

**JORDAN ELECTRIC POWER COMPANY
AND IT'S SUBSIDIARY (THE GROUP)
(PUBLIC SHAREHOLDING COMPANY)
AMMAN- JORDAN
CONDENSED INTERIM CONSOLIDATED FINANCIAL
INFORMATION FOR THE NINE-MONTH
PERIOD ENDED SEPTEMBER 30, 2021
TOGETHER WITH THE INDEPENDENT AUDITORS'
REPORT ON THE REVIEW OF THE CONDENSED
INTERIM CONSOLIDATED FINANCIAL INFORMATION**

**JORDAN ELECTRIC POWER COMPANY
AND IT'S SUBSIDIARY (THE GROUP)
(PUBLIC SHAREHOLDING COMPANY)
AMMAN- JORDAN**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021**

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Independent auditors report on review of condensed interim consolidated financial information

**To the Chairman and the Members of Board of Directors
Jordan Electric Power Company
And It's Subsidiary (The Group)
(Public Shareholding Company)
Amman – Jordan**

Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of **Jordan Electric Power Company – Public Shareholding Company- and its subsidiary (“the Group”)** as of September 30, 2021 and the related condensed interim consolidated statements of profit or loss and other comprehensive income, changes in Owners' equity and cash flows for three-month period and nine-month period then ended. Management is responsible for the preparation and presentation of this condensed interim consolidated financial information in accordance with International Accounting Standard number (34) “Interim Financial Reporting”. Our responsibility is to express a conclusion on this condensed interim consolidated 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 interim consolidated 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.

Basis of qualified conclusion

- As mentioned in note (3) to the condensed interim consolidated financial information, the Company's financial assets were amounted to JOD 625,293,657 as of September 30, 2021, and in accordance with the requirements of IFRS 9 “Financial Instruments”, the Company must, at the reporting date, measure the expected credit loss allowance for these balances. We were not able to obtain sufficient and appropriate review evidence regarding the recoverable amount of these balances, as the Company's management did not provide us with the study of the impairment in the value of these balances, in line with the exemption issued by the Energy and Minerals Regulatory Commission in their letter No. 3/11/2726 which is related to exempting the Company from the application of expected credit losses part of International Financial Reporting Standard no. (9) “Financial Instruments”. Accordingly, we were unable to determine the impact resulted from not measuring and recognizing of the expected credit losses on the financial assets balances and items that make up the condensed interim consolidated statements of profit or loss and other comprehensive income, statement of shareholder's equity and statement of cash flows as of and for the nine-month period ended September 30, 2021. Our report to the Group as of and for the year ended December 31, 2020 included a qualified opinion regarding this matter.



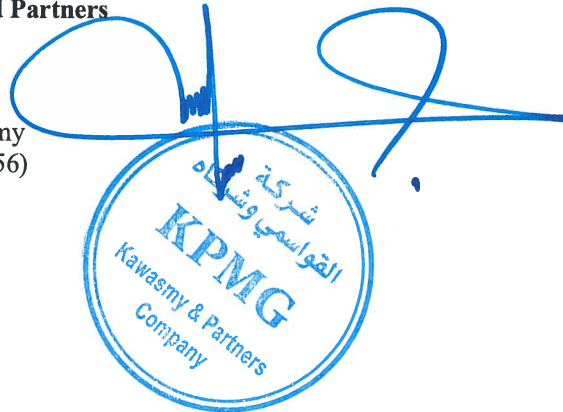
- As mentioned in the note (3) to the condensed interim consolidated financial information, and according to the Energy and Mineral Regulatory Commission requirements in their letter no. 3/11/10671 related to exempting the Company from the application of International Financial Reporting Standard number (16) “Leases”, the Company did not apply the International Financial Reporting Standards number (16) “Leases” that is subject for mandatory application starting from January 1, 2019 for the recognition of right of use of assets and related lease liabilities. Accordingly, we were unable to determine whether any necessary adjustments needed from the application of International Reporting Standards number (16) on the items of the condensed interim consolidated statements of financial position, statement of profit or loss and other comprehensive income, statement of owner’s equity and statement of cash flows as of and for the nine-month period ended September 30, 2021. Our report to the Group as of and for the year ended December 31, 2020 included a qualified opinion regarding this matter.

Qualified conclusion

Based on our review, except for the possible effect of the matters described in the basis of qualified conclusion paragraphs above, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial information as of September 30, 2021 is not prepared, in all material respects, in accordance with International Accounting Standard number (34) “Interim Financial Reporting”.

**Kawasmy and Partners
KPMG**

Hatem Kawasmy
License no. (656)



Amman - Jordan
October 28, 2021

**JORDAN ELECTRIC POWER COMPANY
AND ITS SUBSIDIARY (THE GROUP)
(PUBLIC SHAREHOLDING COMPANY)
AMMAN- JORDAN**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>In Jordanian Dinar</i>		As of September 30, 2021 "Reviewed not audited"	As of December 31, 2020 "Audited"
	Note		
Assets			
Infrastructure and other fixed assets	6	388,005,210	379,051,821
Right of use assets		93,218	-
Intangible assets	7	28,456,054	29,737,042
Projects under construction		6,486,268	5,472,564
Investment in associate		1,099,020	1,159,731
Investment in joint venture	5-9	9,258,142	-
Due from related parties	1-9	-	627,095
Deferred tax assets		11,038,630	8,745,044
Total Non - Current Assets		444,436,542	424,793,297
Inventory		1,040,874	1,540,874
Financial assets at fair value through profit or loss		2,790,286	1,618,769
Due from related parties	1-9	3,870,025	4,306,203
Subscriber's receivables		587,881,332	538,183,213
Receivables		32,457,286	28,554,335
Other debit balances		3,279,200	5,988,909
Cash on hand and at banks	10	1,085,014	1,911,308
Total Current Assets		632,404,017	582,103,611
Total Assets		1,076,840,559	1,006,896,908
Contra Accounts			
Subscribers contribution – assets	16	164,092,715	166,189,291
Rural fils – assets	16	18,607,027	19,998,908
Equity and Liabilities			
Owner's Equity			
Paid up capital	1	88,232,158	86,080,154
Statutory reserve		24,243,227	24,243,227
Reserves		(4,191,614)	(4,191,614)
Retained earnings		616,888	19,539,032
Total Owner's Equity		108,900,659	125,670,799
Liabilities			
License obligation / government – long term	7	24,547,171	27,743,962
Loans – due more than one year	11	120,389,335	147,921,335
Subscribers' refundable deposits		134,936,896	130,249,250
Payables –long term		10,082,872	-
Provision for end-of-service indemnity		25,300,192	23,305,429
Obligation for employees funds		20,276,296	19,615,697
Total Non - Current liabilities		335,532,762	348,835,673
Payables -short term		188,165,107	209,893,429
Due to related party	2-9	31,601	92,876
Loans – due within one year	11	29,530,665	16,455,666
License obligation / government – short term	7	5,000,000	5,000,000
Income tax provision		18,420	4,418,262
Other credit balances		19,204,618	15,941,651
Lease liabilities		67,456	-
Sales financing loans	11	54,812,025	72,807,389
Due to banks	10	335,577,246	207,781,163
Total Current Liabilities		632,407,138	532,390,436
Total Liabilities		967,939,900	881,226,109
Total Equity and Liabilities		1,076,840,559	1,006,896,908
Contra Account			
Subscribers' contribution – liabilities	16	164,092,715	166,189,291
Rural fils- liabilities	16	18,607,027	19,998,908

The accompanying notes on pages (7) to (15) are an integral part of these condensed interim consolidated financial information and should be read with it and with the review report.

The condensed interim consolidated financial information was approved by the Board of Directors on 27 October 2021 and approved by:

Deputy General Manager - Chief Financial Officer

General Manager

Chairman of Board of Directors

**JORDAN ELECTRIC POWER COMPANY
AND IT'S SUBSIDIARY (THE GROUP)
(PUBLIC SHAREHOLDING COMPANY)
AMMAN- JORDAN**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (REVIEWED NOT AUDITED)

In Jordanian Dinar

	Note	For the Three-Month Period Ended on September 30,		For the Nine-Month Period Ended on September 30,	
		2021	2020	2021	2020
Revenues from sale of energy	12	258,478,487	271,520,008	679,002,878	688,467,930
Purchased energy		(212,571,103)	(214,888,209)	(592,571,225)	(592,803,077)
Gross profit from sales of energy		45,907,384	56,631,799	86,431,653	95,664,853
Revenues / expenses from other core operations		2,057,365	1,529,982	5,424,956	5,098,209
Administrative, operating and subscribers' services expense		(22,898,742)	(24,005,015)	(67,807,908)	(65,949,432)
Depreciation		(6,768,140)	(6,410,010)	(19,755,863)	(19,144,932)
Provision of doubtful receivables - subscribers		(3,000,000)	-	(4,000,000)	(3,000,000)
Provision of doubtful receivables - government interest		(1,000,000)	-	(1,000,000)	-
Late payments interest revenues		2,132,414	1,616,129	6,237,446	5,371,971
Amortization		(634,800)	(602,502)	(1,896,068)	(1,807,508)
Finance cost		(7,341,633)	(7,038,201)	(22,578,995)	(21,018,884)
Late power payments interest expense		(996,666)	(1,465,965)	(2,014,486)	(3,873,993)
Total revenue and expenses from core operations		(38,450,202)	(36,375,582)	(107,390,918)	(104,324,569)
Profit (Loss) from core operations		7,457,182	20,256,217	(20,959,265)	(8,659,716)
Net Income from non- core activities		1,852,742	2,483,595	7,076,854	6,201,524
Expenses from non-core operations		(137,245)	(525,541)	(782,516)	(1,323,567)
Profit from non-core operations		1,715,497	1,958,054	6,294,338	4,877,957
Profit (Loss) for the period before income tax		9,172,679	22,214,271	(14,664,927)	(3,781,759)
Income tax expense		(1,167)	(862,415)	(94,791)	(862,415)
Tax Savings		2,293,586	2,408,647	2,293,586	2,408,648
Profit (Loss) for the Period	8	11,465,098	23,760,503	(12,466,132)	(2,235,526)
Total Comprehensive profit (Loss) for the Period attributable to the company's shareholders		11,465,098	23,760,503	(12,466,132)	(2,235,526)
Basic and Diluted Earnings per Share from (Loss) for the Period (Share / Dinar)	13			(0.14)	(0.03)

The accompanying notes on pages (7) to (15) are an integral part of these condensed interim consolidated financial information and should be read with it and with the review report.
The condensed interim consolidated financial information was approved by the Board of Directors on 27 October 2021 and approved by:

Deputy General Manager-Financial Officer

General Manager

Chairman of Board of Directors

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY (REVIEWED NOT AUDITED)

<i>In Jordanian Dinar</i>	Paid-up Capital	Statutory Reserve	Provision for End of Service Indemnity - Actuarial Losses	Retained Earnings *	Total Equity
For The Nine-Month Period Ended September 30, 2021					
Balance as of January 1 st , 2021	86,080,154	24,243,227	(4,191,614)	19,539,032	125,670,799
Total comprehensive (Loss) for the period	-	-	-	(12,466,132)	(12,466,132)
Increase in paid up capital - Note (14)	2,152,004	-	-	(2,152,004)	-
Distributed cash dividends – Note (14)	-	-	-	(4,304,008)	(4,304,008)
Balance as of September 30, 2021	88,232,158	24,243,227	(4,191,614)	616,888	108,900,659
For The Nine-Month Period Ended September 30, 2020					
Balance as of January 1 st , 2020	86,080,154	22,996,837	(3,168,624)	17,266,604	123,174,971
Total comprehensive (Loss) for the period	-	-	-	(2,235,526)	(2,235,526)
Distributed cash dividends – Note (14)	-	-	-	(6,240,811)	(6,240,811)
Balance as of September 30, 2020	86,080,154	22,996,837	(3,168,624)	8,790,267	114,698,634

* Retained earnings include a deferred tax asset of JOD 11,038,630 as of September 30, 2021 (JOD 8,745,044 as of December 31, 2020) are restricted in accordance with the instructions of the Jordanian Securities Exchange Commission.

The companying notes on pages (7) to (15) are an integral part of these consolidated interim condensed interim financial information and should be read with it and with the review report.

JORDAN ELECTRIC POWER COMPANY
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AMMAN- JORDAN

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

<i>In Jordanian Dinar</i>	Note	For The Nine-Month Period Ended on September 30,	
		2021	2020
Cash flows from operating activities:			
(Loss) profit for the period before income tax		(14,664,927)	(3,781,759)
Adjustments:			
Provision for end-of-service indemnity		1,994,763	1,920,915
Depreciation and amortization		21,854,357	21,122,673
Loss (gain) from financial assets at fair value through profit or loss		(1,171,517)	420,579
Company's share from loss (gain) of investment in associate		60,711	(11,518)
Company's share from loss (gain) of investment in joint venture		851,976	-
Provision of doubtful receivables - subscriber receivables		4,000,000	3,000,000
Provision of doubtful receivables - government interest		1,000,000	-
Other provisions		2,500,000	4,000,000
Finance expenses		22,578,995	21,018,884
Late interest revenues		(6,237,446)	(5,371,971)
Late power payment interest expense		2,014,486	3,873,993
		34,781,398	46,191,796
Changes in:			
Inventory		-	1,125,801
Subscribers receivable		(54,698,119)	(64,522,689)
Due from related party		436,178	(3,238,000)
Receivables		(4,902,951)	19,980,305
Other debit balances		2,709,709	(323,982)
Payables		(11,645,450)	24,651,438
Subscribers' refundable deposits		4,687,646	4,508,080
Other credit balances		3,262,967	3,364,882
Obligation for employees' funds		660,599	587,031
Due to related party		(61,275)	(1,069,069)
Net cash flows (used in) from operating activities		(24,769,298)	31,255,593
Income tax paid		(4,494,633)	(2,010,783)
Net cash flows (used in) from operating activities after income tax paid		(29,263,931)	29,244,810
Cash flows from investing activities			
Purchase of property, equipment and projects under construction – Net		(29,917,518)	(21,022,828)
Payments to purchase intangible assets		(615,079)	(846,293)
Payments on license liabilities		(5,000,000)	(5,000,000)
Investment in joint venture		(10,110,118)	(1,020,000)
Net cash flows (used in) investing activities		(45,642,715)	(27,889,121)
Cash flows from financing activities			
Bank loans		(14,457,001)	(11,121,738)
Sales financing loans		(17,995,364)	45,763,446
Finance expenses paid		(17,586,453)	(14,335,490)
Dividends		(4,304,008)	(6,240,811)
Due from related party – long term		627,095	(3,238,000)
Net cash flows (used in) from financing activities		(53,715,731)	10,827,407
Increase in cash and cash equivalents for the period		(128,622,377)	12,183,096
Cash and cash equivalents at beginning of the period		(205,869,855)	(170,333,992)
Cash and Cash Equivalents at End of the Period	10	(334,492,232)	(158,150,896)

The companying notes on pages (7) to (15) are an integral part of these condensed interim consolidated financial information and should be read with it and with the review report.

**JORDAN ELECTRIC POWER COMPANY
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AMMAN- JORDAN**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE
MONTHS PERIOD ENDED SEPTEMBER 30,2021(REVIEWED NOT AUDITED)**

1) GENERAL

- Jordan Electric Power Company was incorporated on January 1st, 1938 as a public shareholding Company with registration number (2) with paid up capital 2,500 Pound and it was increased in several stages to become JOD 86,080,154. On July 7, 2020, the Company's General Assembly approved in its extraordinary meeting to increase the authorized capital to be JOD 100,000,000 and to cover the increase which amounted to JOD 13,919,846 from the retained earnings in accordance with the provisions of the Companies Law No. (22) of 1997 and its amendments. On April 29, 2021, the General Assembly approved, in its ordinary meeting, to cover part of the authorized capital in the amount of JOD 2,152,004 from the retained earnings, so that the authorized capital become JOD 100,000,000 and the paid-up capital become JOD 88,232,158. All of the legal procedures over the capital increase has been completed on June 30, 2021.
- During the year 1962 the Company has signed with the Jordanian Government a concession agreement for 50 years to distribute electricity for the concession area that includes: Amman, Zarqa, Madaba and Salt. The concession agreement expired on November 22, 2012 which was extended by temporary license until May 22, 2014. On May 23, 2014 the Company signed a settlement agreement with the Jordanian Government under which the Company had obtained a license to distribute the electricity for 20 years instead of the expired concession and temporary licenses similar to the other distribution companies after they reached to final settlement with the Government.
- The Company's objectives are limited to transmission and distribution, purchase and sale of electricity to ensure the needs of all consumers in the license area and any other area covered by the expanded area under the license agreement.
- The Company's head office location is the Mecca Street - Amman - Jordan.
- The condensed interim consolidated financial information was approved the Board of Directors in its meeting held on October 27, 2021.

**2) BASIS OF PREPARATION OF CONDENSED INTERIM CONSOLIDATED FINANCIAL
INFORMATION**

a) Statement of compliance

- The condensed interim consolidated financial information for the nine-months period ended September 30, 2021 have been prepared in accordance with IAS 34 "Interim Financial Reporting".
- The Group's financial year ending on December 31 of each year, while the condensed interim consolidated financial information has been prepared for the management and Jordan Security Commission purpose only. Moreover, this condensed interim consolidated financial information should be read with the financial statements for the year ended December 31, 2020. And financial performance for the condensed interim consolidated financial information for the period ended September 30, 2021 does not necessarily give an indication for the expected financial performance for the year that will be ending on December 31, 2021.
- Measurement and recognition considerations applied in the condensed interim consolidated financial statements have been accounted for. As of and for the period ended September 30, 2021, the Company's revenues are affected by the amount of electricity sold, which increases during the summer period from June to September of each year more than other season.

b) Basis of condensed interim consolidated financial information

The condensed interim consolidated financial information comprises the consolidated financial information of Jordan Electricity Power Company (the parent company) and its subsidiary, which are subject to its control. Subsidiary Company is the entity controlled by the Group.

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial information of the subsidiary is included in the consolidated financial information from the date on which controls commences until the date on which control ceases.

**JORDAN ELECTRIC POWER COMPANY
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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30,2021(REVIEWED NOT AUDITED)

- The financial statements of the subsidiary are prepared for the same reporting period using the same accounting policies as the Group. If the subsidiary has different accounting policies than those used in the Group, the financial statements of the subsidiary are adjusted to reflect the Group's accounting policies.
- The result of the subsidiary is consolidated in the condensed interim consolidated statement of profit and loss starting from the date of the acquisition which is the date when control is transferred to the Group. The results of the disposal of the subsidiary are consolidated in the consolidated interim statement of profit or loss up to the disposal date, the date on which the Group loses control of the subsidiary.

The group control over the following subsidiary as of September 30, 2021:

<u>Company Name</u>	<u>Authorized Capital</u>	<u>Paid up Capital</u>	<u>Ownership Percentage</u>	<u>Main Activity</u>	<u>Location</u>
Lightning Gate for Cloud services*	250,000	250,000	100%	Providing technology to facilitate payment of bills and claims by electronic means	Amman – Jordan

The following table shows the financial position and financial performance of the subsidiary as of September 30, 2021 and for the period ended December 31, 2020:

<i>In Jordanian Dinar</i>	<u>Total Assets</u>	<u>Total Liabilities</u>	<u>Total Revenues</u>	<u>(Loss) Profit for the Period</u>
September 30, 2021	1,348,876	1,346,961	-	(232,166)
December 31, 2020	907,625	663,155	957,949	13,199

c) Use of judgments and estimates

The preparation of condensed consolidated interim financial information in accordance with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies, asset amounts, liabilities, income and expenses, and that actual results may differ from these estimates.

We believe that the estimates and judgments adopted in the preparation of the consolidated condensed interim financial statements preparation for the Nine-Month period ended on September 30, 2021 are consistent with the estimates and judgments adopted in the preparation of the annual consolidated financial statement for the year ended December 31, 2020, taking into consideration the following:

3) SIGNIFICANT ACCOUNTING POLICIES

A. Adoption of the new and Amended International Standards

The accounting policies adopted in the preparation of the condensed consolidated interim financial statement for the nine-month ended September 30, 2021 are consistent with those adopted in the preparation for the year ended December 31, 2020 except for the following new and revised standards, which became applicable on January 1st, 2021 as follow:

<u>New and amended international standards</u>	<u>Date of implementation</u>
Amendments to International Financial Reporting Standard (9), International Accounting Standards (39) and International Financial Reporting Standard (7) "Interest Rate Benchmark Reform". and International Financial Reporting Standards (4) and International Financial Reporting standard (16).	January 1,2021

The adoption of the above standards has not affected the amounts or disclosures in the condensed consolidated interim financial information.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30,2021(REVIEWED NOT AUDITED)

We draw the attention to the items below items within the most important accounting policies applied:

- As part of the impairment policy, the Company did not calculate the provision for expected credit losses on financial assets in accordance with the requirements of the International Financial Reporting Standard (9) following the requirements of the Energy and Minerals Regulatory Commission in their letter No. 3/11/2726, which includes exempting the Company from applying the International Financial Reporting Standard (9) concerning the calculation of impairment. The Group's financial assets balances were as follows:

In Jordanian dinner

	As of September 30, 2021	As of December 31, 2020
Subscribers' receivables	587,881,332	538,183,213
Receivables	32,457,286	28,554,335
Due from related parties	3,870,025	4,933,298
Cash at banks	1,085,014	1,911,308
	625,293,657	573,582,154

- As part of the lease policy, the Company did not apply International Financial Reporting Standard (16) "leases" following the requirements of the Energy and Minerals Regulatory Commission according to their letter No. 3/11/10671.

B. New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations issued but not yet effective have not been applied in preparing this consolidated condensed interim financial information:

<u>New standards and interpretations</u>	<u>Date of implementation</u>
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	January 1, 2022
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	January 1, 2022
Reference to the Conceptual Framework (Amendments to IFRS 3)	January 1, 2022
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	January 1, 2023
International Financial Reporting Standard (17) Insurance Contracts	January 1, 2023
Sale or Contribution of assets between an investor and an affiliate company or a joint venture (amendments to IFRS 10 and IAS 28)	Available for early adoption / adoption date is undetermined

Management does not expect that there will be a material impact from applying the above standards upon implementation.

4) FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT

The Group generally has exposure to the financial risks, credit risk, liquidity risk, market risk and capital management. Generally, the group's objectives, policies and processes for managing risk are the same as those disclosed in its financial statements and the Group's annual report for the year ended December 31, 2020.

Fair value

The fair values of financial assets and liabilities are not significantly different from their carrying amounts in the condensed interim consolidated statement of financial position.

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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE
MONTHS PERIOD ENDED SEPTEMBER 30, 2021 (REVIEWED NOT AUDITED)**

5) SEGMENT REPORTING

The Group has a single reporting segment. All services with their related revenues and balances are domiciled in the region of Jordan. The revenues derived from government and semi government entities amounted to JOD 115,080,363 as of September 30, 2021 (September 30, 2020: JOD 116,975,926).

6) INFRASTRUCTURE ASSETS AND OTHER FIXED ASSETS

The Group signed a settlement agreement with the Jordanian Government under which the Group had obtained a license to distribute the electricity for 20 years, the settlement agreement gave the Group the right to exercise control over these assets and to exercise other activities through these assets in addition to its core activity with license.

The additions in infrastructure assets and other fixed assets during the nine-month period ended September 30, 2021 were amounted to JOD 28,903,814 (September 30, 2020: JOD 20,450,767), in addition there are no transfer of spare parts to the construction in progress during the period ended at September 30, 2021 (September 30, 2020: JOD 1,433,868), the depreciation expense during the period amounted to JOD 19,950,425 (September 30, 2020: JOD 19,315,165), and the disposal of accumulated depreciation during the period ended September 30, 2021 amounted to 16,639 JOD (there were no disposal of accumulated depreciation during the period ended September 30, 2020).

7) INTANGIBLE ASSETS

This item consists of the following:

<i>In Jordanian Dinar</i>	As of September 30, 2021	As of December 31, 2020
(A) Distribution License	21,425,071	22,695,611
(B) Systems Under Development	7,030,983	7,041,431
Balance at the End of Period / Year	28,456,054	29,737,042

A) Distribution license

The Group obtained a license to distribute electricity on May 23, 2014 under the agreement signed with the Jordanian Government for 20 years to pay an amount of JOD 65 Million to the Jordanian Government on equal installments in amount of JOD 5,000,000 each over 13 years, the first installment start after 3 years of signing the agreement.

The Group calculated the assets and liabilities obliged to get the license and recognized it at present value of this payments with a discount rate 8%, below is the details:

<i>In Jordanian Dinar</i>	As of September 30, 2021	As of December 31, 2020
Intangible assets	33,881,070	33,881,070
Accumulated amortization*	(12,455,999)	(11,185,459)
Net book value	21,425,071	22,695,611
License obligation / government – long term	24,547,171	27,743,962
License obligation / government – short term	5,000,000	5,000,000
Total License Obligation	29,547,171	32,743,962

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* The movement on accumulated amortization during the period / year was as follows:

<i>In Jordanian Dinar</i>	As of September 30, 2021	As of December 31, 2020
Balance for the period / year	11,185,459	9,491,405
Amortization for the period / year	1,270,540	1,694,054
Balance at the End of Period / Year	12,455,999	11,185,459

B) Systems Under Development

This item represents payments incurred by the group against the purchase of a new accounting system (SAP) and the cost of developing the (ERP) system and the (Mobile application). The system has not been fully implemented until the date of the condensed interim consolidated financial information of the Group.

* The movement on this balance during the period / year was as follows:

<i>In Jordanian Dinar</i>	As of September 30, 2021	As of December 31, 2020
Balance at the beginning for the period / year	8,393,365	7,394,708
Additions during the period / year	615,079	998,657
Balance at the End of Period / Year	9,008,444	8,393,365
Balance at the beginning of the period / year	1,351,934	606,721
Amortization during the period / year	625,527	745,213
Balance at the End of Period / Year	1,977,461	1,351,934
Net book value	7,030,983	7,041,431

8) INCOME TAX

The Company obtained a final clearance from the Income and Sales Tax Department for income tax until the end of the year 2019. Moreover, the Company submitted its tax return for the year 2020 and it has not yet been audited by the Income and Sales Tax Department. Furthermore, the Company submitted sales tax returns until August of the year 2021. In the opinion of the management and the Company's tax consultant, the provisions recorded in the condensed interim consolidated financial statements are sufficient to meet the tax obligations.

The subsidiary is exempt from income and sales tax under the exemption issued by the Jordan Investment Authority and therefore no income tax provision has been calculated on the results of its operations.

9) BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Related parties represent major shareholders, directors and key management personnel of the Company, associate company and the joint venture. The Company's management had approved the pricing policy and the dealing condition with the related parties.

In Jordanian Dinar

		Balance as of *	
<u>(9-1) Due from related parties</u>	Nature of Relationship	September 30, 2021	December 31, 2020
Jordanian Advanced Optical Fiber Company*	Joint venture	3,870,025	4,933,298
		3,870,025	4,933,298

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*The above balances have been classified in the consolidated statement of financial position as follows:

<i>In Jordanian Dinar</i>	As of September 30, 2021		As of December 31, 2020	
	Short Term	Long Term	Short Term	Long Term
Jordanian Advanced Optical Fiber Company	3,870,025	-	4,306,203	627,095
	3,870,025	-	4,306,203	627,095

(9-2) Due to related parties

<i>In Jordanian Dinar</i>	Nature of Relationship	Balance as of*	
		September 30, 2021	December 31, 2020
Electrical Equipment Industries Company*	Associate Company	31,601	92,876
		31,601	92,876

* The above balances do not charge any interest and do not have a specific timetable for payment.

(9-3) Transactions with Related Parties

<i>In Jordanian Dinar</i>	Nature of relationship	Nature of transactions	Transactions During the Period Ended September 30	
			2021	2020
Electrical Equipment Industries Company	Associate Company	Purchases	61,274	282,197
Jordanian Advanced Optical Fiber Company	Joint Venture	Leasing	2,558,630	3,238,000

(9-4) Salaries and benefits of senior executive management

The senior executive management and board of directors' salaries and benefits have amounted to JOD 510,447 for the Period ended September 30, 2021 (September 30,2020: JOD 447,037).

(9-5) Investment in Joint Venture

The Company owns 51% stake in the Jordanian Advanced Optical Fiber Company, which applies equity accounting in accordance with the requirements of IFRS 11, and the project details are as follows:

	Primary Activity	Place of Incorporation	The company share
Jordan Advanced Fiber Company	Providing internet fiber	Jordan	51%

The financial statements of the Jordan Advanced Fiber Company have not been consolidated within the Group's consolidated financial statements as the Group does not have control over the company in accordance with the requirements of International Financial Reporting Standard No.(10) .

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*The movement in the joint venture investment account during the period / year is as follows:

<i>In Jordanian Dinars</i>	As of September 30, 2021	As of December 31, 2020
Balance at the beginning of the year	-	25,500
Additions*	10,110,118	1,020,000
Company's share in joint venture's operations	(851,976)	(1,045,500)
Balance at the End of Year	9,258,142	-

* The capital of the Jordan Advanced Fiber Company was increased through the decision of its General Assembly in its extraordinary meeting held on December 6, 2020, in which it was approved to increase the company's capital by JOD 19,823,761 to become JOD 21,873,761 million through the capitalization of JOD 6,873,761 from the current accounts of the shareholders, in addition to cash increase in the amount of JOD 12,950,000. All the legal procedures related to the capital increase were completed on May 9, 2021.

10) CASH AND CASH EQUIVALENTS

<i>In Jordanian Dinar</i>	As of September 30, 2021	As of September 30, 2020
Current accounts at banks	1,085,014	1,892,627
Less: Due to banks*	(335,577,246)	(160,043,523)
Cash and Cash Equivalents for Cash Flow Purposes	(334,492,232)	(158,150,896)

*The details of due to banks are:

<i>In Jordanian Dinar</i>	Interest	Collateral	Maturity date	As of September 30, 2021	As of September 30, 2020
Due to local banks	4.9%-6.5%	Company's guarantee	Annually renewed	335,577,246	160,043,523
				335,577,246	160,043,523

11) BANK LOANS

This item consists of the following:

<i>In Jordanian Dinar</i>	As of September 30, 2021	As of December 31, 2020
Sales financing loans *	54,812,025	72,807,389
Loans due within one year**	29,530,665	16,455,666
Loans due more than one year**	120,389,335	147,921,335
	204,732,025	237,184,390

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*The Company obtained sales financing loans from local banks to finance energy purchases from the National Electric Power Company, and the table below shows the details of these loans:

<i>In Jordanian Dinar</i>	<u>Interest</u>	<u>Collateral</u>	<u>Maturity date</u>	<u>As of September 30, 2021</u>	<u>As of December 31, 2020</u>
Sales financing loans	4.9%-5.5 %	Company's guarantee	August 5, 2025	54,812,025	72,807,389
				<u>54,812,025</u>	<u>72,807,389</u>

**The table below represent the loans granted by the local banks to finance working capital and to execute and develop of projects under constructions for the Company:

In Jordanian Dinar

	<u>Interest</u>	<u>Collateral</u>	<u>Maturity date</u>	<u>As of September 30, 2021</u>	<u>As of December 31, 2020</u>
Declining Loans	4.9%-6.5%	Company's guarantee	Several, the last one in August 30, 2031	149,920,000	164,377,001
				<u>149,920,000</u>	<u>164,377,001</u>

12) PURCHASED ENERGY

The Energy and Minerals Regulatory Commissions has in accordance with its letter No. 3\2\4425 dated May 6, 2021 amending the wholesale purchase tariffs between the Jordanian Electric Power Company and the National Electric Power Company to reduce it, provided that this tariff is applied starting from January 1, 2021 until the authority adopts a new tariff and approve the budgets of distribution electricity companies for the next tariff period 2022-2023, accordingly the Company has reversed the effect of this amendment on the condensed consolidated Interim financial information. The Company's policy to recognize the amendments to the unconditional purchases tariff is to reflect it on the purchased energy item in the condensed consolidated interim statement of profit or loss.

13) BASIC AND DILUTED EARNINGS PER SHARE FROM PROFIT (LOSS) FOR THE PERIOD

<i>In Jordanian Dinar</i>	For the Nine-Months Ended on September 30,	
	2021	2020
Profit (loss) for the period attributable to Company's shareholders	(12,466,132)	(2,235,526)
Weighted average of number of shares	88,232,158	88,232,158
Basic earnings per share of current period profit (loss)	<u>(0.14)</u>	<u>(0.03)</u>
Diluted earnings per share of current period profit (loss)	<u>(0.14)</u>	<u>(0.03)</u>

* The weighted average number of shares for the period ending on September 30, 2020 has been modified to become 88,232,158 shares instead of 86,080,154 shares, as the increase in shares is a result of distributing bonus shares.

14) DIVIDENDS

General Assembly approved in its ordinary meeting held on April 29, 2021 the distribution of cash dividends in the amount of JOD 4,304,008 equivalent to 5% of the Company's paid up capital and distribution of stock dividends to the shareholders in the amount of JOD 2,152,004, equivalent to 2.5% of the Company's paid up capital (December 31, 2020: The General assembly approved in its ordinary meeting held on July 6, 2020 the distribution of cash dividends in the amount of JOD 6,240,811 equivalent to 7.25% of the Company's paid-up capital).

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15) CONTINGENT LIABILITIES

The Group has contingent liabilities as of the date of the consolidation financial information as follow:

<i>In Jordanian Dinar</i>	As of September 30, 2021	As of December 31, 2020
Determined value of legal cases against the Group	6,255,279	5,509,178
Bank guarantees	796,996	796,996
- The group allocated 1,610,414 JOD to deal with these cases as of September 30, 2021 (As of December 31, 2020: 610,414) in the opinion of the management and the legal adviser of the group, there are no other liabilities on the Group other than the provision provided in the condensed interim consolidated financial statements		
- The total cases filed by the group against others as of September 30, 2021 JOD 16,784,524 (As of December 31, 2020: 16,823,752) in addition to other cases with non-determined value.		

16) Contra Accounts

This account consists of the following:

<i>In Jordanian Dinar</i>	Contra Accounts – Assets		Contra Accounts – Liabilities	
	As of September 30, 2021	As of December 31, 2020	As of September 30, 2021	As of December 31, 2020
Subscribers Contribution	164,092,715	166,189,291	164,092,715	166,189,291
Rural Fills	18,607,027	19,998,908	18,607,027	19,998,908
	182,699,742	186,188,199	182,699,742	186,188,199

In accordance with Prime Ministers decisions No. 33/11/6189, and in accordance with settlement agreement with Jordanian Government, the ownership of these assets is belonging to Jordanian Government and the Company is responsible to manage these assets only.

17) Coronavirus Pandemic (Covid-19)

The Coronavirus (Covid-19) pandemic has spread across different geographic regions around the world, which has led to disruptions of business and economic activities. The Coronavirus (Covid-19) pandemic has caused suspicion at the global level. Financial and monetary authorities, both local and international, announced various support measures around the world to counter the potential negative effects, as at the present time, there is a greater increase in uncertainty in determining the economic impact that is reflected, for example, in the volume of liquidity and price volatility of assets, foreign exchange rates, a significant decrease in long-term interest rates and a substantial increase in credit risk and various macroeconomic factors were evaluated. Accordingly, the Group's management closely monitored the situation and had activated its business continuity plan and other risk management practices to manage any potential disruptions that might be caused by the Coronavirus (Covid-19) on the Group's business, operations, and financial performance.

The Group's management has also studied the potential effects of the current economic fluctuations in determining the recognized amounts of the Group's financial and non-financial assets, which represent the management's best estimates based on the observable information, given the current situation, the markets remain volatile, and the recorded amounts continue to be sensitive to fluctuations as a result.

18) Comparative figures

Comparative figures represent the condensed interim consolidated financial information as at December 31, 2020, and for the nine-month period ended September 30, 2020.

19) Subsequent events

The Energy and Minerals Regulatory Commissions has in accordance with its letter No. 1\3\11\4 dated October 24, 2021 amending the wholesale purchase tariffs between the Jordanian Electric Power Company and the National Electric Power Company to reduce it, provided that this tariff is applied starting from October 1, 2021.