

**ALIA - THE ROYAL JORDANIAN AIRLINES COMPANY
(ROYAL JORDANIAN)**

A PUBLIC SHAREHOLDING COMPANY

**UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

30 September 2023

**Report on Review of Interim Condensed Consolidated Financial Statements
To the Board of Directors of
Alia - The Royal Jordanian Airlines Company (Royal Jordanian)
Amman - Jordan**

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Alia - The Royal Jordanian Airlines Company (the “Company”) and its subsidiaries (together referred to as the “Group”) as of 30 September 2023, comprising the interim condensed consolidated statement of financial position as of 30 September 2023 and the related interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine months then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard (34) Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements 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 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.

Material Uncertainty Related to Going Concern

As disclosed in note (2-2) to the interim condensed consolidated financial statements, the Group’s accumulated losses of JD 389,3 million exceeded the Group’s paid-in capital as of 30 September 2023. Also, the Group’s current liabilities exceeded its current assets by an amount of JD 178,8 million as of 30 September 2023. According to Article No. (266) of the Jordanian Company’s Law No. (22) for the year 1997 and its amendments, if the accumulated losses of the public shareholding company exceed 75% of its capital, the Company shall be liquidated unless the General Assembly of the Company issues a decision on its extraordinary meeting to increase the Company’s capital or to deal with the Company’s losses.

The Company received a comfort letter from the Ministry of Finance (the Jordanian Government's representative), stating that the Government is in favor of continuing to support the Company's operations in the future. Our conclusion is not modified in this regard.

Furthermore, the Company and its main shareholder, the Government Investment Management Company plan to increase and restructure RJ's capital. The Council of Ministers resolved in their meeting no. (11944) held on 4 June 2023 that RJ acquires 90% of the capital of Jordan Airports Company (JAC) (a wholly owned Government entity) through the issuance of new shares in RJ's capital in favor of the Government Investment Management Company, after the completion of the valuation of JAC's net assets.

Subsequent to the date of the interim condensed consolidated financial statements, the Company held an extraordinary meeting on 3 October 2023 in which it resolved to approve RJ's capital restructuring. The restructuring plan is summarized as follows:

- A. To write off the accumulated losses by JD 216 million, through the following:
 1. JD 14.8 million against the Company's statutory reserve.
 2. JD 201.2 million against the Company's paid in capital.

- B. Capital increase of JD 240 million shares (Par value of one Jordanian Dinar per share), through the following:
 1. Capitalization of payments in respect of capital increase of JD 70 million as authorized by the Prime Ministry of Jordan as per the resolution number (7056) which was resolved in their meeting held on 18 May 2022.
 2. Acquisition of 90% of the capital of Jordan Airports Company (JAC) (a wholly owned Government entity) for JD 170 million through the issuance of new shares in RJ's capital in favor of the Government Investment Management Company.

As a result of the above plan, the Company's restructured capital would become JD 364 million. Capital restructuring procedures were not completed up to the date of the interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS (34).

The partner in charge of the review resulting in this auditor's report was Ali Hasan Samara; license number 503.

Alia - The Royal Jordanian Airlines Company (Royal Jordanian)
Public Shareholding Company
Interim Condensed Consolidated Statement of Financial Position
As Of 30 September 2023
(In Thousands of Jordanian Dinars)

	Notes	30 September 2023 (Unaudited)	31 December 2022 (Audited)
ASSETS			
Non-current assets			
Right-of-use assets	5	336,611	371,377
Property and equipment	6	49,016	51,169
Advances on purchase and modification of aircraft		3,218	3,218
Financial assets at fair value through other comprehensive income		2,087	2,087
Investments in associates		18,957	18,603
Restricted cash against lease contracts		45,253	30,634
Deferred tax assets		12,322	12,322
		467,464	489,410
Current assets			
Other current assets		30,888	28,854
Spare parts and supplies		7,982	6,008
Accounts receivable, net		52,160	36,253
Cash and bank balances	7	193,068	161,308
		284,098	232,423
Assets held for sale		103	103
TOTAL ASSETS		751,665	721,936
EQUITY AND LIABILITIES			
Shareholders' equity			
Paid-in capital	9	324,610	324,610
Share discount	9	(78,205)	(78,205)
Payments in respect of capital increase	9	70,000	70,000
Statutory reserve	9	14,808	14,808
Fair value reserve		133	133
Accumulated losses		(389,258)	(399,965)
		(57,912)	(68,619)
Non-controlling interests		406	362
Deficit in shareholders' equity		(57,506)	(68,257)
LIABILITIES			
Non-current liabilities			
Long-term loans	8-a	86,564	100,733
Long-term lease obligations	5	255,658	306,770
Long-term grants	8-b	3,501	4,874
Other long-term liabilities		384	353
		346,107	412,730
Current liabilities			
Bank overdrafts	7	182	-
Current portion of long-term loans	8-a	22,594	19,262
Accrued expenses		155,177	127,356
Accounts payable and other current liabilities		91,903	77,013
Deferred revenues		122,940	86,199
Short-term lease obligations	5	66,675	64,594
Short-term grants	8-b	3,417	2,874
		462,888	377,298
Liabilities directly associated with the assets held for sale		176	165
Total liabilities		809,171	790,193
TOTAL EQUITY AND LIABILITIES		751,665	721,936

The attached notes from 1 to 18 form part of these interim condensed consolidated financial statements

Alia - The Royal Jordanian Airlines Company (Royal Jordanian)
Public Shareholding Company
Interim Condensed Consolidated Income Statement
For The Nine Months Ended 30 September 2023 (Unaudited)
(In Thousands of Jordanian Dinars)

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2023	2022	2023	2022
Continuing Operations:					
Revenues from contracts with customers	10	232,802	201,159	581,480	452,178
Cost of revenues		(183,168)	(181,813)	(512,264)	(468,105)
Gross profit (loss)		49,634	19,346	69,216	(15,927)
Administrative expenses		(3,957)	(2,885)	(11,179)	(8,245)
Selling and marketing expenses		(13,020)	(11,149)	(36,657)	(29,583)
Other provisions		(425)	(11)	(445)	(41)
Net operating income (loss)		32,232	5,301	20,935	(53,796)
Group's share of profits of associates		927	566	3,225	1,823
Other income, net		1,243	255	5,217	363
Reversal from voluntary termination		-	(106)	-	(388)
Loss on foreign currency exchange		(994)	(1,574)	(1,822)	(2,927)
Finance costs		(7,848)	(6,441)	(21,935)	(18,855)
Interest income		2,014	1,150	5,161	2,524
(Losses) gains on sale of property and equipment		(43)	(5)	(14)	68
Profit (loss) for the period from continuing operations before income tax		27,531	(854)	10,767	(71,188)
Income tax expense	12	-	-	-	-
Profit (loss) for the period from continuing operations		27,531	(854)	10,767	(71,188)
Discontinued operations:					
Loss for the period from discontinued operations after income tax		-	(7)	(16)	(413)
Profit (loss) for the period		27,531	(861)	10,751	(71,601)
Attributable to:					
Equity holders' of the parent		27,516	(875)	10,707	(71,654)
Non-controlling interests		15	14	44	53
		27,531	(861)	10,751	(71,601)
Earnings per share					
Basic and diluted earnings per share attributable to equity holders of the parent	16	JD 0.085	JD (0.003)	JD 0.033	JD (0.221)

The attached notes from 1 to 18 form part of these interim condensed consolidated financial statements

Alia - The Royal Jordanian Airlines Company (Royal Jordanian)
Public Shareholding Company
Interim Condensed Consolidated Statement of Comprehensive Income
For The Nine Months Ended 30 September 2023 (Unaudited)
(In Thousands of Jordanian Dinars)

	For the three months ended 30 September		For the nine months ended 30 September	
	2023	2022	2023	2022
Profit (loss) for the period	27,531	(861)	10,751	(71,601)
Other comprehensive income items:				
Other comprehensive income items that will be reclassified to profit or loss in subsequent periods (net of tax):				
Loss on cash flow hedges	-	(68)	-	(297)
Total comprehensive income for the period	27,531	(929)	10,751	(71,898)
Attributable to:				
Equity holders' of the parent	27,516	(943)	10,707	(71,951)
Non-controlling interests	15	14	44	53
	27,531	(929)	10,751	(71,898)

The attached notes from 1 to 18 form part of these interim condensed consolidated financial statements

**Alia - The Royal Jordanian Airlines Company (Royal Jordanian)
Public Shareholding Company
Interim Condensed Consolidated Statement of Changes in Equity
For The Nine Months Ended 30 September 2023 (Unaudited)
(In Thousands of Jordanian Dinars)**

	<i>Attributable to equity holders' of the parent</i>							<i>Non-controlling interests</i>	<i>Total equity</i>	
	<i>Paid-in capital</i>	<i>Share discount</i>	<i>Payments of capital increase</i>	<i>Statutory reserve</i>	<i>Fair value reserve</i>	<i>Cash flow hedges</i>	<i>Accumulated losses</i>			<i>Total</i>
For the nine months ended 30 September 2023										
Balance as of 1 January 2023	324,610	(78,205)	70,000	14,808	133	-	(399,965)	(68,619)	362	(68,257)
Total comprehensive income for the period	-	-	-	-	-	-	10,707	10,707	44	10,751
Balance as of 30 September 2023	324,610	(78,205)	70,000	14,808	133	-	(389,258)	(57,912)	406	(57,506)
For the nine months ended 30 September 2022										
Balance as of 1 January 2022	324,610	(78,205)	-	14,808	133	297	(321,024)	(59,381)	281	(59,100)
Total comprehensive income for the period	-	-	-	-	-	(297)	(71,654)	(71,951)	53	(71,898)
Advance payments in respect of capital increase	-	-	70,000	-	-	-	-	70,000	-	70,000
Balance as of 30 September 2022	324,610	(78,205)	70,000	14,808	133	-	(392,678)	(61,332)	334	(60,998)

The attached notes from 1 to 18 form part of these interim condensed consolidated financial statements

**Alia - The Royal Jordanian Airlines Company (Royal Jordanian)
Public Shareholding Company
Interim Condensed Consolidated Statement of Cash Flows
For The Nine Months Ended 30 September 2023 (Unaudited)
(In Thousands of Jordanian Dinars)**

	Notes	For the nine months ended 30 September	
		2023	2022
OPERATING ACTIVITIES			
Profit (loss) for the period from continuing operations before income tax		10,767	(71,188)
Loss for the period from discontinued operations before income tax		(16)	(413)
		<u>10,751</u>	<u>(71,601)</u>
Adjustments for:			
Depreciation of property and equipment		12,492	12,133
Depreciation of right-of-use assets	5	45,153	41,845
Share of profits of associates		(3,225)	(1,823)
Finance costs		21,935	18,855
Other income – amortization of government grants		(2,224)	(2,072)
Other provisions		445	41
Provision (reversal) of end of service indemnity		114	(39)
Provision for voluntary termination		-	388
Loss (gain) from sale of property and equipment		14	(68)
Interest income		(5,161)	(2,524)
Reversal of legal cases provision		(3,000)	-
Working capital changes:			
Accounts receivable		(16,181)	(12,054)
Spare parts and supplies		(2,145)	(318)
Other current assets		(499)	(9,168)
Deferred revenues		36,741	34,832
Accounts payable and other current liabilities		15,918	14,484
Accrued expenses		29,794	29,491
Voluntary termination program payments		-	(218)
Payments of end of service indemnity		(83)	-
Payments of legal provision		(81)	-
Net cash flows from operating activities		<u>140,758</u>	<u>52,184</u>
INVESTING ACTIVITIES			
Purchase of property and equipment	6	(6,377)	(2,734)
Proceeds from sale of property and equipment		24	183
Change in restricted cash against lease contracts		(14,619)	(2,243)
Acquisition of a subsidiary, net of cash acquired	11	(2,706)	-
Interest income received		5,322	1,822
Short-term deposits		(18,818)	(56,481)
Net cash flows used in investing activities		<u>(37,174)</u>	<u>(59,453)</u>
FINANCING ACTIVITIES			
Advance payments in respect of capital increase		-	70,000
Proceeds from loans		2,599	5,272
Repayment of loans		(14,597)	(11,861)
Payments of lease obligations	5	(70,990)	(43,783)
Interest paid		(7,836)	(3,610)
Net cash flows (used in) from financing activities		<u>(90,824)</u>	<u>16,018</u>
Net increase in cash and cash equivalents		12,760	8,749
Cash and cash equivalents at the beginning of the period		56,308	68,412
Cash and cash equivalents at the end of the period	7	<u>69,068</u>	<u>77,161</u>

The attached notes from 1 to 18 form part of these interim condensed consolidated financial statements

**Alia - The Royal Jordanian Airlines Company (Royal Jordanian)
Public Shareholding Company
Notes to the Interim Condensed Consolidated Financial Statements
30 September 2023 (Unaudited)
(In Thousands of Jordanian Dinars except for amounts in Foreign Currencies)**

1. GENERAL

Alia - The Royal Jordanian Airlines Company (Royal Jordanian), the “Company”, was registered as a Jordanian public shareholding Company on 5 February 2001. The Company’s head office is located in Amman – Jordan.

The Company’s objectives are to undertake scheduled air-transport activities from and to the Kingdom and to carry out the handling for aircraft that land in and take off from the airports of the Kingdom.

The interim condensed consolidated financial statements were authorized for issue by the Board of Directors in their meeting held on 28 October 2023.

2. BASIS OF PREPARATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements are prepared in accordance with International Accounting Standard (34), Interim Financial Reporting.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group’s annual consolidated financial statements as of 31 December 2022. In addition, results of the nine months ended 30 September 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

The interim condensed consolidated financial statements have been presented in Jordanian Dinar which is the functional currency of the Group. All values are rounded to the nearest thousands (JD 000) except for values in foreign currencies.

2-1. CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2022 except for the adoption of new amendments on the standards effective as of 1 January 2023 and shown below:

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance, and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

Alia - The Royal Jordanian Airlines Company (Royal Jordanian)
Public Shareholding Company
Notes to the Interim Condensed Consolidated Financial Statements
30 September 2023 (Unaudited)
(In Thousands of Jordanian Dinars except for amounts in Foreign Currencies)

The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach).
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

This standard is not applicable to the Group.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

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

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

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

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

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

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

**Alia - The Royal Jordanian Airlines Company (Royal Jordanian)
Public Shareholding Company
Notes to the Interim Condensed Consolidated Financial Statements
30 September 2023 (Unaudited)
(In Thousands of Jordanian Dinars except for amounts in Foreign Currencies)**

2-2. FUNDAMENTAL ACCOUNTING CONCEPTS

The interim condensed consolidated financial statements have been prepared on the assumption of going concern. However, as disclosed in note (3) to the interim condensed consolidated financial statements which shows how the Group's operations are recovering after the negative impact of Covid-19 and how it is still being negatively impacted by the effect of the Russian-Ukraine conflict on fuel prices, the Group's accumulated losses of JD 389,3 million exceeded the Group's capital as of 30 September 2023. Also, the Group's current liabilities exceeded its current assets by JD 178,8 million as of 30 September 2023. According to Article (266) of the Jordanian Company's Law No. (22) for the year 1997 and its amendments, if the accumulated losses of the Public Shareholding Company exceeded 75% of its capital, the Company shall be liquidated unless the General Assembly of the Company issues a decision on its extraordinary meeting to increase the Company's capital or to deal with the Company's losses.

The Company received a comfort letter from the Ministry of Finance (the Jordanian Government's representative), stating that the Government is in favor of continuing to support the Company's operations in the future.

Furthermore, the Company and its main shareholder, the Government Investment Management Company plan to increase and restructure RJ's capital. The Council of Ministers resolved in their meeting no. (11944) held on 4 June 2023 that RJ acquires 90% of the capital of Jordan Airports Company (JAC) (a wholly owned Government entity) through the issuance of new shares in RJ's capital in favor of the Government Investment Management Company, after the completion of the valuation of JAC's net assets.

Subsequent to the date of the interim condensed consolidated financial statements, the Company held an extraordinary meeting on 3 October 2023 in which it resolved to approve RJ's capital restructuring. The restructuring plan is summarized as follows:

- A. To write off the accumulated losses by JD 216 million, through the following:
 1. JD 14.8 million against the Company's statutory reserve.
 2. JD 201.2 million against the Company's paid in capital.

- B. Capital increase of JD 240 million shares (Par value of one Jordanian Dinar per share), through the following:
 1. Capitalization of payments in respect of capital increase of JD 70 million as authorized by the Prime Ministry of Jordan as per the resolution number (7056) which was resolved in their meeting held on 18 May 2022.
 2. Acquisition of 90% of the capital of Jordan Airports Company (JAC) (a wholly owned Government entity) for JD 170 million through the issuance of new shares in RJ's capital in favor of the Government Investment Management Company.

Alia - The Royal Jordanian Airlines Company (Royal Jordanian)
Public Shareholding Company
Notes to the Interim Condensed Consolidated Financial Statements
30 September 2023 (Unaudited)
(In Thousands of Jordanian Dinars except for amounts in Foreign Currencies)

As a result of the above plan, the Company's restructured capital would become JD 364 million. Capital restructuring procedures were not completed up to the date of the interim condensed consolidated financial statements.

3. EFFECT OF COVID-19 AND RUSSIAN-UKRAINIAN CONFLICT ON THE GROUP

Based on the volume of air travel demand, which is still recovering since the spread of COVID-19 vaccines and the gradual relief of borders restrictions, it appears that the pandemic has ended and daily passenger traffic at airports has reached 2019 levels. However, the ongoing conflict between Russia and Ukraine has created uncertainty regarding the development of the world economy including the airline industry which is presented in the uncertainty of fluctuations of oil prices that represent major part of the Group's costs of flying operations.

As the conflict is evolving, the Group's management will continue monitoring the impact of oil prices' fluctuation on their operations and going concern assessment in order to take the necessary actions and properly address the situation.

4. BASIS OF CONSOLIDATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements comprise the financial statements of Alia - The Royal Jordanian Airlines Company (the "Company") and the following subsidiaries (collectively referred to as the "Group") as of 30 September 2023:

	<u>Ownership Interest</u>	<u>Country</u>
Royal Wings Company – Under liquidation	100%	Jordan
Royal Tours for Travel and Tourism Company	80%	Jordan
Jordan Airline Training and Simulator Company (Note 11)	100%	Jordan
Al Mashriq for Aviation services "Tikram"	100%	Jordan

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

Alia - The Royal Jordanian Airlines Company (Royal Jordanian)
Public Shareholding Company
Notes to the Interim Condensed Consolidated Financial Statements
30 September 2023 (Unaudited)
(In Thousands of Jordanian Dinars except for amounts in Foreign Currencies)

Specifically, the Group controls an investee if and only if the Group has:

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

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the interim condensed consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Shareholders who have a significant influence over the Group

The Government of the Hashemite Kingdom of Jordan presented by Government Investments Management Company owns 86.23% from the Company's shares as of 30 September 2023 and 31 December 2022.

Alia - The Royal Jordanian Airlines Company (Royal Jordanian)
Public Shareholding Company
Notes to the Interim Condensed Consolidated Financial Statements
30 September 2023 (Unaudited)
(In Thousands of Jordanian Dinars except for amounts in Foreign Currencies)

5. LEASES

Set out below are the carrying amounts of right-of-use assets and lease obligations recognized and the movements during the period ended 30 September 2023:

	Right-of-use assets				Total	Lease obligations*
	Aircraft	Aircraft's engines	Flight simulation equipment	Offices		
At 1 January 2023	323,312	31,967	-	16,098	371,377	371,364
Additions	5,884	-	-	6,177	12,061	12,060
Lease-term modifications	(7,070)	-	-	(4)	(7,074)	(7,078)
Acquisition of a subsidiary (note 11)	-	-	5,400	-	5,400	2,300
Depreciation	(39,023)	(1,951)	(1,571)	(2,608)	(45,153)	-
Finance costs	-	-	-	-	-	14,677
Payments	-	-	-	-	-	(70,990)
At 30 September 2023	283,103	30,016	3,829	19,663	336,611	322,333

* Lease obligations details were as follows:

30 September 2023			31 December 2022		
(Unaudited)			(Audited)		
Short-term	Long-term	Total	Short-term	Long-term	Total
66,675	255,658	322,333	64,594	306,770	371,364

6. PROPERTY AND EQUIPMENT

During the nine months ended 30 September 2023, the Group acquired property and equipment with a cost of JD 6,377 (30 September 2022: JD 2,734).

Alia - The Royal Jordanian Airlines Company (Royal Jordanian)
Public Shareholding Company
Notes to the Interim Condensed Consolidated Financial Statements
30 September 2023 (Unaudited)
(In Thousands of Jordanian Dinars except for amounts in Foreign Currencies)

7. CASH AND CASH EQUIVALENTS

	30 September 2023	31 December 2022
	(Unaudited)	(Audited)
Cash and bank balances	36,431	25,804
Short term deposits*	17,739	13,667
Cash in transit **	15,020	16,777
Cash and cash equivalents	69,190	56,248
Short term deposits mature after 3 months ***	123,878	105,060
	193,068	161,308

* This item represents deposits in Jordanian Dinars of JD 10,944 with an interest rate ranging between 5.9% and 6.1% and a deposit in US Dollars which is equivalent to JD 6,795 with an interest rate 4.2% as of 30 September 2023 and are due within three months (31 December 2022: Deposits in Jordanian Dinars of 13,667 with an interest rate ranging between 4% and 5.63% and were due within three months).

** This item represents cash received on tickets sales and airwaybills sales through IATA accredited agents during September 2023 that were deposited in the Group's bank accounts during October 2023.

*** This item represents deposits in Banks in Jordanian Dinar of JD 123,098 with an interest rate ranging between 6.05% and 6.75% and a deposit in Algerian dinar which is equivalent to JD 780 with an interest rate of 3.18% as of 30 September 2023 and are due after more than three months. (31 December 2022: This item represents deposit in Banks in Jordanian Dinar JD 104,811 with an interest rate ranging between 4.35% and 5.6%, in addition to Libyan Dinar equivalent to JD 249 as of 31 December 2022 and were due after more than three months).

For the purposes of the interim condensed consolidated statement of cash flows, the following represents the details of the cash and cash equivalents:

	30 September 2023	30 September 2022
	(Unaudited)	(Unaudited)
Cash and cash equivalents	69,190	77,117
Add: cash from discontinued operations	60	44
Deduct: Bank overdrafts ****	(182)	-
	69,068	77,161

**** This item represents the utilized overdraft balance of the subsidiary company ("JATS") obtained from Arab Bank with a ceiling of JD 200 and an interest rate of 9.25%.

Alia - The Royal Jordanian Airlines Company (Royal Jordanian)
Public Shareholding Company
Notes to the Interim Condensed Consolidated Financial Statements
30 September 2023 (Unaudited)
(In Thousands of Jordanian Dinars except for amounts in Foreign Currencies)

8. LOANS

(8 - a) BANK LOANS

	30 September		31 December	
	2023		2022	
	(Unaudited)		(Audited)	
	Loans' installments		Loans' installments	
	Short-term	Long-term	Short-term	Long-term
Syndicated loan	16,682	27,802	16,682	40,313
Capital bank loan	-	44,386	-	44,282
Social Security – “Himaya” program	5,563	12,375	3,115	16,183
Jordan Airline Training and Simulator Company – Arab Bank loan	472	2,001	-	-
Jordan Airline Training and Simulator Company - Ahli Bank loan	126	-	-	-
Less: directly attributable transaction costs	(249)	-	(535)	(45)
	22,594	86,564	19,262	100,733

Syndicated loan

On 20 December 2015, the Company signed a syndicated loan agreement amounted to USD 275 million which is equivalent to JD 195,000. The loan bears annual interest rate of one-month LIBOR plus 3%. The loan is repayable in 49 installments. The first installment amounting to JD 3 million fell due on 20 January 2017 and the last installment was planned to fall due on 20 December 2021.

On 5 February 2020, the Company signed a loan restructuring agreement for the syndicated loan. The loan installments were extended until 2024. The first installment amounting to JD 1.9 million fell due on 5 March 2020 with an annual interest rate of one-month LIBOR plus 2.65% (minimum 4.5%).

As part of the Company's action plan to manage its cash flows during COVID-19 outbreak, the Company signed an amendment letter to the loan agreement, in which the loan installments for the period from March 2020 to September 2020 were rescheduled and allocated to the remaining installments after 30 September 2020 on a proportional basis.

On 1 April 2022, the Company signed second amendment letter in which 50% of the loan installments for the period from April 2021 to June 2021 were rescheduled and allocated to the installments after 30 June 2021 on a proportional basis. During July 2021, the Company signed third amendment letter in which 50% of the loan installments for the period from July 2021 to September 2021 were rescheduled and allocated to the installments after 30 September 2021 on a proportional basis. On 21 November 2021, the Company signed fourth amendment letter in which 50% of the loan installments for the period from November 2021 to April 2022 were rescheduled and allocated to the installments after April 2022 on a proportional basis.

On 8 August 2022, the Company signed fifth amendment letter in which the Company was granted a grace period for the installments from June to November 2022 in return of extending the loan installment until 2026.

**Alia - The Royal Jordanian Airlines Company (Royal Jordanian)
Public Shareholding Company
Notes to the Interim Condensed Consolidated Financial Statements
30 September 2023 (Unaudited)
(In Thousands of Jordanian Dinars except for amounts in Foreign Currencies)**

The loan agreement contains loan covenants which require the Company to meet certain financial ratios. During June 2021, the Company has amended the agreement whereas the Company was not required to meet those financial ratios until 30 September 2022. On 21 November 2021, The Company has amended the agreement whereas the Company is not required to meet those financial ratios until 31 December 2022. In April 2022, the Company signed an amendment letter, whereas the Company is not required to meet the financial ratios until the end of 2023. In April 2023, the Company signed an amendment letter, whereas the Company is not required to meet the financial ratios until the end of 2024.

On 13 June 2023 the Company signed an amendment to the agreement, whereby the interest calculation was modified from the lending rate in the London markets (SOFR) to risk-free interest rates (one-month CME Term SOFR).

According to the loan agreement, the Company is obliged to transfer the proceeds from its sales from travel agents in 21 stations that are collected through IATA to the Company's account at Al-Mashreq Bank - UAE as a collateral.

Capital Bank loan

On 18 May 2020, the Company signed a loan agreement with Capital Bank which amounted to JD 50 million bearing an annual interest rate of 1%. The Company has utilized the full loan balance of JD 50 million as of 30 September 2023 and 31 December 2022. On 9 April 2023, the Company signed an amendment agreement whereby the loan will be repaid in one payment on 13 July 2025, at an interest rate of 2.5% starting from 13 July 2023. Interest is payable on a quarterly basis.

The loan was granted from Capital bank through the Central Bank of Jordan's program to support companies that have been affected by COVID-19 at a below-market interest rate. The benefit of a below-market rate loan has been recognized as a government grant in accordance with International Accounting Standard IAS 20 - Government Grants (Note 8 - b).

Social Security - "Himaya" program

The Company implemented Defense Order No. (14) and No. (24) "Himaya" program and its related announcements where the Social Security Corporation supported the most affected companies due to the pandemic through granting loans that cover part of August through November 2020 salaries and January 2021 through June 2022 salaries. The Social Security Corporation contributed 40% of employees' salaries with a ceiling ranging between JD 500 and JD 1,000 per employee per month.

The loan is repayable through 43 installments starting from June 2023. The loan bears an annual interest rate of 4%. The Company will bear an interest rate of 1%, and the Government of Jordan will bear 3% up until December 2026. If the loan was not settled by December 2026, the Company will bear an annual interest according to the social security law and its related regulations.

**Alia - The Royal Jordanian Airlines Company (Royal Jordanian)
Public Shareholding Company
Notes to the Interim Condensed Consolidated Financial Statements
30 September 2023 (Unaudited)
(In Thousands of Jordanian Dinars except for amounts in Foreign Currencies)**

Jordan Airline Training and Simulator Company – Arab Bank loan

On 30 July 2023, Jordan Airline Training and Simulator Company (“JATS”) signed a loan agreement with Arab Bank amounting to USD 4 million which is equivalent to JD 2,832. The loan bears an annual interest rate of one-month Term SORF plus 2.5%. The loan is repayable in 48 monthly instalments amounting to JD 59 (USD 83,300) except for the last settlement amounting to JD 60 (USD 84,900). The first installment is due during February 2024. Jordan Airline Training and Simulator Company has utilized USD 3,493,000 from the loan balance as of 30 September 2023.

Jordan Airline Training and Simulator Company - Ahli Bank loan

On 1 January 2017, Jordan Airline Training and Simulator Company (“JATS”) signed a loan agreement with Ahli Bank amounting to JD 1.5 million. The loan bears an annual interest of 4.5%. The loan is repayable in 114 monthly instalments amounting to JD 13 per each.

On 6 July 2021, JATS signed an amendment for the loan adjusting the monthly payments to JD 18. In addition, the interest rate has been modified to become 4%. The loan is repayable in 52 monthly instalments starting from 1 January 2023.

Jordan Airline Training and Simulator Company - Jordan Kuwait Bank loan

On 5 July 2010, Jordan Airline Training and Simulator Company (“JATS”) signed a loan agreement with Jordan Kuwait Bank amounted to USD 15 million which is equivalent to JD 10.65 million and guaranteed by Alia – The Royal Jordanian Airlines Company. The loan bears annual interest rate of three-month LIBOR plus 3%, with a minimum of 4.5% for the first year. The loan is repayable over 120 monthly instalments amounting to USD 125,000 which is equivalent to JD 89 due after nine months from the loan agreement date.

On 10 March 2014, JATS signed an amendment for the loan adjusting the monthly installments to USD 84,000 which is equivalent to JD 59. In addition, the interest rate has been modified to become one-month LIBOR plus 3.5% with a minimum of 4.75%. The amended loan is payable in 84 monthly instalments.

On 22 March 2021, JATS signed a restructuring agreement for the loan. The loan instalments for the period from August 2020 to June 2021 were rescheduled and allocated to the final instalment dated 1 October 2023 as a balloon payment. As a result, the monthly instalment has been amended to USD 7,734 which is equivalent to JD 5.

On 15 August 2023, JATS has fully settled Jordan Kuwait Bank loan with total amount of USD 2,082,000 equivalent to JD 1,474.

Alia - The Royal Jordanian Airlines Company (Royal Jordanian)
Public Shareholding Company
Notes to the Interim Condensed Consolidated Financial Statements
30 September 2023 (Unaudited)
(In Thousands of Jordanian Dinars except for amounts in Foreign Currencies)

Principal instalments payable for the period ended 30 September 2023 and after are as follows:

Period	Amount
1 October 2023 – 30 September 2024	22,843
1 October 2024 – 30 September 2025	67,593
1 October 2025 – 30 September 2026	17,915
1 October 2026 – 30 September 2027	1,056
	<u>109,407</u>

(8 - b) GOVERNMENT GRANTS

	30 September 2023			31 December 2022		
	Unaudited			Audited		
	Loans' instalments related to			Loans' instalments related to		
	Capital Bank's loan	Social security "Himaya" program's loan	Total	Capital Bank's loan	Social security "Himaya" program's loan	Total
Balance as of the beginning of the period / year	5,719	2,029	7,748	3,692	3,230	6,922
Recognized during the period / year	1,468	(73)	1,395	3,965	(370)	3,595
Released to the interim condensed consolidated income statement during the period / year	(1,572)	(653)	(2,225)	(1,938)	(831)	(2,769)
Balance as of the end of the period / year	<u>5,615</u>	<u>1,303</u>	<u>6,918</u>	<u>5,719</u>	<u>2,029</u>	<u>7,748</u>
Non-current	2,891	610	3,501	3,692	1,182	4,874
Current	2,724	693	3,417	2,027	847	2,874
	<u>5,615</u>	<u>1,303</u>	<u>6,918</u>	<u>5,719</u>	<u>2,029</u>	<u>7,748</u>

Alia - The Royal Jordanian Airlines Company (Royal Jordanian)
Public Shareholding Company
Notes to the Interim Condensed Consolidated Financial Statements
30 September 2023 (Unaudited)
(In Thousands of Jordanian Dinars except for amounts in Foreign Currencies)

9. SHAREHOLDERS' EQUITY

	30 September 2023	31 December 2022
	(Unaudited)	(Audited)
- Paid-in capital		
Authorized capital (Par value of Jordanian Dinar per share)	324,610	324,610
Paid-in capital	324,610	324,610

As disclosed in note (2-2), subsequent to the date of the interim condensed consolidated financial statements, the Company held an extraordinary meeting on 3 October 2023 in which it resolved to approve RJ's capital restructuring. As a result, the Company's restructured capital would become JD 364 million. Capital restructuring procedures were not completed up to the date of the interim condensed consolidated financial statements.

- Share discount

Share discount amounted to JD 78.2 million as of 30 September 2023 and 31 December 2022. The accumulated balance in this account represents the difference between the issuing price and the par value of the shares issued.

- Payments in respect of capital increase

On 18 May 2022, the Prime Ministry of Jordan resolved in its resolution number (7056) to authorize the Ministry of Finance to proceed with further procedures to increase the Company's capital by JD 70 million over two phases. An amount of JD 35 million was received during May 2022 and the remaining amount was received during August 2022. As disclosed in note (2-2) capital increase procedures are expected to be completed prior to the end of 2023.

- Statutory Reserve

As required by Jordanian Company Law, 10% of the profit before income tax is transferred to statutory reserve. This reserve is not available for distribution to the shareholders.

Alia - The Royal Jordanian Airlines Company (Royal Jordanian)
Public Shareholding Company
Notes to the Interim Condensed Consolidated Financial Statements
30 September 2023 (Unaudited)
(In Thousands of Jordanian Dinars except for amounts in Foreign Currencies)

10. REVENUES FROM CONTRACTS WITH CUSTOMERS

	For the three months ended 30 September		For the nine months ended 30 September	
	2023	2022	2023	2022
Scheduled Services				
Passengers	203,190	171,327	496,563	366,384
Cargo	5,819	7,895	18,060	27,288
Excess baggage	2,048	1,739	5,190	4,681
Airmail	1,312	1,576	4,233	5,203
Total scheduled services (note 14)	212,369	182,537	524,046	403,556
Chartered flights (note 14)	1,259	1,301	4,628	4,848
Commercial revenues from arriving and departing aircraft of other companies	4,657	4,196	13,315	10,779
Cargo warehouse revenues	4,281	3,455	12,070	10,771
Revenues from technical and maintenance services provided to other companies	1,171	940	3,014	2,434
Simulation training revenue	230	-	456	-
First class services revenues	2,167	1,737	5,192	3,887
Revenues from National Distribution Center (Galileo)	711	794	2,172	2,105
Royal Tours revenues (Tours operating revenues)	2,424	2,283	7,806	5,562
Frequent Flyer revenues	1,014	1,169	2,761	2,493
Ancillary revenues	1,505	1,614	3,783	3,566
Other revenues	1,014	1,133	2,237	2,177
	232,802	201,159	581,480	452,178

11. ACQUISITION OF A SUBSIDIARY

During April 2023, the Company signed an agreement to acquire the remaining 80% of the shares of its associate Jordan Airline Training and Simulator Company, a limited liability Company for USD 5,400,000 which is equivalent to JD 3,829. Accordingly, RJ became the sole owner of the whole shares of Jordan Airline Training and Simulator Company. Accordingly, the investment was classified as an investment in a subsidiary.

Alia - The Royal Jordanian Airlines Company (Royal Jordanian)
Public Shareholding Company
Notes to the Interim Condensed Consolidated Financial Statements
30 September 2023 (Unaudited)
(In Thousands of Jordanian Dinars except for amounts in Foreign Currencies)

The fair value of the identifiable assets and liabilities of Jordan Airline Training and Simulator Company as of the date of acquisition are as follows:

	<u>Fair Value *</u>	<u>Carrying value</u>
<u>ASSETS</u>		
Right-of-use assets	5,400	6,200
Property and equipment	4,000	3,100
Accounts receivable	451	451
Cash and bank balances	200	200
TOTAL ASSETS	<u>10,051</u>	<u>9,951</u>
<u>LIABILITIES</u>		
Loans	2,804	2,804
Lease obligation	2,300	2,300
Accounts payable and other current liabilities	700	700
TOTAL LIABILITIES	<u>5,804</u>	<u>5,804</u>
Net assets acquired	<u>4,247</u>	<u>4,147</u>
Goodwill resulted from acquisition	<u>392</u>	

The investment in JATS held by the Company directly before achieving control was remeasured at its acquisition date at fair value and, accordingly, a loss of JD 64 was recognized in the interim condensed consolidated income statement.

- * The initial accounting for this business combination was determined provisionally, as the fair values to be assigned to the acquirees' identifiable assets and liabilities could be determined only provisionally by the end of the period in which the combination was affected. The Group will recognize any adjustment to those provisional values as a result of completing the initial accounting within twelve months from the date of acquisition.

	<u>30 September 2023 Unaudited</u>
Cash flow on acquisition:	
Net cash acquired with the subsidiary	200
Cash paid	(2,906)
Net cash paid	<u>(2,706)</u>

**Alia - The Royal Jordanian Airlines Company (Royal Jordanian)
Public Shareholding Company
Notes to the Interim Condensed Consolidated Financial Statements
30 September 2023 (Unaudited)
(In Thousands of Jordanian Dinars except for amounts in Foreign Currencies)**

12. INCOME TAX

No provision for income tax was calculated by the Company for the periods ended 30 September 2023 and 30 September 2022 due to the excess of deductible expenses over taxable income in accordance with the Income Tax Law No. (34) of 2014 and its amendments.

Alia – The Royal Jordanian Airlines Company filed its tax return for the years 2019 until 2022 within the statutory period. The Company has reached a final settlement with the Income and Sales Tax Department up to the year ended 31 December 2018 whereas the years 2019 until 2022 are yet to be reviewed up to date of the interim condensed consolidated financial statements.

The Income and Sales Tax Department raised claims to RJ by an amount of JD 2,271 which represents sales tax differences for the year 2016. The Company appealed the cases at the Tax Court. The Tax Court of First Instance issued a decision to reject the claim, and the Tax General Attorney appealed the case and dismissed it. The decision of the Tax Court of Appeal, in its capacity, was issued to annul the decision of the Court of First Instance and claim the Company for the tax according to the court's decision. The decision of the Court of Cassation overturned the decision of the Court of Appeal, and the case was returned to the Court of Appeal again.

The Court of Appeal's decision was issued by cassation, and the Company dismissed the decision for another controversial point, for which there is no specific value. The Criminal Court of Appeal issued a decision not to follow the cassation, and the Company has appealed this decision, and in the opinion of the tax consultant, the probability of winning both cases is very high.

Royal Wings Company filed its tax return for the years from 2019 until 2022 within the statutory period. The Income and Sales Tax Department is currently reviewing the Company's tax return for the year 2019 at the first instance court. The Income and Sales Tax Department reviewed the Company's records for the years 2020 and 2021. The Company filed its tax return for the year 2022 within the statutory period without submitting the audited statement of financial position whereas the Company's records are yet to be reviewed up to the date of the interim condensed consolidated financial statement. Royal Wings Company reached a final settlement with the Income and Sales Tax Department up to the year 2018.

Royal Tours for Travel and Tourism Company filed its tax return for the years from 2019 to 2022 within the statutory period. The Income and Sales Tax Department did not review the Company's accounting records for the years from 2019 up to the date of the interim condensed consolidated financial statements. Royal Tours for Travel and Tourism Company reached a final settlement with the Income and Sales Tax Department up to the year 2018.

**Alia - The Royal Jordanian Airlines Company (Royal Jordanian)
Public Shareholding Company
Notes to the Interim Condensed Consolidated Financial Statements
30 September 2023 (Unaudited)
(In Thousands of Jordanian Dinars except for amounts in Foreign Currencies)**

Al-Mashriq for Aviation Services Company "Tikram" filed its tax returns until the end of 2021. The Company reached a final settlement with the Income and Sales Tax Department until the end of 2021 except for the year 2020 whereas the Company's records are yet to be reviewed up to date of the interim condensed consolidated financial statement.

Jordan Airline Training and Simulator Company filed its tax returns for the years from 2020 until 2022 within the statutory period whereas the Company's records are yet to be reviewed up to date of the interim condensed consolidated financial statement. The Company reached a final settlement with the Income and Sales Tax Department up to the year 2019.

13. COMMITMENTS AND CONTINGENCIES

- Letters of credit and guarantees

As of 30 September 2023, the Group had letters of credit that amounted to JD 22,765 and letters of guarantees amounted to JD 877 (31 December 2022: letters of credit amounted to JD 22,789 and letters of guarantees amounted to JD 1,086).

- Claims against the Group

The Group is a defendant in a number of lawsuits amounting to JD 10,724 as of 30 September 2023 (31 December 2022: JD 10,774) representing legal actions and claims related to its ordinary course of business. Related risks have been analyzed as to the likelihood of occurrence, although the outcome of these matters cannot always be ascertained with precision. In the opinion of the Group and their legal counsels, the provision recognized as of 30 September 2023 is sufficient to cover any contingent liabilities and claims that may arise from these lawsuits.

- Capital Commitments

As of 30 September 2023, the Group had capital commitments of USD 1,082,182,354 (31 December 2022: USD 303,051,349), equivalent to JD 767,505 (31 December 2022: JD 214,930) relating to lease agreements signed for six new aircraft (31 December 2022: two aircraft).

Alia - The Royal Jordanian Airlines Company (Royal Jordanian)
Public Shareholding Company
Notes to the Interim Condensed Consolidated Financial Statements
30 September 2023 (Unaudited)
(In Thousands of Jordanian Dinars except for amounts in Foreign Currencies)

14. GEOGRAPHICAL DISTRIBUTION OF REVENUES

All operations are integrated under the airline business. The Group does not have any segment information other than the geographical distribution of revenues, which is used by the management executives to measure the Group's performance:

For the three months ended 30 September (Unaudited):

	2023				2022			
	Scheduled services	Chartered Flights		Total	Scheduled services	Chartered Flights		Total
		Passengers	Cargo			Passengers	Cargo	
Levant	25,060	15	342	25,417	19,087	-	293	19,380
Europe	57,985	201	476	58,662	56,547	-	189	56,736
Arab Gulf	40,547	225	-	40,772	38,302	276	-	38,578
America	79,086	-	-	79,086	66,011	-	479	66,490
Asia	6,008	-	-	6,008	101	-	-	101
Africa	3,683	-	-	3,683	2,489	-	64	2,553
Total revenues	212,369	441	818	213,628	182,537	276	1,025	183,838

For the nine months ended 30 September (Unaudited):

	2023				2022			
	Scheduled services	Chartered Flights		Total	Scheduled services	Chartered Flights		Total
		Passengers	Cargo			Passengers	Cargo	
Levant	63,775	62	1,313	65,150	45,193	17	761	45,971
Europe	139,607	242	1,273	141,122	117,849	382	1,023	119,254
Arab Gulf	110,967	759	35	111,761	94,845	358	-	95,203
America	180,591	-	565	181,156	138,501	-	1,466	139,967
Asia	19,953	-	379	20,332	1,230	-	680	1,910
Africa	9,153	-	-	9,153	5,938	44	117	6,099
Total revenues	524,046	1,063	3,565	528,674	403,556	801	4,047	408,404

Alia - The Royal Jordanian Airlines Company (Royal Jordanian)
Public Shareholding Company
Notes to the Interim Condensed Consolidated Financial Statements
30 September 2023 (Unaudited)
(In Thousands of Jordanian Dinars except for amounts in Foreign Currencies)

15. RELATED PARTY TRANSACTIONS

Related party transactions represent transactions with associated companies, employees' provident fund, and the Government of the Hashemite Kingdom of Jordan. Pricing policies and terms of these transactions are approved by the Group's management.

Following is a summary of balances due to / from related parties included in the interim condensed consolidated statement of financial position:

	30 September 2023		31 December 2022	
	(Unaudited)		(Audited)	
	Accounts receivable	Accounts payable	Accounts receivable	Accounts payable
Government of Hashemite Kingdom of Jordan	5,842	522	4,687	850
Employees' Provident Fund	-	998	-	5,327
Social Security Corporation	30	20,852	-	-
Jordan Aircraft Maintenance Company	-	89	298	-
Jordan Flight Catering Company	-	3,582	-	3,458
Jordan Aircraft Training and Simulation Company	-	-	-	244
	5,872	26,043	4,985	9,879

Advance payments in respect of capital increase – included in shareholders' equity:

	30 September 2023	31 December 2022
	(Unaudited)	(Audited)
Government Investments Management Company	70,000	70,000

The following is a summary of the transactions with associated companies included in the interim condensed consolidated income statement:

	For the three months ended 30 September		For the nine months ended 30 September	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Jordan Aircraft Maintenance Company (Joramco):				
Scheduled services revenues	69	32	224	163
Repair and maintenance expenses	(1,043)	(693)	(3,096)	(1,522)
Jordan Flight Catering Company:				
Passenger services expenses	(6,037)	(4,975)	(15,772)	(12,363)
Jordan Airline Training and Simulator Company:				
Scheduled services revenues	-	5	-	6
Pilot training expenses	-	(167)	(552)	(645)

Alia - The Royal Jordanian Airlines Company (Royal Jordanian)
Public Shareholding Company
Notes to the Interim Condensed Consolidated Financial Statements
30 September 2023 (Unaudited)
(In Thousands of Jordanian Dinars except for amounts in Foreign Currencies)

The following is a summary of the transactions with the Government of the Hashemite Kingdom of Jordan included in the interim condensed consolidated income statement:

	For the three months ended		For the nine months ended	
	30 September		30 September	
	(Unaudited)		(Unaudited)	
	2023	2022	2023	2022
Scheduled services revenues – passengers	2,291	1,357	5,876	3,284
Scheduled services revenues – cargo	129	207	433	887
Chartered flights	-	142	-	213
	2,420	1,706	6,309	4,384

Compensation of key management personnel:

The remuneration of members of key management during the period was as follows:

	For the three months ended		For the nine months ended	
	30 September		30 September	
	(Unaudited)		(Unaudited)	
	2023	2022	2023	2022
Salaries and other benefits	227	207	733	644
Board of Directors remuneration	12	5	36	21

16. EARNINGS PER SHARE

	30 September 2023	30 September 2022
	(Unaudited)	(Unaudited)
Profit (loss) for the period attributed to the equity holders of the parent ('000)	10,707	(71,654)
Weighted average number of shares ('000)	324,610	324,610
Basic and diluted earnings per share (JD)	JD 0.033	JD (0.221)

17. COMPARATIVE FIGURES

Some of the comparative figures for the period ended 30 September 2022 have been reclassified to correspond with 30 September 2023 presentation with no effect on equity or profit for the period ended 30 September 2022.

18. SUBSEQUENT EVENTS

On 7 October 2023, following to the outbreak of war in the Gaza Strip, the Company's operations in Tel Aviv halted until the date of preparing these interim condensed consolidated financial statements. As the war on Gaza develops, the Group's management will continue to monitor the developments in order to take the necessary measures.