

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

A PUBLIC SHAREHOLDING COMPANY

**UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

31 March 2024

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 at 31 March 2024, comprising the interim condensed consolidated statement of financial position as at 31 March 2024, 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 three months then ended and explanatory notes. Board of Directors are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard IAS (34) Interim Financial Reporting. 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.

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.

Amman – Jordan
30 April 2024



ERNST & YOUNG
Amman - Jordan

**Alia - The Royal Jordanian Airlines Company (Royal Jordanian)
Public Shareholding Company
Interim Condensed Consolidated Statement of Financial Position
At 31 March 2024
(In Thousands of Jordanian Dinars)**

	Notes	31 March 2024 (Unaudited)	31 December 2023 (Audited)
<u>ASSETS</u>			
Non-current assets			
Property and equipment	4	72,518	71,074
Investment properties		164,307	164,307
Right-of-use assets	5	367,556	339,809
Long-term advances on purchase and modification of aircraft and engines		9,715	9,715
Financial assets at fair value through other comprehensive income		2,087	2,087
Investments in associates		21,961	20,305
Restricted cash against lease contracts		44,380	42,289
Long-term loan granted to an associate	13	4,455	5,626
Deferred tax assets		12,322	12,322
		699,301	667,534
Current assets			
Other current assets		39,308	35,276
Current portion of long-term advances on purchase and modification of aircraft and engines		5,963	-
Spare parts and supplies		8,669	8,441
Current portion of long-term loan granted to an associate	13	1,922	1,922
Accounts receivable		45,824	40,803
Cash and bank balances	6	147,856	139,115
		249,542	225,557
Assets held for sale		79	79
TOTAL ASSETS		948,922	893,170
<u>EQUITY AND LIABILITIES</u>			
Shareholders' equity			
Paid-in capital	8	363,627	363,627
Share discount	8	(78,205)	(78,205)
Fair value reserve		133	133
Cash flow hedges		185	(61)
Accumulated losses		(219,884)	(195,178)
		65,856	90,316
Non-controlling interests		20,030	19,970
Net shareholders' equity		85,886	110,286
<u>LIABILITIES</u>			
Non-current liabilities			
Long-term loans	7- a	82,526	87,785
Long-term lease obligations	5	278,113	255,494
Long-term grants	7- b	1,826	2,558
Other long-term liabilities		55,364	54,230
		417,829	400,067
Current liabilities			
Current portion of long-term loans	7- a	24,069	25,082
Accrued expenses		97,287	90,199
Accounts payable and other current liabilities		99,110	86,947
Deferred revenues		147,432	106,441
Short-term lease obligations	5	73,731	70,548
Short-term grants	7- b	3,373	3,401
		445,002	382,618
Liabilities directly associated with the assets held for sale		205	199
Total liabilities		863,036	782,884
TOTAL EQUITY AND LIABILITIES		948,922	893,170

The attached notes from 1 to 15 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 Three Months Ended 31 March 2024 (Unaudited)
(In Thousands of Jordanian Dinars)

	Notes	For the three months ended	
		31 March	
		2024	2023
Continuing Operations:			
Revenues from contracts with customers	9	144,420	156,007
Cost of revenues		(149,527)	(161,784)
Gross loss		(5,107)	(5,777)
General and administrative expenses		(4,085)	(2,990)
Selling and marketing expenses		(11,083)	(10,362)
Other provisions		(17)	-
Net operating loss		(20,292)	(19,129)
Company's share of results of associates, net		2,017	1,340
Other income, net		1,590	442
Gain on sale of property and equipment		9	26
Loss on foreign currency exchange		(1,081)	(469)
Finance costs		(8,029)	(6,846)
Interest income		1,302	1,402
Loss for the period from continuing operations before income tax		(24,484)	(23,234)
Income tax expense	10	(156)	-
Loss for the period from continuing operations		(24,640)	(23,234)
Discontinued operations:			
Loss for the period from discontinued operations after income tax		(6)	(2)
Loss for the period		(24,646)	(23,236)
Attributable to:			
Equity holders of the parent		(24,706)	(23,249)
Non-controlling interests		60	13
		(24,646)	(23,236)
Earnings per share			
Basic and diluted earnings per share attributable to equity holders of the parent	14	JD (0.068)	JD (0.072)

The attached notes from 1 to 15 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 Three Months Ended 31 March 2024 (Unaudited)
(In Thousands of Jordanian Dinars)

	For the three months ended	
	31 March	
	<u>2024</u>	<u>2023</u>
Loss for the period	(24,646)	(23,236)
Other comprehensive income items:		
Other comprehensive income items that will be reclassified to profit or loss in subsequent periods (net of tax):		
Net profit on cash flow hedges	<u>246</u>	-
Total comprehensive income for the period	<u>(24,400)</u>	<u>(23,236)</u>
Attributable to:		
Equity holders of the parent	(24,460)	(23,249)
Non-controlling interests	<u>60</u>	<u>13</u>
	<u>(24,400)</u>	<u>(23,236)</u>

The attached notes from 1 to 15 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 Three Months Ended 31 March 2024 (Unaudited)
(In Thousands of Jordanian Dinars)

	<i>Attributable to equity holders of the parent</i>									
	<i>Paid-in</i>	<i>Share</i>	<i>Payments</i>	<i>Statutory</i>	<i>Fair value</i>	<i>Cash flow</i>	<i>Accumulated</i>	<i>Total</i>	<i>Non-</i>	<i>Net</i>
	<i>capital</i>	<i>discount</i>	<i>of capital</i>	<i>reserve</i>	<i>reserve</i>	<i>hedges</i>	<i>losses</i>		<i>controlling</i>	<i>equity</i>
			<i>increase</i>						<i>interests</i>	
For the three months ended 31 March 2024										
Balance as at 1 January 2024	363,627	(78,205)	-	-	133	(61)	(195,178)	90,316	19,970	110,286
Total comprehensive income for the period	-	-	-	-	-	246	(24,706)	(24,460)	60	(24,400)
Balance as at 31 March 2024	363,627	(78,205)	-	-	133	185	(219,884)	65,856	20,030	85,886
For the three months ended 31 March 2023										
Balance as at 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	-	-	-	-	-	-	(23,249)	(23,249)	13	(23,236)
Balance as at 31 March 2023	324,610	(78,205)	70,000	14,808	133	-	(423,214)	(91,868)	375	(91,493)

The attached notes from 1 to 15 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 Three Months Ended 31 March 2024 (Unaudited)
(In Thousands of Jordanian Dinars)

	Notes	For the three months ended 31 March	
		2024	2023
OPERATING ACTIVITIES			
Loss for the period from continuing operations before income tax		(24,484)	(23,234)
Loss for the period from discontinued operations before income tax		(6)	(2)
		(24,490)	(23,236)
Adjustments:			
Depreciation of property and equipment		4,670	4,062
Depreciation of right-of-use assets	5	14,796	14,441
Company's share of results of associates		(2,017)	(1,340)
Finance costs		8,029	6,846
Other income – amortization of grants		(760)	(684)
Provision for end of service indemnity		32	80
Gain from sale of property and equipment		(9)	(26)
Interest income		(1,302)	(1,402)
Provision for slow-moving inventory		17	-
Reversal of legal cases provision		-	66
Working capital changes:			
Accounts receivable		(5,021)	(8,259)
Spare parts and supplies		(245)	(1,053)
Other current assets		(2,140)	(8,227)
Deferred revenues		40,991	46,991
Accounts payable and other current liabilities		12,524	15,359
Accrued expenses and other long-term liabilities		7,464	21,551
Voluntary termination payments		-	(83)
Legal cases payments		(133)	-
Net cash flows from operating activities		52,406	65,086
INVESTING ACTIVITIES			
Purchase of property and equipment	4	(6,118)	(2,489)
Proceeds from sale of property and equipment		13	26
Change in restricted cash against lease contracts		(2,091)	(6,575)
Interest income received		1,147	1,208
Change in advances on purchase and modification of aircraft and engines		(5,963)	-
Short-term deposits		6,646	7,579
Net cash flows used in investing activities		(6,366)	(251)
FINANCING ACTIVITIES			
Repayment of loans		(7,176)	(4,171)
Payments of lease obligations	5	(22,356)	(18,267)
Interest paid		(1,121)	(1,137)
Net cash flows used in financing activities		(30,653)	(23,575)
Net increase in cash and cash equivalents		15,387	41,260
Cash and cash equivalents at the beginning of the period		52,207	56,308
Cash and cash equivalents at the end of the period	6	67,594	97,568

The attached notes from 1 to 15 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
31 March 2024 (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 air-transport activities from and to the Kingdom and to carry out the handling for aircrafts 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 April 2024.

(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 No (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 financial statements as at 31 December 2023. In addition, results of the three months period ended 31 March 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

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 when otherwise indicated.

(2-1) Changes in accounting polices

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 2023 except for the adoption of new amendments on the standards effective as at 1 January 2024 shown below:

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity’s liabilities, cash flows and exposure to liquidity risk.

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The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Group's interim condensed financial statements.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Group's interim condensed financial statements.

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

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

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

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the Group's interim condensed financial statements.

(2-2) Fundamental Accounting Concepts

The Group's accumulated losses of JD 219,884 represents 60% of the Group's paid-in capital as of 31 March 2024. Also, the Group's current liabilities exceeded its current assets by JD 195,460 as of 31 March 2024. The Group's ability to continue depends on its ability to achieve operational and financial results in accordance with its business plan and to comply with the provisions of article (266) of the Jordanian Company's law no. (22) for the year 1997 and its amendments, which requires that the accumulated losses of a Public Shareholding Company should not exceed 75% of its capital. otherwise, 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 and its main shareholder, the Government Investment Management Company increased and restructured 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 through the issuance of new shares in RJ's capital in favor of the Government Investment Management Company. Capital increase procedures were completed during December 2023.

Alia - The Royal Jordanian Airlines Company (Royal Jordanian)
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The General assembly resolved in their meeting held on 3 October 2023 to restructure RJ's capital. The restructuring plan is summarized as follows:

To write-off the accumulated losses and the statutory reserve through the following:

- JD 14,8 million against the Company's statutory reserve.
- JD 201 million against the Company's paid-in capital.

Capital increase of JD 240 million shares (Par value of one Jordanian Dinar per share), through the following:

- Capitalization of payments in respect of capital increase of JD 70 million in favor of the Government Investment Company 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.
- Acquisition of 90% of the capital of Jordan Airports Company for JD 170 million through the issuance of new shares in RJ's capital in favor of the Government Investment Management Company.

Accordingly, paid-in capital became JD 364 million as of 31 March 2024 and 31 December 2023 (note 8).

Moreover, the Company received a comfort letter on 8 June 2020 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.

(3) 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 at 31 March 2024:

	<u>Ownership Interest</u>	<u>Country</u>
Royal Tours for Travel and Tourism Company	80%	Jordan
Al Mashriq for Aviation Services "Tikram"	100%	Jordan
Royal Wings Company – under liquidation	100%	Jordan
Jordan Airports Company	90%	Jordan
Jordan Airline Training and Simulator Company	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.

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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

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) 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 period 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 Investment Management Company owns 95.32% from the Company's shares as at 31 March 2024 and 31 December 2023.

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Public Shareholding Company
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31 March 2024 (Unaudited)
(In Thousands of Jordanian Dinars except for amounts in foreign currencies)

(4) PROPERTY AND EQUIPMENT

During the three months ended 31 March 2024, the Group acquired property and equipment with a cost of JD 6,118 (31 March 2023: JD 2,489).

(5) LEASES

Set out below are the carrying amounts of right-of-use assets and lease obligations recognized and the movements during period ended 31 March 2024:

	<u>Right-of-use assets</u>				<u>Lease obligations*</u>
	<u>Aircraft</u>	<u>Aircraft's engines</u>	<u>Offices</u>	<u>Total</u>	
Balance as at 1 January 2024	290,182	29,366	20,261	339,809	326,042
Additions	27,529	-	109	27,638	27,638
Lease-term modification	14,905	-	-	14,905	14,905
Depreciation	(13,234)	(650)	(912)	(14,796)	-
Finance costs	-	-	-	-	5,615
Payments	-	-	-	-	(22,356)
Balance as at 31 March 2024	319,382	28,716	19,458	367,556	351,844

* Lease obligations details are as follows:

<u>31 March 2024</u>			<u>31 December 2023</u>		
<u>(Unaudited)</u>			<u>(Audited)</u>		
<u>Short-term</u>	<u>Long-term</u>	<u>Total</u>	<u>Short-term</u>	<u>Long-term</u>	<u>Total</u>
<u>73,731</u>	<u>278,113</u>	<u>351,844</u>	<u>70,548</u>	<u>255,494</u>	<u>326,042</u>

Alia - The Royal Jordanian Airlines Company (Royal Jordanian)
Public Shareholding Company
Notes to The Interim Condensed Consolidated Financial Statements
31 March 2024 (Unaudited)
(In Thousands of Jordanian Dinars except for amounts in foreign currencies)

(6) CASH AND BANK BALANCES

	31 March 2024	31 December 2023
	(Unaudited)	(Audited)
Cash and bank balances	47,881	38,680
Short-term deposits *	3,757	1,080
Cash in transit **	15,877	12,368
Total cash and short-term deposits	67,515	52,128
Short-term deposits mature after 3 months ***	80,341	86,987
Total cash and bank balances	147,856	139,115

* This item represents deposits in Jordanian Dinars in Jordanian Banks as at 31 March 2024 with an interest rate ranging between 6.2% and 6.25% (2023: 6.1%) and a deposit in US Dollars with an interest rate of 2% (2023: nil) and are due within three months.

** This item includes cash received on tickets sales and airwaybills sales through IATA accredited agents during March that were deposited in the Company's bank accounts during April 2024.

*** This item represents deposit in Banks in Jordanian Dinar of JD 79,546 with an interest rate ranging between 6.1% and 6.75% and a deposit of 150,000 thousand Algerian Dinar equivalent to JD 795 with an interest rate of 3.18% as at 31 March 2024 and are due after more than three months. (31 December 2023: Deposits in Jordanian Dinar of JD 86,192 with an interest rate ranging between 6.05% and 6.75%, in addition to a deposit of 150,000 thousand Algerian Dinar equivalent to JD 795 and are due after more than three months.)

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

	31 March 2024	31 March 2023
	(Unaudited)	(Unaudited)
Cash and cash equivalents	67,515	97,493
Add: cash from discontinued operations	79	75
	67,594	97,568

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(In Thousands of Jordanian Dinars except for amounts in foreign currencies)

(7) LOANS AND GOVERNMENT GRANTS

(7 - a) Bank Loans

	31 March 2024		31 December 2023	
	(Unaudited)		(Audited)	
	Loans' installments		Loans' installments	
	Short-term	Long-term	Short-term	Long-term
Syndicated loan	16,681	19,460	16,681	23,632
Capital Bank loan	-	45,727	-	45,146
Social Security- "Himaya" program	5,690	9,500	5,626	10,946
Jordan Airline Training and Simulator Company – Arab Bank	708	1,947	708	2,128
Jordan Airline Training and Simulator Company – Ahli Bank	239	266	289	307
Rawabi Jordan Investment Company (a subsidiary of Jordan Airports Company) – Jordan Kuwait Bank	751	5,626	1,922	5,626
Less: directly attributable transaction costs	-	-	(144)	-
	24,069	82,526	25,082	87,785

Syndicated loan

On 20 December 2015, the Company signed a syndicated loan agreement amounted to JD 195,000 (USD 275 million). 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 fell 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 2021, 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.

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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.

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 was not required to meet those financial ratios until 31 December 2022. In April 2022, the Company signed an amendment letter, whereas the Company was not required to meet the financial ratios until 31 December 2023. During April 2023, the Company obtained the bank's approval, whereas the Company is not required to meet the financial ratios until 31 December 2024. On 12 June 2023, the Company signed an amendment letter, whereas the Company was not required to meet the financial ratios until 31 December 2024.

On 13 June 2023, the Company signed an amendment to the agreement, whereby the interest calculation was modified from LIBOR to risk-free interest rates 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 31 March 2024 and 31 December 2023. 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 7 - 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.

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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.

Jordan Airline Training and Simulator Company – Arab Bank

On 30 July 2023, Jordan Airline Training and Simulator Company signed a loan agreement with Arab Bank amounting to USD 4 million which is equivalent to JD 2,836. The loan bears an annual interest rate of one-month Term SORF plus 2.5%. The loan is repayable in 48 monthly installments amounting to JD 59 (USD 83,300) except for the last settlement amounting to JD 60 (USD 84,900). The first installment was due during February 2024.

Jordan Airline Training and Simulator Company - Ahli Bank

On 1 January 2017, Jordan Airline Training and Simulator Company 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 installments 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 installments starting from 1 January 2023.

Rawabi Jordan Investment Company (A subsidiary of Jordan Airports Company) – Jordan Kuwait Bank

Rawabi Jordan Investment Company obtained a loan of JD 13,475 (USD 19 million) at an annual interest rate of 8% from Jordan Kuwait Bank, with the full loan installments and accrued interest to be paid by the Jordan Aircraft Maintenance Company.

On 1 March 2023, Rawabi Jordan Investment Company amended the loan agreement and increased the interest rate to be 9,2%.

Principal installments payable for the period ended 31 March 2024 and after are as follows:

Period	Amount
1 April 2024 – 31 March 2025	24,069
1 April 2025 – 31 March 2026	70,097
1 April 2026 – 31 March 2027	7,906
1 April 2027 – 31 March 2028	4,523
	<u>106,595</u>

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(7 - b) Government Grants

	<u>31 March 2024</u>			<u>31 December 2023</u>		
	<u>(Unaudited)</u>			<u>(Audited)</u>		
	<u>Related to</u>			<u>Related to</u>		
	Social security			Social security		
	Capital	"Himaya"		Capital	"Himaya"	
	Bank's loan	program's loan	Total	Bank's loan	program's loan	Total
Balance as at the beginning of the period / year	4,852	1,107	5,959	5,719	2,029	7,748
Recognized during the period / year	-	-	-	1,468	(74)	1,394
Released to the interim condensed consolidated income statement during the period / year	(579)	(181)	(760)	(2,335)	(848)	(3,183)
Balance as at the ending of the period / year	4,273	926	5,199	4,852	1,107	5,959
Non-current	1,467	359	1,826	2,082	476	2,558
Current	2,806	567	3,373	2,770	631	3,401
	4,273	926	5,199	4,852	1,107	5,959

(8) SHAREHOLDERS' EQUITY

	<u>31 March 2024</u>	<u>31 December 2023</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
Paid-in capital		
Authorized capital (Par value of Jordanian Dinar per share)	363,627	363,627
Paid-in capital	363,627	363,627

The General assembly resolved in their meeting held on 3 October 2023 to restructure RJ's capital. The restructuring plan is summarized as follows:

To write-off the accumulated losses and the statutory reserve through the following:

- JD 14,8 million against the Company's statutory reserve.
- JD 201 million against the Company's paid-in capital.

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Capital increase of JD 240 million shares (Par value of one Jordanian Dinar per share), through the following:

- 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.
- Acquisition of 90% of the capital of Jordan Airports Company for JD 170 million through the issuance of new shares in RJ's capital in favor of the Government Investment Management Company.

Accordingly, paid-in capital became JD 364 million as of 31 March 2024 and 31 December 2023.

Share discount

Share discount amounted to JD 78,2 million as at 31 March 2024 and 31 December 2023. The accumulated balance in this account represents the difference between the issuing price and the par value of the shares issued.

(9) REVENUES FROM CONTRACTS WITH CUSTOMERS

	For the three months ended 31 March	
	<u>2024</u>	<u>2023</u>
Scheduled Services		
Passengers	118,079	128,950
Cargo	5,241	6,812
Excess baggage	1,696	1,562
Airmail	1,215	1,509
Total scheduled services (note 12)	126,231	138,833
Chartered flights (note 12)	1,271	1,752
Cargo warehouse revenues	5,291	3,674
Commercial revenues from arriving and departing aircraft of other companies	4,003	3,954
Revenues from technical and maintenance services provided to other companies	886	803
First class services revenues	1,518	1,564
Royal tours revenues (Tours operating revenues)	1,555	2,357
Ancillary revenue	980	971
Revenues from NDC (Galileo)	779	658
Frequent flyer revenues	712	942
Revenue from airport operator	437	-
Training revenue	319	-
Other revenues	438	499
	144,420	156,007

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(10) INCOME TAX

No provision for income tax was calculated by the Company and its subsidiaries for the period ended 31 March 2024 and 2023 due to the excess of deductible expenses over taxable income in accordance with the Income Tax Law No. (34) of 2014 and its amendments except for Jordan Airports Company.

The Company filed its tax return for the years from 2019 to 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 from 2019 to 2022 are yet to be reviewed up to date of these interim condensed consolidated financial statement.

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. The Court of Cassation issued a decision to overturn the contested decision, acquit the Company, and cancel all fines.

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 returns at the first instance court. Royal Wings Company reached a final settlement with the Income and Sales Tax Department up to the year 2018 whereas the years from 2019 to 2022 are yet to be reviewed up to date of these interim condensed consolidated financial statement.

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

Al-Mashriq for Aviation Services Company "Tikram" filed its tax returns for the years from 2020 to 2022. Al-Mashriq for Aviation Services Company "Tikram" reached a final settlement with the Income and Sales Tax Department up to the year 2021. The Income and Sales Tax Department did not review the Company's accounting records for the years 2020 and 2022 up to the date of these interim condensed consolidated financial statements.

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

Jordan Airports Company filed its tax return for the years from 2020 until 2022 within the statutory period. Jordan Airports Company reached a final settlement with the Income and Sales Tax Department up to the year 2019 whereas the years from 2020 to 2022 are yet to be reviewed up to date of these interim condensed consolidated financial statement.

(11) COMMITMENTS AND CONTINGENCIES

Letters of credit and guarantees

As of 31 March 2024, the Group had letters of credit that amounted to JD 25,639 and letters of guarantees amounted to JD 1,299 (31 December 2023: letters of credit amounted to JD 24,372 and letters of guarantees amounted to JD 963).

Claims against the Group

The Group is a defendant in a number of lawsuits amounting to JD 12,827 as at 31 March 2024 (31 December 2023: JD 10,958) 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 31 March 2024 is sufficient to cover any contingent liabilities and claims that may arise from these lawsuits.

Capital Commitments

As of 31 March 2024 and 31 December 2023, the Group had capital commitments of USD 1,180,147,957, equivalent to JD 836,984.

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(12) 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 31 March 2024				For the three months ended 31 March 2023			
	Scheduled services	Chartered Flights		Total	Scheduled services	Chartered Flights		Total
		Passengers	Cargo			Passengers	Cargo	
Levant	16,284	97	489	16,870	19,448	-	197	19,645
Europe	31,425	148	389	31,962	34,411	-	373	34,784
Arab Gulf	36,246	-	-	36,246	36,111	238	-	36,349
America	36,056	-	-	36,056	38,019	-	565	38,584
Asia	3,946	111	-	4,057	8,450	-	379	8,829
Africa	2,274	37	-	2,311	2,394	-	-	2,394
Total revenues	<u>126,231</u>	<u>393</u>	<u>878</u>	<u>127,502</u>	<u>138,833</u>	<u>238</u>	<u>1,514</u>	<u>140,585</u>

(13) 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 and from related parties included in the interim condensed consolidated statement of financial position:

	31 March 2024		31 December 2023	
	Accounts receivable	Accounts payable	Accounts receivable	Accounts payable
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Government of Jordan	7,123	503	6,255	506
Employees' Provident Fund	-	3,071	-	2,502
Social Security Corporation	6	17,747	7	19,262
Jordan Aircraft Maintenance Company	-	332	154	-
Jordan Flight Catering Company	-	4,019	-	4,717
	<u>7,129</u>	<u>25,672</u>	<u>6,416</u>	<u>26,987</u>

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	<u>31 March 2024</u> (Unaudited)	<u>31 December 2023</u> (Audited)
Loan granted from Rawabi Jordan Investment Company to Jordan Aircraft Maintenance Company		
Non-current	<u>4,455</u>	<u>5,626</u>
Current	<u>1,922</u>	<u>1,922</u>

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

	<u>For the three months ended 31 March</u>	
	<u>2024</u> (Unaudited)	<u>2023</u> (Unaudited)
Jordan Aircraft Maintenance Company (JORAMCO):		
Scheduled services revenues	<u>91</u>	<u>43</u>
Repair and maintenance expenses	<u>(867)</u>	<u>(450)</u>
Jordan Flight Catering Company:		
Passenger services expenses	<u>(4,684)</u>	<u>(4,691)</u>
Jordan Aircraft Training and Simulation Company: *		
Pilots training expenses	<u>-</u>	<u>(476)</u>

- * During April 2023, the Company signed an agreement to acquire the remaining 80% of the shares of Jordan Airline Training and Simulator Company, a limited liability Company. Accordingly, RJ became the sole owner of the whole shares of Jordan Airline Training and Simulator Company and the investment was classified as an investment in a subsidiary. All intra-group expenses relating to transactions between members of the Group are eliminated in full for the three months ended 31 March 2024.

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:

	<u>For the three months ended 31 March</u>	
	<u>2024</u> (Unaudited)	<u>2023</u> (Unaudited)
Scheduled services revenues – passengers	<u>1,881</u>	<u>1,921</u>
Scheduled services revenues – cargo	<u>416</u>	<u>210</u>
	<u>2,297</u>	<u>2,131</u>

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Compensation of key management personnel:

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

	For the three months ended 31 March	
	<u>2024</u> (Unaudited)	<u>2023</u> (Unaudited)
Salaries and other benefits	<u>228</u>	<u>221</u>
Board of Directors remuneration	<u>12</u>	<u>8</u>

(14) EARNINGS PER SHARE FROM THE LOSS OF THE PERIOD

	<u>31 March 2024</u> (Unaudited)	<u>31 March 2023</u> (Unaudited)
Loss for the period attributed to the equity holders' of the parent ('000)	<u>(24,706)</u>	<u>(23,249)</u>
Weighted average number of shares ('000)	<u>363,627</u>	<u>324,610</u>
Basic and diluted earnings per share (JD)	<u>(0.068)</u>	<u>(0.072)</u>

(15) COMPARATIVE FIGURES

Some of the comparative figures for the period ended 31 March 2023 have been reclassified to correspond with 31 March 2024 presentation with no effect on equity or loss for the period ended 31 March 2023.