2023</u>				
Balance at January 1, 2023 (Audited)	187,500,000	62,500,000	48,389,097	298,389,097
Total comprehensive income	-	-	8,996,288	8,996,288
Balance at March 31, 2023 (Reviewed)	<u>187,500,000</u>	<u>62,500,000</u>	<u>57,385,385</u>	<u>307,385,385</u>

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
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
(AMMAN - THE HASHEMITE KINGDOM OF JORDAN)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
(REVIEWED NOT AUDITED)

	Note	For the Three-Month Period Ended March 31,	
		2024	2023
Cash Flows from Operating Activities			
Profit for the period before income tax		16,464,404	12,799,969
Adjustments for:			
Finance costs- on Banks's loans		1,302,224	1,093,735
Finance cost of telecommunications license	13.d	918,294	739,793
Finance income		(573,732)	(623,575)
Leases interest expense	10.b	693,083	593,666
Finance costs of renewable energy assets	11	455,203	478,809
Provision for expected credit losses		150,000	150,000
Depreciation of property and equipment	6	12,066,624	16,135,116
Amortization of intangible assets	8	3,723,438	3,082,910
Depreciation of right-of-use assets	10.a	2,036,866	1,719,493
Depreciation of renewable energy assets	11	528,086	528,086
Employees' end of service benefits		9,791	10,837
(Gain) from sale of property and equipment	6	(429,005)	(2,016,711)
Cash Flows from Operations before Changes in Working Capital		37,345,276	34,692,128
Decrease (increase) in assets:			
Contract assets		(142,280)	(38,580)
Inventories		732,623	(2,395,938)
Trade receivables and other current assets		(12,983,810)	(16,032,304)
Balances due from telecom operators		2,448,280	(467,315)
(Decrease) increase in liabilities:			
Trade payables and other current liabilities		1,180,663	6,339,095
Balances due to telecom operators		553,822	805,182
Contract liabilities		380,429	673,478
Employees' end of service paid		1,944	1,382
Cash Flow from Operating Activities Before Income Tax Paid		29,516,947	23,577,128
Income tax paid	12	(4,191,977)	(5,039,413)
Net Cash Flows from Operating Activities		25,324,970	18,537,715
Cash Flows from Investing Activities			
(Purchases) of property and equipment	6	(18,505,204)	(15,950,035)
(Purchases) of intangible assets		(2,470,289)	(641,340)
Proceeds from sale of property and equipment		480,524	2,057,861
Finance income received		489,349	419,441
Net Cash Flows (used in) Investing Activities		(20,005,620)	(14,114,073)
Cash Flows from Financing Activities			
Payment of interest-bearing loan		(615,106)	(13,554)
Payments on capital reduction		(1,551)	(2,187)
Finance costs paid		(1,302,224)	(1,093,735)
Dividends paid		(39,183)	(21,239)
Payments of lease liabilities	10.b	(2,584,191)	(2,128,509)
Payments of renewable energy liability	11	(689,702)	(706,262)
Cash paid (received) from restricted grants		270,780	(11,785)
Net Cash Flows (used in) Financing Activities		(4,961,177)	(3,977,271)
Net Increase in cash		358,173	446,371
Net foreign currency exchange difference		(21,248)	12,936
Cash and cash equivalent at beginning of the period		(17,067,617)	7,234,904
Cash and Cash Equivalent at End of the Period	18	(16,730,692)	7,694,211

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
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
(AMMAN - THE HASHEMITE KINGDOM OF JORDAN)
NOTES TO THE CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION

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 March 31, 2024 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 three months period ended March 31, 2024 were authorized for issue in accordance with the Board of Directors' resolution on April 25, 2024.

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 ("IFRS Accounting Standards") and should be read with the annual report of the Group as of December 31, 2023. In addition, the results of the Group's operations for the three months period ended March 31, 2024 do not necessarily represent indications of the expected results for the year ending December 31, 2024. The Group did not deduct any statutory reserves from the profit of the three months period ended March 31, 2024 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 Forefront for Electronic Commerce	Distribution	100,000	***100%

* Jordan Telecommunications owned 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.

*** Wholly owned subsidiary of Jordan Data Communications established on December 20, 2023.

3. Summary of Material Accounting Policy Information

The accounting policies used in the preparation of the condensed consolidated interim financial information for the period ended on March 31, 2024 are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2023. However, the Group has adopted the following amendments and interpretations that apply for the first time in 2024 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

a. New and amended IFRS Standards that are effective for the current year

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2023, have been adopted in these consolidated financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors— Definition of Accounting Estimates.
- Amendments to IFRS 17 Insurance Contracts.
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements— Disclosure of Accounting Policies.
- Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 12 Income Taxes— International Tax Reform—Pillar Two Model Rules.

b. New IFRS Accounting Standards in issue but not yet effective

The Group has not applied the new and revised IFRS Accounting Standards that have been issued but are not yet effective, management is in the process of assessing the impact of the new requirements.

	<u>Effective for annual periods beginning on or after.</u>
The new and revised (IFRS) for financial reporting preparation	
Amendment to IFRS 16 Leases—Lease Liability in a Sale and Leaseback	January 1st, 2024
Amendments to IAS 1 Presentation of Financial Statements— Classification of Liabilities as Current or Non-current	January 1st, 2024
Amendments to IAS 1 Presentation of Financial Statements—Non- current Liabilities with Covenants	January 1st, 2024
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements	January 1st, 2024
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The effective date has been deferred indefinitely
IFRS S1 - General Requirements for Disclosure of Sustainability related Financial Information *	January 1st, 2024
IFRS S2 - Climate Related Disclosures *	January 1st, 2024

- * Provided that the regulatory authorities in the countries in which the Group operates approve its application, noting that no instructions have been issued regarding it until the date of the condensed interim consolidated financial information.

The management anticipates adopting these new standards, interpretations, and amendments in the Group's consolidated financial statements during the initial application period. Furthermore, they expect that adopting these new standards, interpretations, and amendments will not have any significant impact on the Group's consolidated financial statements during the initial application period.

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 2023 except for that during the three-month period ended March 31, 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 the depreciation expenses amounting to JD 3,362,707 for the three-month period ended March 31, 2023 and resulted in a decrease in the 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, 2023.

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 months ended March 31, 2024 and 2023.

For the three-Month Period Ended March 31, 2024:	Fixed-line Voice	Mobile Communications	Data Services	Renewable Energy	Payment Services	Non-for-Profit Activities	E- Commerce	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Net revenues								
External customers	35,094,608	45,004,799	7,967,237	-	1,094,190	-	-	89,160,834
Inter-segment revenues	8,135,162	640,298	-	1,399,296	230,388	-	19,985	10,425,129
	43,229,770	45,645,097	7,967,237	1,399,296	1,324,578	-	19,985	99,585,963
Segment Results								
Operating Profit	8,573,478	23,624,757	4,891,246	(159,273)	650,804	(776)	-	37,580,236
Depreciation and amortization								(18,355,014)
Finance costs and income, net								(2,795,072)
Net foreign currency exchange differences								34,254
Profit before Income Tax								16,464,404
Income tax expense								(4,544,825)
Profit and Comprehensive Income for the Period								11,919,579

Assets and Liabilities as of March 31, 2024

Segment Assets	298,816,220	403,809,824	30,640,681	34,857,517	36,154,150	816,373	100,000	805,194,765
Segment Liabilities	179,623,812	238,663,653	8,175,817	37,616,927	23,715,397	717,228	-	488,512,834
Other Segment Information								
Property and equipment	187,629,551	97,420,370	7,367,568	1,837,633	1,301	66,229	-	294,322,652
Intangible assets	15,860,979	199,144,043	3,828,618	-	847,532	-	-	219,681,172
Renewable energy assets	-	-	-	31,591,304	-	-	-	31,591,304
Right-of-use assets	10,210,824	30,288,831	-	1,045,848	-	-	-	41,545,503

For the three-Month Period Ended March 31, 2023:	Fixed-line Voice	Mobile Communications	Data Services	Renewable Energy	Payment Services	Non-for-Profit Activities	E- Commerce	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Net revenues								
External customers	33,589,891	43,109,406	8,483,932	-	639,736	-	-	85,822,965
Inter-segment revenues	9,446,982	676,513	-	1,404,303	199,195	-	-	11,726,993
	43,036,873	43,785,919	8,483,932	1,404,303	838,931	-	-	97,549,958
Segment Results								
Operating Profit	8,955,744	22,498,120	5,248,961	(138,635)	93,482	(769)	-	36,656,903
Depreciation and amortization								(21,465,605)
Finance costs and income, net								(2,282,428)
Net foreign currency exchange differences								(108,901)
Profit before Income Tax								12,799,969
Income tax expense								(3,803,681)
Profit and Comprehensive Income for the Period								8,996,288

Assets and Liabilities as of December 31, 2023

Segment Assets	287,231,796	396,566,197	28,820,269	35,405,171	37,810,745	1,123,526	-	786,957,704
Segment Liabilities	168,274,532	241,118,928	7,709,373	38,039,019	26,063,169	990,331	-	482,195,352
Other Segment Information								
Property and equipment	185,940,567	92,314,985	7,679,813	1,873,792	2,169	68,566	-	287,879,892
Intangible assets	14,543,301	201,797,091	3,746,397	-	903,231	-	-	220,990,020
Renewable energy assets	-	-	-	32,119,390	-	-	-	32,119,390
Right-of-use assets	5736,590	30,195,690	-	1,061,694	-	-	-	36,993,974

6. Property and Equipment

During the three-month period ended March 31, 2024 the Group acquired property and equipment with a total cost of JD 18,505,204 (JD 15,950,035 during the three months period ended March 31, 2023).

Assets at net book value of JD 51,519 were disposed by the Group during the three months period ended March 31, 2024 (JD 41,150 during the three months period ended March 31, 2023) resulting in a net gain on disposal of JD 429,005 and JD 2,016,711 respectively.

During the three-month period ended March 31, 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 the depreciation expenses amounting to JD 3,362,707 for the three-month period ended March 31, 2023 and resulted in a decrease in the depreciation expense with 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 18,515,173.

The depreciation expense for the three-months period ended March 31, 2024 is amounted to JD 12,066,624 (JD 16,135,116 during the three-months period ended March 31, 2023).

7. Land Expropriation

Trade receivables and other current assets category includes the cost of plots of land with a total amount of JD 90,000 as of March 31, 2024 (JD 90,000 as of December 31, 2023) 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. The Group did not receive any amount during the three-months period ended March 31, 2024 (JD 9,204,675 during the year 2023 as a partial settlement).

8. Intangible Assets

During the three-month period ended March 31, 2024 the Group acquired intangible assets with a total cost of JD 1,797,604 (JD 28,360 during the three month period ended March 31, 2023). In addition, The Group capitalized costs of software and applications developed internally is JD 672,685 for the three-month period ended March 31, 2024 (JD 612,980 for the three month period ended March 31, 2023).

During the year 2023, the Group acquired two new spectrum licenses, one with a band of 2100 MHz by JD 100,701 for one year and the other with a band of 2600 MHz by JD 19.5 million for 25 years, and will be paid over 10 equal annual installments. The present value of the band of 2600 MHz frequency is JD 12,728,222 as of March 31, 2024 (JD 12,487,196 as of December 31, 2023).

The amortization expense for the three-months period ended March 31, 2024 is amounted to JD 3,723,438 (JD 3,082,910 during the three-months period ended March 31, 2023).

9. 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:

	For the three months period ended March 31, 2024 (Reviewed)			
	Consumer Business Unit	Enterprise Business Unit	Whole Sales Business Unit	Total Revenues
	JD	JD	JD	JD
Voice services	17,357,598	8,019,000	8,819,498	34,196,096
Data services	36,561,633	6,552,259	2,483,610	45,597,502
Other services	3,972,869	4,825,817	568,550	9,367,236
	57,892,100	19,397,076	11,871,658	89,160,834

	For the three months period ended March 31, 2023 (Reviewed)			
	Consumer Business Unit	Enterprise Business Unit	Whole Sales Business Unit	Total Revenues
	JD	JD	JD	JD
Voice services	17,853,875	8,110,219	7,955,135	33,919,229
Data services	35,268,005	6,470,367	2,503,416	44,241,788
Other services	2,833,833	4,065,747	762,368	7,661,948
	55,955,713	18,646,333	11,220,919	85,822,965

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:

	March 31, 2024 (Reviewed)	December 31, 2023 (Audited)
	JD	JD
As of January 1,	3,384,629	3,254,639
Additions	963,548	3,348,965
Amortization	<u>(821,268)</u>	<u>(3,218,975)</u>
	<u>3,526,909</u>	<u>3,384,629</u>

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

	March 31, 2024 (Reviewed)	December 31, 2023 (Audited)
	JD	JD
Non-current portion of contract assets	815,343	763,335
Current portion of contract assets	<u>2,711,566</u>	<u>2,621,294</u>
	<u>3,526,909</u>	<u>3,384,629</u>

Set out below the maturities pattern of the long-term contract assets as of March 31, 2024:

	JD
2025	<u>756,395</u>
2026	<u>58,948</u>
	<u>815,343</u>

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).

10. 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
As of January 1, 2024	7,177,988	29,600,555	215,431	36,993,974
Additions	12,396	6,575,999	-	6,588,395
Depreciation	(448,899)	(1,578,769)	(9,198)	(2,036,866)
As of March 31, 2024 (Reviewed)	6,741,485	34,597,785	206,233	41,545,503
As of January 1, 2023	7,535,954	29,934,328	25,522	37,495,804
Additions	1,346,690	4,930,803	226,335	6,503,828
Depreciation	(1,704,656)	(5,264,576)	(36,426)	(7,005,658)
As of December 31, 2023 (Audited)	7,177,988	29,600,555	215,431	36,993,974

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 4.4% - 8.07% 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:

	March 31, 2024 (Reviewed)	December 31, 2023 (Audited)
	JD	JD
As of January 1,	41,195,763	41,107,436
Additions	6,588,395	6,503,828
Interest expense	693,083	2,457,754
Payments	(2,584,191)	(8,873,255)
	45,893,050	41,195,763

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

	March 31, 2024 (Reviewed)	December 31, 2023 (Audited)
	JD	JD
Current portion	7,641,453	6,160,100
Non-current portion	38,251,597	35,035,663
	45,893,050	41,195,763

11. Renewable Energy Assets

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

	March 31, 2023 (Reviewed)	December 31, 2023 (Audited)
	JD	JD
As of January 1	32,119,390	34,231,733
Depreciation	(528,086)	(2,112,343)
	31,591,304	32,119,390

The movements on the renewable energy liability were as follows:

	March 31, 2024 (Reviewed)	December 31, 2023 (Audited)
	JD	JD
As of January 1,	36,142,843	37,441,502
Interest expense	455,203	2,520,926
Payments	(689,702)	(3,819,585)
	35,908,344	36,142,843

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

	March 31, 2024 (Reviewed)	December 31, 2023 (Audited)
	JD	JD
Within one year	4,630,810	5,038,668
After one year but not more than five years	16,691,839	16,724,953
More than five years	39,727,408	39,976,138
Total minimum payments	61,050,057	61,739,759
<u>Less:</u> amounts representing finance charges	(25,141,713)	(25,596,916)
Present value of liability	35,908,344	36,142,843

During the three-month period ended March 31, 2024, an amount of JD 455,203 (March 31, 2023: JD 478,809) 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:

	March 31, 2024 (Reviewed)	December 31, 2023 (Audited)
	JD	JD
Current portion	4,630,810	5,038,668
Non-current portion	31,277,534	31,104,175
	35,908,344	36,142,843

12. Income Tax

The provision for income tax for the three-month period ended March 31, 2024 and 2023 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:

	March 31, 2024 (Reviewed)	December 31, 2023 (Audited)
	JD	JD
Balance - beginning of the period/year	19,640,065	18,447,714
Income charge for the year	4,544,825	17,111,383
Accrued income tax on current period/year profit	24,184,890	35,559,097
<u>Less: Income tax paid</u>	(4,191,977)	(15,772,189)
Withholding tax on interest income	(59,665)	(146,843)
Balance – End of the Period/Year	19,933,248	19,640,065

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

	For the Three-Month Period Ended March 31,	
	2024	2023
	JD	JD
Current income tax charge	4,203,547	3,534,967
Social contribution fees	364,972	303,292
Deferred income tax	(23,694)	(34,578)
	4,544,825	3,803,681

Tax Status

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

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

13. Telecommunication License Payable

The details of this item are as follows:

	March ,31	December ,31
	2024 (Reviewed)	2023 (Audited)
	JD	JD
Government revenue share payable – (a)	1,713,490	6,371,613
900 MHz spectrum license (b)	51,808,745	51,492,490
3500MHz spectrum license	52,700,985	52,391,331
2600MHz spectrum license (c)	12,728,222	12,487,196
	118,951,442	122,742,630

The allocation of the short and long-term Telecommunications license payable was as follows:

	March ,31	December ,31
	2024 (Reviewed)	2023 (Audited)
	JD	JD
Non-current telecommunications license payable	58,462,439	58,462,440
Current telecommunications license payable	60,489,003	64,280,190
	118,951,442	122,742,630

The maturity analysis as follows

	March ,31	December ,31
	2024 (Reviewed)	2023(Audited)
	JD	JD
Within one year	60,489,003	64,280,190
After one year but not more than five years	28,867,179	28,867,180
Later than 5 years	29,595,260	29,595,260
	118,951,442	122,742,630

The maturity analysis of undiscounted liability as follows

	March ,31	December ,31
	2024(Reviewed)	2023(Audited)
	JD	JD
Within one year	60,977,656	65,644,036
After one year but not more than five years	32,556,664	32,556,664
Later than 5 years	52,989,166	52,989,166
	146,523,486	151,189,866

a. Government revenue share payable.

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.

b. Deferred payments for the renewal of the 900 MHz spectrum license

During October 2016, the Group, entered into a settlement agreement with the Government of Jordan, in which the parties have agreed to renew the 900MHz spectrum license. The license was renewed for an additional period of 10 years starting from May 9, 2019 for an amount of JD 104,250,000, to be paid in two equal instalments of JD 52,125,000 by May 8, 2019, and the same amount by May 8, 2024.

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.

c. 2600MHz spectrum license

On September 9, 2023, the Group acquired a new spectrum license with a band of 2600 MHz by JD 19.5 million for 25 years and will be paid over 10 equal annual installments. The Group has calculated the cash price equivalent of the deferred payments for using a discount rate of 7.87%, which represents the average borrowing rate for the Group at the date of the agreement.

d. Finance cost of telecommunications license

Finance cost reported in the consolidated statement of profit and loss and comprehensive income as follows:

	For the Three-Month Period	
	Ended March 31,	
	2024	2023
	JD	JD
900 MHz spectrum license	316,255	443,974
3500MHz spectrum license	361,012	295,819
2600MHz spectrum license	241,027	-
	918,294	739,793

14. Paid in Capital

Jordan Telecommunications Company (Jordan Telecom) authorized and paid in capital consists of 187,500,000 shares as of March 31, 2024 (December 31, 2023: 187,500,000 shares) with par value of one Jordanian Dinar each.

15. 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 March 31, 2024, customers' account balances of e-units in circulation amounted to JD 21,613,594 (December 31, 2023: JD 24,472,459).

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 18).

16. Loans

This item consists of the following:

<u>Loan</u>	<u>Loan Amount</u>	<u>Currency</u>	<u>Annual Interest Rate</u> %	<u>Agreement Date</u>	<u>Number of Instalments</u>	<u>Principal and Interest Payment Terms</u>	<u>Grace Period</u> <u>Months</u>	<u>Due Date</u>
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:

<u>Loan</u>	<u>As of March 31, 2024 (Reviewed)</u>			<u>As of December 31, 2023 (Audited)</u>		
	<u>Current Portion</u>	<u>Non – Current Portion</u>	<u>Total</u>	<u>Current Portion</u>	<u>Non – Current Portion</u>	<u>Total</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
French Government Protocol	228,745	619,226	847,971	312,426	634,696	947,122
Arab Bank	3,252,000	-	3,252,000	3,252,000	-	3,252,000
Capital Bank	988,547	-	988,547	1,525,750	-	1,525,750
Housing Bank for Trade and Finance	4,974,306	-	4,974,306	4,974,306	-	4,974,306
Cairo Amman Bank	4,000,000	-	4,000,000	4,000,000	-	4,000,000
	13,443,598	619,226	14,062,824	14,064,482	634,696	14,699,178

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

	<u>2025</u>	<u>2026</u>	<u>2027 and after</u>	<u>Total</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
As of March 31, 2024	345,904	209,189	64,133	619,226
As of December 31, 2023	354,546	214,415	65,735	634,696

17. 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 March 31, 2024 (JD 65 million as of December 31, 2023). Interest rates on the credit facilities granted ranges from 7.00% to 8.00% during the three-months period ended March 31, 2024 (7.00% to 8.00% during the year 2023). These overdrafts are unsecured.

18. 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:

	March 31, (Reviewed)	
	2024	2023
	JD	JD
Cash and short-term deposits	65,987,685	69,674,871
<u>Less:</u> Due to banks	(60,392,114)	(43,505,205)
Restricted cash / Customers accounts -E-units*	(21,613,594)	(18,368,791)
Restricted cash / Grants funds**	(712,669)	(106,664)
	<u>(16,730,692)</u>	<u>7,694,211</u>

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 65,729,786 as of March 31, 2024 (December 31, 2023: JD 66,697,871) with an effective interest rate of JD 4.86%, and USD 2.64%, respectively (December 31, 2023: JD 5.16% and USD 2.5%).

* 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 15).

** 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.

19. Earnings Per Share

This item consists of the following:

	For the Three-Month Period Ended March 31, (Reviewed)	
	2024	2023
	JD	JD
Profit for the period attributable to parent company (JD)	11,919,579	8,996,288
Weighted average number of shares (Share)	187,500,000	187,500,000
Basic and Diluted Earnings Per Share (JD)	<u>0.064</u>	<u>0.048</u>

20. 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:

	March 31, 2024 (Reviewed)	December 31, 2023 (Audited)
	<u>JD</u>	<u>JD</u>
<u>Interim Condensed Consolidated Statement of Financial Position:</u>		
Government of Jordan & Orange Group and its subsidiaries (Shareholders)		
Amounts due from related parties	3,024,179	6,855,435
Amounts due to related parties	7,444,644	11,848,765
	For the Three-Month Period Ended March 31, (Reviewed)	
	<u>2024</u>	<u>2023</u>
	<u>JD</u>	<u>JD</u>
<u>Interim Condensed Consolidated Statement of Comprehensive Income:</u>		
Orange Group and its subsidiaries (Shareholders)		
Business support fees and brand fees	2,181,968	2,025,602
Operating expenses	1,529,919	1,762,830
Revenues	3,860,523	1,026,073
Government of Jordan (Shareholder)		
Government revenue share	1,713,490	1,515,709
Revenues	2,159,924	2,367,879
Key management personnel		
Executives' salaries and bonus	536,285	555,030

21. 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 50,699,787 as of March 31, 2024 (December 31, 2023: JD 37,848,094).

Legal Claims

The Group is a defendant in a number of lawsuits with a value of JD 12,313,649 as of March 31, 2024 (December 31, 2023: JD 12,313,649) representing legal actions and claims in the ordinary course of business. Related risks have been analyzed as to likelihood of occurrence. Accordingly, a provision of JD 1,838,985 has been made as of March 31, 2024. (December 31, 2023: JD 1,838,985).

In addition to the cases mentioned above, during the first quarter of 2024, the Group raised two cases filed against the Telecommunications Regulatory Commission (TRC) for the prevention of claiming total amounts of JD 1,611,989. In the opinions of the management and the Group legal advisor, the Company's position in these cases is good and the provision booked against these cases of JD 450,680 is sufficient.

Guarantees

The Group has issued letters of guarantee amounting to JD 17,983,407 as of March 31, 2024 (December 31, 2023: JD 18,086,512) in respect of legal claims and performance bonds.

22. Comparative Figures

The 2023 figures have been reclassified in order to conform to the presentations in 2024. Such reclassification does not affect previously reported profit or equity.

23. Subsequent Event

Subsequent to the date of the condensed consolidated interim financial information, the General Assembly approved in its ordinary meeting held on April 25, 2024 to distribute cash dividends of JD 0.220 per share in total amount of JD 41,250,000.