

JORDAN PETROLEUM REFINERY COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN - JORDAN

CONDENSED CONSOLIDATED INTERIM FINANCIAL  
INFORMATION FOR THE NINE MONTHS  
ENDED SEPTEMBER 30, 2022  
TOGETHER WITH THE INDEPENDENT  
AUDITOR'S REVIEW REPORT

JORDAN PETROLEUM REFINERY COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN – JORDAN  
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TABLE OF CONTENTS

	<u>Page</u>
Review Report	1
Condensed Consolidated Interim Statement of Financial Position	2
Condensed Consolidated Interim Statement of Profit or Loss	3
Condensed Consolidated Interim Statement of Comprehensive Income	4
Condensed Consolidated Interim Statement of Changes in Owners’ Equity	5
Condensed Consolidated Interim Statement of Cash Flows	6
Notes to the Condensed Consolidated Interim Financial Information	7 - 47

## Review Report

AM/ 000573

H.E. the Chairman and Members of the Board of Directors  
Jordan Petroleum Refinery Company  
(A Public Shareholding Limited Company)  
Amman - Jordan

### **Introduction**

We have reviewed the accompanying condensed consolidated interim statement of financial position of Jordan Petroleum Refinery Company ("the Company") and its subsidiaries ("the Group") as of September 30, 2022 and the condensed consolidated interim statements of profit or loss and comprehensive income for the three months and nine months ended September 30, 2022, and the condensed consolidated interim statements of changes in owners' equity and cash flows for the nine months ended on that date, and a summary for the significant accounting policies and other notifying information. Management is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard (34) Interim Financial Reporting. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements No. 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Company". A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared in all material respects, in accordance with International Accounting Standard (34) Interim Financial Reporting.

### **Other Matter**

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

Amman - Jordan  
October 27, 2022

  
Deloitte & Touche (M.E.) – Jordan

Deloitte & Touche (M.E.)  
ديلويت آند توش (الشرق الأوسط)  
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**JORDAN PETROLEUM REFINERY COMPANY**  
**(A PUBLIC SHAREHOLDING LIMITED COMPANY)**

**AMMAN - JORDAN**

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**

	Note	September 30, 2022 (Reviewed not Audited) JD	December 31, 2021 (Audited) JD
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash on hand and at banks		24,327,016	21,424,529
Receivables and other debit balances	8	711,939,642	538,643,520
Crude oil, finished oil products and supplies	9	551,810,419	416,994,316
<b>Total Current Assets</b>		<b>1,288,077,077</b>	<b>977,062,365</b>
<b>Non-Current Assets:</b>			
Financial assets at fair value through other comprehensive income	22	3,848,590	2,630,051
Deferred tax assets		11,727,842	8,283,667
Investment property - net		2,724,164	2,757,580
Property, plant, equipment and projects under construction - net		188,563,249	180,857,352
Intangible assets - net		15,036,715	17,286,282
Right of use of assets - net		43,988,560	54,588,104
<b>Total Non-Current Assets</b>		<b>265,889,120</b>	<b>266,403,036</b>
<b>TOTAL ASSETS</b>		<b>1,553,966,197</b>	<b>1,243,465,401</b>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Due to banks	10	698,858,595	550,829,986
Payables and other credit balances	11	429,189,309	335,516,521
Income tax provision	12/a	18,217,454	6,414,333
Lease liabilities - current portion		2,526,420	4,969,591
<b>Total Current Liabilities</b>		<b>1,148,791,778</b>	<b>897,730,431</b>
<b>Non-Current Liabilities:</b>			
Due to death, compensation and end-of-service indemnity fund	13	38,923,444	39,227,945
End-of-service indemnity provision		39,802	37,859
Lease liabilities - non-current portion		40,494,553	43,840,855
<b>Total Non-Current Liabilities</b>		<b>79,457,799</b>	<b>83,106,659</b>
<b>TOTAL LIABILITIES</b>		<b>1,228,249,577</b>	<b>980,837,090</b>
<b>OWNERS' EQUITY</b>			
<b>Shareholders' equity:</b>			
Authorized and paid-up capital (100,000,000 share at JD 1 per share)	1	100,000,000	100,000,000
Statutory reserve		48,457,173	48,457,173
Voluntary reserve		39,680,675	26,784,557
Fourth expansion project reserve		15,405,737	4,630,868
Financial assets valuation reserve - net		3,468,866	2,250,327
Difference resulted from purchase of non-controlling interest		(326,472)	(326,472)
Retained earnings		18,556,595	72,227,582
Profit for the period		92,086,159	-
<b>Total Shareholders' Equity</b>		<b>317,328,733</b>	<b>254,024,035</b>
Non - controlling interests		8,387,887	8,604,276
<b>Total Owners' Equity</b>		<b>325,716,620</b>	<b>262,628,311</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>1,553,966,197</b>	<b>1,243,465,401</b>
<b>Contra Accounts</b>			
Death, compensation and end-of-service indemnity fund	13	47,296,964	47,928,932

Chairman of the Board of Directors

Chief Executive Officer

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDITOR'S REVIEW REPORT.

**JORDAN PETROLEUM REFINERY COMPANY**  
**(A PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**AMMAN - JORDAN**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS**  
**(REVIEWED NOT AUDITED)**

	Note	For the Three Months Ended September 30,		For the Nine the Months Ended September 30,	
		2022 (Reviewed) JD	2021 (Reviewed) JD	2022 (Reviewed) JD	2021 (Reviewed) JD
Net Sales	14	372,902,073	304,314,601	1,255,198,386	859,244,187
<b>Less:</b> Cost of sales	15	<u>(337,034,644)</u>	<u>(277,999,831)</u>	<u>(1,065,833,259)</u>	<u>(763,939,810)</u>
Gross profit from sales		35,867,429	26,314,770	189,365,127	95,304,377
<b>Add:</b> Operating income and other		<u>2,733,576</u>	<u>3,398,445</u>	<u>6,795,546</u>	<u>8,106,607</u>
Gross profit		38,601,005	29,713,215	196,160,673	103,410,984
<b>Less:</b> Selling and distribution expenses		<u>(14,025,945)</u>	<u>(12,796,403)</u>	<u>(42,016,966)</u>	<u>(38,843,236)</u>
Administrative and general expenses		(3,262,384)	(2,914,354)	(10,696,313)	(8,209,179)
Bank interests and commissions		(6,489,994)	(5,549,707)	(16,303,724)	(15,817,203)
(Provision) of lawsuits provision	11	288,412	(829,430)	(1,504,354)	(1,148,557)
(Provision) of released from expected credit losses	8/j	158,643	1,477,657	(2,755,207)	1,062,299
(Provision) of released from slow-moving and obsolete inventory and sediments provision	9	(671,521)	816,883	(1,498,995)	259,905
(Provision) of storage fees	11/h	(252,480)	(252,480)	(757,440)	(691,365)
(Provision) of released from employees' vacations provision	11	50,174	195,599	(36,866)	72,656
Income from strategic inventory storage		-	122,062	-	1,505,732
Interests income resulting from government's delay		3,470,591	3,539,146	9,724,463	10,244,413
Lease liabilities interests		(647,317)	(677,679)	(2,080,350)	(2,005,853)
Intangible assets amortization		(750,000)	(750,000)	(2,250,000)	(2,250,000)
(Provision) of special tax differences	11/k	<u>(3,229,130)</u>	-	<u>(9,687,390)</u>	-
Profit for the Period before Income Tax		13,240,054	12,094,509	116,297,531	47,590,596
Income tax (expense) for the period	12/b	<u>(3,051,909)</u>	<u>(3,205,907)</u>	<u>(23,481,017)</u>	<u>(9,291,765)</u>
Profit for the Period		<u>10,188,145</u>	<u>8,888,602</u>	<u>92,816,514</u>	<u>38,298,831</u>
<b>Attributable to :</b>					
Company's shareholders		9,711,110	9,235,136	92,086,159	36,230,189
Non-controlling interests		477,035	(346,534)	730,355	68,642
		<u>10,188,145</u>	<u>8,888,602</u>	<u>92,816,514</u>	<u>38,298,831</u>
Profit per share for the period attributable to the Company's shareholders -					
Basic & Diluted	16	<u>-/10</u>	<u>-/09</u>	<u>-/92</u>	<u>-/38</u>

Chairman of the Board of Directors

Chief Executive Officer

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JORDAN PETROLEUM REFINERY COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN - JORDAN  
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
(REVIEWED NOT AUDITED)

	<u>For the Three Months Ended September 30,</u>		<u>For the Nine Months Ended September 30,</u>	
	<u>2022 (Reviewed)</u>	<u>2021 (Reviewed)</u>	<u>2022 (Reviewed)</u>	<u>2021 (Reviewed)</u>
	JD	JD	JD	JD
Profit for the period	10,188,145	8,888,602	92,816,514	38,298,831
Items that can not be reclassified subsequently to the condensed consolidated interim statement of profit or loss:				
Change in financial assets valuation reserve - net	<u>250,590</u>	<u>(115,201)</u>	<u>1,218,539</u>	<u>370,645</u>
Total Comprehensive Income for the Period	<u><u>10,438,735</u></u>	<u><u>8,773,401</u></u>	<u><u>94,035,053</u></u>	<u><u>38,669,476</u></u>
Total Consolidated Comprehensive Income Attributable to:				
Company's shareholders	9,961,700	9,119,935	93,304,698	38,600,834
Non-controlling interests	<u>477,035</u>	<u>(346,534)</u>	<u>730,355</u>	<u>68,642</u>
	<u><u>10,438,735</u></u>	<u><u>8,773,401</u></u>	<u><u>94,035,053</u></u>	<u><u>38,669,476</u></u>

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JORDAN PETROLEUM REFINERY COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY

(REVIEWED NOT AUDITED)

	Paid-up Capital	Statutory Reserve	Voluntary Reserve	Fourth Expansion Project Reserve	Financial Assets Valuation Reserve - Net	Difference Resulting from Purchasing Non- Controlling Interests	Retained Earnings *	Profit for the Period	Total		Total Owners' Equity
									Shareholders'	Non-Controlling	
									Equity	Interests	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<u>For the Nine Months Ended September 30, 2022 (Reviewed)</u>											
Balance at the beginning of the period	100,000,000	48,457,173	26,784,557	4,630,868	2,250,327	(326,472)	72,227,582	-	254,024,035	8,604,276	262,628,311
Total comprehensive income for the period	-	-	-	-	1,218,539	-	-	92,086,159	93,304,698	730,355	94,035,053
Deducted to reserves	-	-	12,896,118	12,896,118	-	-	(25,792,236)	-	-	-	-
Transfer from fourth expansion reserve to retained earnings	-	-	-	(2,121,249)	-	-	2,121,249	-	-	-	-
Change in non - controlling interests	-	-	-	-	-	-	-	-	-	(946,744)	(946,744)
Dividends distributed to shareholders	-	-	-	-	-	-	(30,000,000)	-	(30,000,000)	-	(30,000,000)
Balance at the End of the Period	<u>100,000,000</u>	<u>48,457,173</u>	<u>39,680,675</u>	<u>15,405,737</u>	<u>3,468,866</u>	<u>(326,472)</u>	<u>18,556,595</u>	<u>92,086,159</u>	<u>317,328,733</u>	<u>8,387,887</u>	<u>325,716,620</u>
<u>For the Nine Months Ended September 30, 2021 (Reviewed)</u>											
Balance at the beginning of the period	100,000,000	45,834,122	26,784,557	7,609,176	1,877,537	(86,472)	24,825,896	-	206,844,816	9,137,596	215,982,412
Total comprehensive income for the period	-	-	-	-	370,645	-	-	38,230,189	38,600,834	68,642	38,669,476
Transfer from fourth expansion reserve to retained earnings	-	-	-	(2,280,629)	-	-	2,280,629	-	-	-	-
Change in non - controlling interests	-	-	-	-	-	-	-	-	-	(1,348,390)	(1,348,390)
Dividends distributed to shareholders	-	-	-	-	-	-	(5,000,000)	-	(5,000,000)	-	(5,000,000)
Balance at the End of the Period	<u>100,000,000</u>	<u>45,834,122</u>	<u>26,784,557</u>	<u>5,328,547</u>	<u>2,248,182</u>	<u>(86,472)</u>	<u>22,106,525</u>	<u>38,230,189</u>	<u>240,445,650</u>	<u>7,857,848</u>	<u>248,303,498</u>

\* Profit for the period and retained earnings includes an amount of JD 11,727,842 as of September 30, 2022, representing the value of deferred tax assets restricted according to the Jordan Securities Commission's instructions (JD 8,283,667 as of December 31, 2021).

- In its ordinary meeting held on April 27, 2022, the General Assembly decided to distribute 30% from paid-up capital equivalent to JD 30 million. Also, they decided to allocate an amount of JD12,896,118 to the voluntary reserve and allocate an amount of JD 12,896,118 to the fourth expansion project reserve and deduction of 10% to the statutory reserve account from the net annual profit of the Jordan Petroleum Products Marketing Company and continue to stop deduction of 10% as a statutory reserve for the remaining company's activities and use the accumulated balance of the voluntary reserve for the purposes of the fourth expansion project.

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JORDAN PETROLEUM REFINERY COMPANY  
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AMMAN - JORDAN  
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS  
(REVIEWED NOT AUDITED)

	Note	<u>For the Nine Months Ended September 30,</u>	
		<u>2022 (Reviewed)</u>	<u>2021 (Reviewed)</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
		JD	JD
Profit for the period before income tax		116,297,531	47,590,596
Adjustments :			
Depreciation of property & equipment and investments property		9,705,114	10,407,679
Amortization of intangible assets		2,250,000	2,250,000
Depreciation of right-of-use assets		2,427,047	2,317,487
Interest income resulting from government's delay		(9,724,463)	(10,244,413)
Provision of (released from) slow-moving and obsolete inventory and sediments	9	1,498,995	(259,905)
Provision of (released from) expected credit losses	8/j	2,755,207	(1,062,299)
Provision of lawsuits	11	1,504,354	1,148,557
Provision of storage fees	11/h	757,440	691,365
provision of (released from) employees' vacations	11	36,866	(72,656)
Provision of special tax differences	11/k	9,687,390	-
Income from storage of strategic inventory		-	(1,505,732)
Lease liabilities interests		<u>2,080,350</u>	<u>2,005,853</u>
Net Cash Flows from Operating Activities before Changes in Working Capital Items		139,275,831	53,266,532
(Increase) in receivables and other debit balances		(166,326,866)	(66,475,195)
(Increase) in crude oil, finished oil products, and supplies		(136,315,098)	(72,278,347)
Increase in payables and other credit balances		86,265,145	85,864,762
(Decrease) in death, compensation, and end-of-service indemnity fund		<u>(304,501)</u>	<u>(757,086)</u>
Net Cash Flows (Used in) Operating Activities Before Tax		(77,405,489)	(379,334)
Income tax paid	12/a	<u>(15,122,071)</u>	<u>(1,860,007)</u>
Net Cash Flows (Used in) Operating Activities		<u>(92,527,560)</u>	<u>(2,239,341)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Change in property & equipment, projects under construction, and investment properties - net		<u>(17,377,595)</u>	<u>(11,908,533)</u>
Net Cash Flows (Used in) Investing Activities		<u>(17,377,595)</u>	<u>(11,908,533)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Increase in due to banks		148,028,609	24,690,242
(Paid) from lease liabilities		(7,869,823)	(2,821,363)
Dividends distributed to shareholders		<u>(27,351,144)</u>	<u>(5,000,000)</u>
Net Cash Flows From Financing Activities		<u>112,807,642</u>	<u>16,868,879</u>
Net Increase in Cash		2,902,487	2,721,005
Cash on hand and at banks at the beginning of the year		<u>21,424,529</u>	<u>14,034,372</u>
Cash on Hand and at Banks at the End of the Period		<u><u>24,327,016</u></u>	<u><u>16,755,377</u></u>
<b>Non-cash transactions</b>			
Offsetting agreements	8	17,830,161	10,468,299
Transfers from right of use assets to property, plant and equipment		8,172,497	-

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JORDAN PETROLEUM REFINERY COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN - JORDAN  
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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1. General

The Company was established on July 8, 1956, with a capital of JD 4 million. This capital was increased in stages, with the latest decision of the Company's general assembly extraordinary meeting held on April 28, 2016, to increase the capital of the Company by capitalizing JD 25 million and distribute it to the shareholders. As a result, the Company's authorized and paid-up capital has reached JD 100 million.

The Company owns the main units of refining, segregating, and converting the imported crude oil components to a set of finished oil derivatives, it also owns Jordan Lube-Oil Manufacturing Company (a subsidiary) which is wholly owned, in addition to Jordan Petroleum Products Marketing Company (a subsidiary) which is wholly owned. Also, the Company owns three liquefied gas-filling stations. Moreover, the process of repairing gas cylinders is conducted in a special workshop to reduce the cost of writing off the cylinders. Meanwhile, the accompanying condensed consolidated interim financial information include the operations of the main refining units, factories, as well as directly and indirectly owned subsidiaries.

In addition to refining, producing, manufacturing, and importing oil derivatives, the Company transports and distributes final oil derivatives to some consumers who receive these supplies directly from the Company and it also fixes, maintains, and imports the empty gas cylinders and it produces, fills, and distributes liquid gas and The Jordan Lube-Oil Manufacturing Company (a subsidiary) produces, mixes, fills, and markets lube-oil products. Moreover, Jordan Petroleum Products Marketing Company (a subsidiary) imports, distributes, supplies, and sells finished oil derivatives to its affiliated stations, other stations, and other parties, in addition to the maintenance operations for these stations.

According to the settlement agreement with the Jordanian Government, dated February 25, 2008, concerning the termination of the concession, the Company has to segregate some of its activities through establishing new companies that are wholly or partially owned. During the year 2008, the Company established two subsidiaries wholly owned by it, namely: Jordan Liquefied Petroleum Gas Manufacturing and Filling Company and Jordan Lube Oil Manufacturing Company, in order to separate the gas filling and Lube Oil production activities, and since the company has obtained the necessary licenses from the Energy and Minerals Regulatory Commission to practice these activities at the beginning of March 2022, the company activated the Jordan Lube Oil Manufacturing Company and added the entire lube oil activity and factory to it starting April 1, 2022. As for the Jordan Liquefied Petroleum Gas Manufacturing and Filling Company, the company is still negotiating with the government on the amount of commission for this activity, which reflects a rate of return on investment of 12% annually in accordance with Council of Ministers Decision No. (7633) adopted in its meeting held on April 30, 2018 to activate this company noting that the company obtained the necessary licenses from the Energy and Minerals Regulatory Commission to practice all liquefied gas activities at the beginning of March 2022. During 2013, the Company established Jordan Petroleum Products Marketing Company (JPPMC), which is fully owned by Jordan Petroleum Refinery Company.

The Company obtained at the beginning of March 2022 all the necessary licenses from the Energy and Minerals Regulatory Authority to continue carrying out its various activities. The company obtained a license to practice refining and storage activities and licenses to practice liquefied gas activity for the filling stations related to it and a license to practice lube oil activities and licenses to practice central distribution activity for liquefied gas for all its filling stations and a permit to build the fourth expansion project that is related to JPRC.

## 2. The Concession Agreement

- a. The concession agreement between the Company and the Jordanian Government expired on March 2, 2008. Consequently, the Company signed a settlement agreement with the Jordanian Government on February 25, 2008, concerning the expiry of the concession, which was approved by the Company's General Assembly in its extraordinary meeting dated March 22, 2008. Moreover, no agreement has been reached regarding the eligibility for retaining the balances of the provision for expected credit losses and the provision for slow-moving and obsolete inventory and sediments at that date. As a result of the agreement between the Company and the Jordanian Government, the Ministry of Finance issued Letter No. (4/18/28669), dated August 29, 2019. The letter stated the ministry's approval that the Company should clear its tanks from sediments and water, that the Government should bear the associated costs, and that the Company should write off the materials, spare parts, and supplies no longer needed and transfer the surplus balance from the provision for slow-moving and obsolete inventory and sediments to the Ministry of Finance. The letter also included the ministry's approval for the Company to retain the balance of expected credit losses provision, in case the Company recovers any amount that was recorded within the provision, such amounts will be taken to the account of the Ministry of Finance.
- b. The Company calculated the profit for the period ended April 30, 2018, and for the years 2011 until the end of the year 2017, according to the resolution of the Council of Ministers, in their meeting held on September 13, 2012, which was illustrated in the Prime Minister's Letter No. (31/17/5/24694), dated September 17, 2012, and approved by the Company's General Assembly, in their extraordinary meeting held on November 8, 2012, which included the following:
  1. Through the oil derivatives pricing mechanism, annual net profit of JD 15 million after tax shall be achieved for the Jordan Petroleum Refinery Company while keeping the changes in the Company's expenses within the normal rates. Otherwise, the Government should be consulted concerning any deviations therefrom.
  2. The Government has the right to appoint an external auditor (public accountant) to audit the Company's financial statements for the purposes stipulated by the Government.
  3. Profit from the Jordan Petroleum Products Marketing Company owned by Jordan Petroleum Refinery Company, and any other profit from other future companies owned by it and operating according to licenses issued by the Ministry of Energy and Mineral Resources or the sector regulator, shall be excluded from the above-mentioned profit, provided that their standalone financial statements or their own accounts are separated.
  4. The Lube-Oil Factory's profit shall be excluded from the above-mentioned profit, provided that the Lube-Oil Factory is charged with the related fixed and variable costs, whether directly or indirectly, and its standalone financial statements or accounts are separated.
  5. The liquefied gas (LPG) activity profit shall be excluded from the above-mentioned profit, provided that its standalone financial statements or its own accounts are separated.
  6. The profit granted to Jordan Petroleum Refinery Company of 10 cents for each barrel from refining the Iraqi crude oil shall also be excluded from the above-mentioned profit, provided that this profit is subjected to income tax.
  7. The current or future financial statements shall not be charged with any prior years' provisions or expenditures, except for the committed provisions or expenditures (provisions and employees' rights, expected credit losses, written-off gas cylinders provisions, lawsuits raised against the Company provisions, slow moving, obsolete inventory and sediments provisions, self-insurance provisions, etc.), provided that these provisions and financial statements shall be audited by the Government.

8. All the above points apply on the year 2011, until the end of the transitional period of 5 years, starting from the operations commencement date of the marketing companies on September 1, 2012, noting that marketing and selling petroleum products companies started its operations on May 1, 2013. The financial relationship between the Company and Government has been terminated, beside the above decision was stopped from May 1, 2018, pursuant to the Council of Ministers' Decision No. (7633) adopted in its meeting held on April 30, 2018.

The calculated profit difference was recorded according to this method when calculating the profits according to the commercial basis in the Ministry of Finance's account (The Relationship) for the period ended April 30, 2018, and for the years from 2011 until the end of the year 2017, under the item of profit settlement with the Government. Noting that the results of the liquefied gas business activities were not excluded from the profits mentioned in item No.(5) above, despite the fact that the Council of Ministers' Decision No. (7633), adopted in its meeting held on April 30, 2018, has set the commission for filling gas cylinders for the period from May 1, 2018 to December 31, 2018 at JD 43 per gas ton sold, and the filling liquefied gas rate of return on investment was set for calculating the commission purposes with a rate of 12% per annum. Any surplus/shortage arising from the increase/decrease in the rate of return on investment compared to the targeted value shall be treated, when calculating the filling stations' commission amount, in the subsequent period either upward or downward. Meanwhile, the above mechanism may not cause any increase in the cylinder's cost charged to citizens or entail a subsidy by the Treasury / Ministry of Finance in this regard. Moreover, the Company has already provided the Energy Sector and Minerals Regulatory commission and the Ministry of Energy and Mineral Resources with all the information and data related to the gas activity for determining the commission amount for the years 2019 and 2020, the Ministry of Energy & Mineral Resources has assigned an auditor and external studies company to determine the commission amount for the years 2019 and 2020. Accordingly, the company provided the entities which was appointed by the Ministry of Energy and Mineral Resources to collect the required data. At the same time, these entities has provided the Ministry of Energy and Mineral Resources with it's final report, and no decision has been reached by the government regarding the final commission that reflects a 12% annual rate of return on investment according to the above-mentioned Council of Ministers' Decision No. (7633). As a result, the company is still negotiating with the government to reach an agreement on the final commission amount and based on that a new study has been appointed by the Ministry of Energy and Mineral Resources to determine the final Commission amount, noting that this company has finished its work and provided the final reports to the Ministry of Energy and Mineral Resources. Accordingly, the Ministry informed the company of the value of the commission that has been set, and the company objected to this value. Meetings are currently being held with the Ministry of Energy and Mineral Resources, representatives of the Ministry of Finance, the Energy and Minerals Regulatory Commission and the Foreign Studies Company to reach a fair commission value, which reflects a rate of return on investment for this activity of 12% annually.

### 3. End of the Financial Relationship with the Government

According to the meeting minutes regarding the Company's future operations signed on September 13, 2012, the financial relationship between Jordan Petroleum Refinery Company and the Government of Jordan ended on May 1, 2018. In its meeting held on April 30, 2018, the Council of Ministers issued Decision No. (7633), extending the exemption of oil derivatives from Jordan Petroleum Refinery Company's refining activity from implementing the Jordanian specifications throughout the period of implementation of the Fourth Expansion Project as of May 1, 2018, provided that commitment is made regarding the project implementation stages and that Jordan Petroleum Refinery Company's production may not exceed 46% of the local market needs for non-conforming oil derivatives. The decision also mandated the Ministry of Finance to follow up on the procedures' implementation concerning the below points, and submit any related observations to the Council of Ministers:

1. The Ministry of Finance shall calculate the amounts due to the Jordan Petroleum Refinery Company until April 30, 2018, and such amounts shall be paid in installments during the years 2018, 2019 and 2020 with interest thereon of (30%, 40% and 30%). Moreover, these amounts shall be paid after issuance of the General Budget Law and before the end of the second quarter of each year for the same year until full repayment in the year 2020. Meanwhile, the Ministry of Finance shall provide the Jordan Petroleum Refinery Company with a letter stating the amounts due to JPRC as of April 30, 2018 and guaranteeing their payment with interest at the actual cost borne by the Company during the above period at the rates outlined above.

As a result of the Government's failure to comply with the above decision, and based on the agreement between the Company and the Government, the Council of Ministers' Decision No. (6399) was adopted at its meeting held on September 9, 2019. This decision stipulated that the Company shall borrow an amount equivalent to around JD 457 million from banks to pay part of the debt balances due to the Company from the Government until December 31, 2018. In return, the Ministry of Finance shall pledges to pay the loans and interest thereon to the assigned banks. Consequently, during the first half of October 2019, the Company withdrew an amount of JD 455,505,000 from the banks assigned by the Ministry of Finance. Accordingly, the Ministry of Finance issued pledges to these banks that it shall pay the loans installments and interest thereon to the assigned banks. As a result, the Company reduced the withdrawn amount from banks of JD 455,505,000 from receivables due from security agencies, ministries, government agencies, and departments, and part of the Ministry of Finance's debt under the signed agreement between the Company and the government on June 16, 2020, represented by the Minister of Finance , after the Council of Ministers' approval and authorization to the Minister of Finance to sign it on behalf of the Jordanian Government, in accordance with Council of Ministers' Resolution No. (9158), at its meeting held on March 24, 2020.

Moreover, the Ministry of Finance has committed to pay all the bank loans and interests amounts, as these amounts were encumbered within the General Budget Law for the year 2020, under the item of loans' installments to address government arrears, according to the Ministry of Finance's Letter No. (18/4/9200) dated May 14, 2020. Noting that, the Jordanian government has paid all of the loans and interest due to the assigned banks on their due dates.

The Council of Ministries issued Decision No. (5011) adopted in its session held on December 19, 2021, which included that the Jordan Petroleum Refinery Company borrows an amount of JD 105,000,000 , equivalent in US dollars, from the banks assigned by the Ministry of Finance in return for issuing Pledges to these banks by the Ministry Of Finance on behalf of the government to pay the value of the installments and interests owed on them and to guarantee the provisions that the government has allocated for this purpose in the general budget for 2022 and authorizing the Minister of Finance to sign the pledges issued to banks and authorizing him to sign an agreement to organize the payment of debts owed by the government, accordingly the Company withdrew an amount of JD 105,000,000, in the equivalent in US dollars, on December 31, 2021 from the banks assigned by the Ministry of Finance, and this amount was reduced from the receivables owed by the security authorities under the loan payment agreement signed by the company's delegates and the Minister of Finance.

In the opinion of the company's management and the company's legal advisors, the company does not have any obligations regarding the above loans and pledges (Note 8/e).

The company signed a financial settlement on June 23, 2022, with the National Electricity Company to pay the debt owed by it and the interest of delayed payments and installments resulting therefrom. The agreements also included that the amount due must be paid over 12 equal installments starting from July 2022, noting that the National Electricity Company is committed to paying the installments on their due dates until the date of the audit report.

2. Jordan Petroleum Refinery Company shall treat the sediments and water in the tanks, and it shall dispose of those idle materials and spare parts that are no longer needed. Moreover, the obsolete inventory shall be valued on April 30, 2018; the cost of the sediments and water, as well as the disposal costs thereof, shall be calculated; and the surplus shall be transferred to the Ministry of Finance. As a result of the agreement between the Company and the Government, the Ministry of Finance issued Letter No. (4/18/28669), dated August 29, 2019, which included its approval for the Company to clean its tanks from sediments and water as the Government bears this cost, and the company must write off the materials, spare parts and supplies no longer needed, and transfer the surplus balance of the slow-moving and obsolete and sediments and water provision to the Ministry of Finance. Accordingly, the Company tendered the treatment of sediments and water, whereby the Company which was awarded the tender cleaned the major part of the sediments and water, then the company left the kingdom and they stopped working due to covid-19 virus pandemic and they will continue the cleaning work for the rest company's tanks from sediments in the light of covid-19 conditions, Moreover, a specialized committee was appointed to study the stock of spare parts and other supplies and to determine the materials and supplies that could be used instead of buying similar materials, as well as the materials and supplies no longer needed in order to write them off, and this matter is still under process where the materials are written off gradually.
3. Jordan Petroleum Refinery Company shall maintain JD 5 million as a provision for the write-off, repair, and replacement of the gas cylinders, and transfer the remaining JD 5 million to the Ministry of Finance's account. In case the actual value of the write-off, repair, and replacement of the cylinders exceeds the said amount, the difference shall be transferred from the Ministry of Finance from the deposits item. But, if the actual value is lower, the difference shall be transferred to the Ministry of Finance, provided that this matter be addressed in the future through the pricing mechanism. Accordingly, the Company released an amount of JD 5 million during the period ended April 30, 2018, which was reversed to the Ministry of Finance's account, and the Ministry of Finance approved this action, pursuant to the Ministry of Finance's Letter No. (4/18/28669), dated August 29, 2019 (Note 11/d).
4. Jordan Petroleum Refinery Company shall delete the interest of JD 79.2 million on the National Electricity Company's borrowings, provided that settlement be reached between the National Electricity Company and the Government. Moreover, the Company has deleted these amounts from the consolidated statement of financial position based on the Ministry of Finance's Letter No. (18/73/33025), dated November 25, 2018, addressed to the National Electricity Company. The letter states that the Ministry of Finance has recorded the interest as an advance due from the National Electricity Company to the Government at the Ministry of Finance until full payment. In addition, the Ministry of Finance issued its approval to delete the interest of JD 79.2 million on the National Electricity Company's borrowings, pursuant to the Ministry of Finance's Letter No. (4/18/28669), dated August 29, 2019. Accordingly, the Company has deleted the interest on the National Electricity Company's borrowings from the Company's records.
5. Jordan Petroleum Refinery Company's tax status shall be rectified, as the tax has been included in the oil derivatives selling prices bulletin (IPP) after the refinery gate price item. In this respect, the refinery gate price item does not include general and special taxes. Instead, taxes are included after this item and it will be collected from the marketing companies and transferring it to the State Treasury. The Income and Sales Tax Department letter No. (20/4/347) dated February 16, 2021 received and included that the collection of general and special taxes on Jordan Petroleum Refinery's sales to the three marketing companies will happen only through the Jordan petroleum company and that the refinery company is not obligated to pay taxes on its sales to the marketing companies and is obligated only to Pay the tax on its sales to other customers (Note 8/f) /(Note 11/b).
6. The Government shall bear any taxes, government fees, or tax differences during its relationship with the Company, since the Company is a profit after tax guaranteed during that period.

7. Gasoline (95) used for the mixing process to produce gasoline (90) and (95) shall be exempted from the tax differences between import and sale in accordance with the Council of Ministries' Decision No. (6953), adopted in its meeting held on March 19, 2018. Moreover, the necessary procedures shall be facilitated concerning the implementation of the Council of Ministers' Decision No. (13363), adopted in its meeting held on January 3, 2016, related to exempting the Company's imports sold to the marketing companies inside the kingdom. The decision stipulates exempting Jordan Petroleum Refinery Company from general and special taxes on the quantities sold exclusively to the marketing companies inside the Kingdom as of May 1, 2013. The decision also prescribes resolving all pending issues with the Customs Department and completing all customs statements, whether pending at the Customs Department or the Jordan Standards and Metrology Organization before the relationship with the Government expired. Moreover, a committee was formed by the Ministry of Finance and the Ministry of Energy and Mineral Resources comprising representatives from the Jordan Customs Department, the Income and Sales Tax Department, and the Jordan Petroleum Refinery Company. During October 2019, the said committee completed its work and submitted its final report to the Ministry of Finance and the Ministry of Energy and Mineral Resources. Accordingly, the Ministry of Finance and the Ministry of Energy and Mineral Resources approved the quantities stated in the committee's report, and the Customs Department prepared the customs statements and exempted the customs statements according to the above decisions. Meanwhile, the customs statements amount subject to general and special tax were determined. Moreover, the Company submitted a request to the Ministry of Finance to offset the general and special sales taxes, included in the un-exempted customs statements that are not part of the above-mentioned decision, with part of the Ministry of Finance receivables (primary account). The General Customs Department approved the offset request dated March 16, 2020. Moreover, the Offsetting Committee agreed, based on the instructions, policies, procedures, and basis for performing offset No. (1) for the year 2017, on performing the offset between the amounts due to the Jordan Petroleum Refinery Company and those of the General Customs Department. The offset, dated on July 6, 2020, represents the general and special sales taxes of JD (58,042,756) on Jordan Petroleum Refinery Company's imports. In the meantime, the above-mentioned offsetting was performed, and all pending customs statements at the Customs Department have been completed (Note 8/f) / (Note 11/b).
8. The Government's strategic inventory, which has been quantified and valued, shall be transferred to the Jordan Oil Terminals Company (JOTC). Accordingly, the Jordan Petroleum Refinery Company began transferring the quantities of the strategic inventory to the Jordan Oil Terminals Company (JOTC) starting April 2018, and the company transferred the entire remaining quantities during the 2021 to the Jordan Oil Terminals Company (JOTC) according to the quantities that it was requested by the Jordan Oil Terminals Company (JOTC) and the Ministry of Energy and Mineral Resources. In addition, the company transferred the government's aircraft fuel material to the Royal Air Force during July 2020, and it transferred the government's asphalt to the Ministry of Public Works during 2020 upon the request of the Ministry of Energy and Mineral Resources. Moreover during February 2021 the company exported fuel oil 3.5% owned by the government at the request of the Ministry of Energy and Mineral Resources, The company also received a letter from the Ministry of Finance and the Ministry of Energy and Mineral Resources includes the sale of government-owned crude oil to the company as of the beginning of March 2021 on the basis of crude oil prices issued by Aramco for March 2021, and the company purchased these quantities during March 2021, in implementation of the Council of Minister's Decision No. (1150) taken in its meeting held on February 3, 2021. In addition, the remaining amount of the strategic inventory of kerosene owned by the government was exchanged for diesel, according to the Council of Minister's Decision No. (3273) taken in its meeting held on August 11, 2021. Accordingly, the government has no quantities of the strategic inventory as deposits with the company where the transfer of the entire quantity of the strategic inventory was completed by the end of 2021, bearing in mind that the approval of the Ministry of Finance was received to finally settle the value and quantity of the inventory in accordance with the letter of the Ministry of Finance No. (4/18/28669) dated August 29, 2019 (Note 18).
9. The Ministry of Finance shall retain the doubtful debts provision (provision for expected credit losses). In case any debt that was raised during the relationship with the Government is written off, the Ministry of Finance is committed to pay the debt to Jordan Petroleum Refinery Company. As a result of the agreement between the Ministry of Finance and the Company, the Ministry of Finance agreed that the Company shall retain the balance of the provision for doubtful debts (provision for expected credit losses). In case the Company recovers any receivable amount recorded within the provision, the recovered amount shall be recorded in favor of the Ministry of Finance's account, Under the approval of the Ministry of Finance in its letter No. (4/18/28669), dated August 29, 2019 (Note 8/j).

10. The rate of return on investment shall be determined for liquid petroleum gas filling stations for the purpose of calculating the commission at (12%) annually. Moreover, the commission amount for the period from May 1, 2018 to December 31, 2018 shall be set at JD 43 per ton. Any surplus/shortage arising from the increase/decrease in the rate of return on investment compared to the targeted value shall be treated when calculating the filling stations' commission amount in the subsequent period whether it increased or decreased. Meanwhile, the above mechanism may not cause any increase in the cylinder's cost charged to citizens or entail a subsidy by the Treasury / Ministry of Finance in this regard. Moreover, the Company has already provided the Energy and Minerals Regulatory Commission and the Ministry of Energy and Mineral Resources with all information and data related to the gas activity for determining the commission amount for the years 2019 and 2020 which reflect the rate of return on investment for this operational line by 12% annually. In addition, the Ministry of Energy and Mineral Resources has appointed an auditor and an external studies company to determine the commission amount for the years 2019 and 2020. At the same time, the Company has provided the entities appointed by the said ministry with all the required data, and these entities provided the ministry of energy and mineral resources with their final report, but no decision has been reached by the government regarding the final commission amount that covers the rate of return on investment by 12% annually according to the above-mentioned Council of Ministers' Decision No. (7633). As a result, the company is still negotiating with the government to reach an agreement on the final commission amount and based on that a new studies the company has been appointed by the Ministry of Energy and Mineral Resources to determine the final commission amount, noting that this company has finished its work and provided the final reports to the Ministry of Energy and Mineral Resources , Accordingly, the Ministry informed the company of the value of the commission that it set, and the company objected to this value. Meetings are currently being held with the Ministry of Energy and Mineral Resources, representatives of the Ministry of Finance, the Energy and Minerals Regulatory Commission and the Foreign Studies Company to reach a fair commission value, which reflects a rate of return on investment for this activity of 12% annually.
11. The rental value of the assets transferred from (JPRC) to Jordan Petroleum Products Marketing Company (JPPMC) shall be calculated according to the Land and Survey Department's approved rate of (8%) on the land and buildings valued at JD 4.9 million from these buildings transfer date up to date. Moreover, the Company insists on rejecting the above clause, as the transferred assets are owned by the Jordan Petroleum Refinery Company under the concession expiry agreement which stipulated that the gas stations are owned by Jordan Petroleum Refinery Company and that they are transferred to the Jordan Petroleum Products Marketing Company owned by Jordan Petroleum Refinery Company. In addition, the Company has the right to dispose of its assets legally, pursuant to Article (236) of the Civil Law. Meanwhile, the assets were transferred at their net book value similar to the assets transferred at their net book value to other marketing companies under the agreement signed between the three marketing companies and the Ministry of Energy and Mineral Resources. Moreover, the concession expiry agreement stipulated that the Jordan Petroleum Products Marketing Company owned by Jordan Petroleum Refinery Company applies to other marketing companies. Moreover, negotiations took place between the Company and the Government, resulting in an agreement that the Ministry of Finance would recommend to the Council of Ministers the cancellation of this item, Accordingly, the Council of Ministers' Decision No. (1080) was issued in its meeting held on January 24, 2021, which included considering this item as canceled from the Council of Ministers' Decision No. (7633) adopted in its session held on April 30, 2018, and include that the JPRC does not require a rental return for the transferred assets of the Jordan Petroleum Products Marketing Company (a subsidiary company).
- In implementation of the Council of Ministers' Decision No. (11110), taken in its meeting held on August 16, 2015, and the decision of the Company's General Assembly, taken in its meeting held on November 8, 2012, the land swap between Aqaba Special Economic Zone Authority (ASEZA) and the Jordan Petroleum Refinery Company took place during September 2019. In the swap, the authority ceded (6) plots of land of an area of four hundred forty-two thousand square meters (442,000 M<sup>2</sup>) to Jordan Petroleum Refinery Company. In return, the Company ceded its own plot of land no. (23), Parcel (13), Tract (13) of an area of approximately eighty-eight thousand square meters (88,000 M<sup>2</sup>), located within the southern port tract, to Aqaba Special Economic Zone Authority (ASEZA).

#### 4. Commencing Operations on Commercial Terms after the End of Relationship with the Government

1. The Company recorded delay interest on the Ministry of Finance's "The Relationship" balance due and unpaid balances at the effective borrowing rate starting from May 1, 2018, according to the Council of Ministers' Decision No. (7633), adopted in its meeting held on April 30, 2018.
2. The Company has recorded fees for storing the Government-owned strategic inventory at an amount of JD 3.5 per cubic meter according to the storage capacity for each material effective May 1, 2018 based on the approved Ministry of Finance's Letter No. (18/4/33072), dated November 25, 2018, noting that all of the strategic inventory quantities owned by the government were transferred during 2021, and according to that, no amounts were recorded for the period ended as of September 30, 2022
3. Profit settlement with the Government calculation has been discontinued, and the related balance has been recognized in the consolidated statement of profit or loss up to April 30, 2018, according to the Council of Ministers' Decision No. (7633), adopted in its meeting held on April 30, 2018. The decision terminated the financial relationship between the Company and the Jordanian Government, and consequently, the Company resumed its operations on commercial terms from the first of May 2018 (Note 3)
4. The Company recorded an amount of JD 5,693,602 during the period ended September 30, 2022 as revenue against the commission difference of filling the cylinders according to the Council of Ministers' Decision No. (7633), adopted in its meeting held on April 30, 2018. This decision has set the commission amount for the period from the first of May to the end of December 2018 at JD 43 per ton sold. Accordingly, the Company recorded an amount of JD 18 per ton of gas sold, representing the commission difference included in the (IPP) and the stated commission, in the aforementioned Council of Ministers Decision in consistency with the year 2018. Meanwhile, the Government has not amended the oil derivatives price bulletin (IPP) up to date, and the final commission for the years 2019, 2020 and 2021 has not been determined yet which reflect the average of return on investment for this operational line by 12% annually. Note that after the agreement on the final commission amount is reached, its financial impact will be reflected in the subsequent periods.

#### 5. Basis of Preparation

- The condensed consolidated interim financial information for the Company and its subsidiaries for the nine months ended September 30, 2022 has been prepared in accordance with International Accounting Standard (34) (Interim Financial Reporting).
- The condensed consolidated interim financial information is stated in Jordanian Dinar, which is the functional and presentation currency of the Company and its subsidiaries.
- The condensed consolidated interim financial information does not include all information and notes required in the annual consolidated financial statements, and should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2021. The results for the nine months ended September 30, 2022 are not necessarily indicative of the expected results for the financial year ended December 31, 2022.

- The Company owns directly and indirectly the following subsidiaries as of September 30, 2022:

Company's Name	Authorized Capital	Ownership	Location	Establishment Date	Note
	JD	%			
Jordan Petroleum Products Marketing Company	65,000,000	100	Amman	February 12, 2013	Operating
Hydron Energy Company LLC	5,000,000	100	Amman	April 29, 2003	Operating
Jordan Liquefied Gas Manufacturing and Filling Company*	4,000,000	100	Amman	May 28, 2008	Non-operating
Jordan Lube - Oil Manufacturing Company **	6,000,000	100	Amman	May 28, 2008	Operating
AL-Nuzha and Istiklal Gas Station for Fuel and Oil Company	5,000	60	Amman	January 8, 2014	Operating
Al-Markzeya Gas Station for Fuel Trade Company	10,000	100	Amman	May 28, 2014	Operating
Al-Karak Central Gas Station for Fuel Company	5,000	60	Al Karak	November 26, 2014	Operating
Al-Khairat for Fuel Company	5,000	100	Al Karak	November 11, 2014	Operating
Rawaby Al-Queirah Gas Station for Fuel and Oil Company	5,000	60	Al Aqaba	June 22, 2015	Operating
Al-Aon for Marketing and Distribution Fuel products Company	1,005,000	60	Amman	January 10, 2016	Operating
Jordanian German for Fuel Company	125,000	60	Amman	October 8, 2015	Operating
Qaws Al-Nasser for Fuel Stations Management Company	3,000	100	Irbid	December 29, 2014	Operating
Al-Tariq Al-Da'ari Gas Station for Fuel Company	5,000	100	Amman	June 10, 2015	Operating
Al Kamel Gas Station for Oil and Fuel Company	5,000	60	Amman	February 26, 2017	Operating
Al-Wadi Al-A'biad Gas station for Fuel Company	5,000	60	Amman	August 4, 2015	Operating
Al-Muneirah Gas Station for Fuel and Oil Company	5,000	100	Amman	November 6, 2014	Operating
Al-Tanmweih Al-A'ola Gas Station for Fuel Company	5,000	60	Amman	November 19, 2015	Operating
Al Qastal Gas Station for Fuel and Oil Company	5,000	60	Amman	June 19, 2017	Operating
Taj Amon Gas Station for Fuel Company	5,000	80	Amman	September 20, 2017	Operating
Al Shira' Gas Station for Fuel and Oil Company	5,000	60	Al Aqaba	February 19, 2017	Non-Operating
Al Benzol Fuel Stations Management Company ***	5,000	100	Amman	March 3, 2019	Non-Operating
Al Failaq for Fuel and Oil Company (Paid 50%)	5,000	100	Amman	July 7, 2020	Non-Operating

\* The capital of the Jordan Liquefied Gas Manufacturing and Filling Company was completely paid on September 7, 2022, in preparation for activating the company and attaching the entire liquefied gas activity and gas filling stations to it.

\*\* The capital of the Jordan Lube Oil Manufacturing Company was increased to JD 6 million according to the company's board of directors' decision No. (97-1/2021) taken in its meeting held on December 30, 2021, in preparation for activating this company and attaching the entire activity and oil factory to it after obtaining the necessary licenses from the Energy and Minerals Regulatory Commission. In addition, the payment of the capital of the Jordan Lube Oil Manufacture Company was completed on March 21, 2022, so that the authorized and paid-up capital of the Company became JD 6 million, noting that the company was activated and started its operations as of April 1, 2022 and attaching the entire activity and oil factory to it.

\*\*\* Jordan Petroleum Products Marketing Company (a subsidiary) bought on April 5, 2022 all of the Benzol Fuel Stations Management Company's Shares (5,000 shares) and therefore, all of the Glasco for Public Trading Company shares were transferred to JPPMC.

- Jordan Petroleum Products Marketing Company (JPPMC) was established on February 12, 2013 and has total assets of its own and of its subsidiaries of JD 455,682,369 while its total liabilities and those of its subsidiaries amounted to JD 352,045,370 as of September 30, 2022. The Company's consolidated net profit amounted to JD 16,906,095, which includes non-controlling interest profit of JD 730,355 for the period ended September 30, 2022. Moreover, the company has started operating gradually since May 1, 2013, and part of Jordan Petroleum Refinery Company's distribution activity assets have been transferred to JPPMC. The said transfer was mandatory due to transferring the distribution activity to JPPMC (a subsidiary). In addition, some employees of the Jordan Petroleum Refinery Company have been assigned to work for JPPMC, which shall bear their employment costs. In the meantime, the task of providing consumers with oil derivatives has been transferred to JPPMC, except for asphalt, fuel oil, and liquified gas clients, and some oil clients of the security authorities. All the required legal procedures to conclude the assets ownership transfer to JPPMC were completed.

- Jordan Petroleum Products Marketing Company receives a marketing commission of 12 fils per each liter sold and a retail commission of 15 fils per each liter sold until August 31, 2018. The retail commission has been amended to 18 fils per each liter sold as of September 1, 2018. Moreover, Jordan Petroleum Products Marketing Company receives other commissions, representing evaporation loss allowance and transport fees according to the oil derivatives selling price bulletin (IPP).

## 6. Significant Accounting Policies

The accounting policies adopted in preparing the condensed consolidated interim financial information are consistent with the accounting policies followed in preparing the consolidated financial statements for the year-ended December 31, 2021. However, the revised international financial reporting standards, which became effective for financial periods beginning on or after the first of January 2021, were followed in preparing the Company's condensed consolidated interim financial information, which did not materially affect the amounts and disclosures contained in the condensed consolidated interim financial information for the previous period and years, noting that it may have an impact on the accounting treatment of future transactions and arrangements.

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

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

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

### **Amendments to IFRS 3 – Reference to the Conceptual Framework**

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

### **Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract**

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

### **Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use**

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 "Inventories".

The amendments also clarify the meaning of “testing whether an asset is functioning properly”. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity’s ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

### **Yearly IFRS Improvements 2018-2020**

#### **IFRS 1 First-time Adoption of International Financial Reporting Standards**

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16 (a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent’s consolidated financial statements, based on the parent’s date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16 (a).

#### **IFRS 9 Financial Instruments**

The amendment clarifies that in applying the ‘10 per cent’ test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

#### **IAS 41 Agriculture**

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

### **7. Changes in Critical Accounting Judgments and Key Sources of Estimation Uncertainty**

The preparation of the condensed consolidated interim financial statements and the adoption of accounting policies require the management to make judgments, estimates, and assumptions that affect the amounts of financial assets and financial liabilities and the disclosure of contingent liabilities. These estimates and judgments also affect revenues, expenses, and provisions, in general, as well as expected credit losses, and changes in fair value shown in the condensed consolidated interim statement of comprehensive income and in owners’ equity. In particular, the Company’s management is required to make judgments to estimate the amounts and timing of future cash flows. The above-mentioned estimates are based on multiple hypotheses and factors with varying degrees of estimation and uncertainty. Actual results may differ from estimates as a result of changes in these conditions and circumstances in the future.

Management believes that its estimates in the condensed consolidated interim financial information are reasonable and similar to the estimates adopted in preparing the consolidated financial statements for the year 2021.

## 8. Receivables and Other Debit Balances

This item consists of the following:

	September 30, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD
Governmental departments and institutions, security authorities and electricity companies – fuel (a)	147,581,209	116,315,168
Fuel clients and others (b)	77,934,808	52,776,801
Alia Company - Royal Jordanian Airlines (c)	5,330,368	3,273,849
Checks under collection (d)	29,634,107	31,362,493
Total receivables	<u>260,480,492</u>	<u>203,728,311</u>
Ministry of Finance – the relationship (e)	318,541,138	200,097,159
General sales tax deposits (f)	131,401,077	128,128,815
Other debit balances (g)	3,052,533	4,391,160
Employees' receivables	1,729,587	1,851,333
Advances, letters of credit deposits and purchase orders – subsidiary company	1,504,951	1,000,076
Prepaid expenses (h)	15,989,959	16,682,548
Contract acquisition expenses – subsidiary company (i)	5,558,551	5,969,753
	<u>738,258,288</u>	<u>561,849,155</u>
Less: Expected credit losses provision (j)	<u>(26,318,646)</u>	<u>(23,205,635)</u>
	<u>711,939,642</u>	<u>538,643,520</u>

The Company is adopting a policy of dealing with only creditworthy counterparties in order to reduce the risk of financial loss from credit defaults. The following table shows the aging of receivable:

	September 30, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD
1 day – 119 days	130,671,178	84,901,361
120 days – 179 days	10,333,180	2,811,009
180 days – 365 days	14,616,938	12,461,519
More than a year *	104,859,196	103,554,422
Total	<u>260,480,492</u>	<u>203,728,311</u>

- The Company studies the aging of the receivables and the sufficiency of the booked provision at the end of each financial period.
- \* This item includes related receivables from government and security agencies or guaranteed by the government that are due for more than a year, an amount of JD 85,560,272 including the amount due from the National Electricity Company's indebtedness, for which a financial settlement agreement was signed to be paid within a year starting July 2022. In the management's opinion, the company has the ability to collect these receivables and there is no need for any provisions related to it. The receivables also include amounts due from partners in subsidiary companies amounted to JD 3,871,970 that aged more than a year, as in the managements opinion, there is no need for additional provisions related to it, as agreements were signed with these partners to pay those receivables with real estate guarantees with the transfer of profits resulting from the work of those subsidiaries of the company.
- a. This item includes receivables for fuel withdrawals by the ministries, governmental departments and entities, security agencies, National Electricity Company, and power-generating companies of JD 119,615,043 for the refining and gas activities, and the amount of JD 7,796,051 for the oil factory, and JD 19,086,920 for the Jordan Petroleum Products Marketing Company and an amount of JD 1,083,195 for the Jordan Lube Oil Manufacturing Company as of September 30, 2022, knowing that the Jordan Lube Oil Manufacturing Company has been activated as of April 1, 2022 and the entire activity and oil factory has been attached to it.

- This item includes the amount of JD 71,276,383 that represents amount due from the National Electricity Company and Electricity Generating Companies against fuel withdrawals and the financial settlement interests that were agreed upon according to the settlement agreement as of September 30, 2022 (JD 72,217,573 as of December 31, 2021).
- The company signed a financial settlement on June 23, 2022, with the National Electricity Company to pay the debt owed by it and the interest of delayed payments and installments resulting therefrom. The agreements also included that the amount due must be paid over 12 equal installments starting from July 2022, and the National Electricity Company has committed to pay the due installments until the date of the audit report.
- The Company committed to reduce the debt of Governmental departments and institutions and security authorities by JD 317,601,186 during the year 2019, according to the company's borrowing agreement from the banks by an amount of JD 455,505,000 on behalf of the government to pay part of the debt due from the government in exchange for issuing undertakings by the Ministry of Finance to pay the amount of loans and interest Due and signed between the company and the Jordanian government represented by the Minister of Finance, according to the Council of Minister's decision No. (9158) taken in its session held on March 24, 2020.
- The company committed to reduce the debt of the security authorities by an amount of JD 105,000,000 during the year 2021, according to an agreement for the company to borrow from the banks assigned by the Ministry of Finance by an amount of JD 105,000,000 on behalf of the government to pay part of the debt owed by the government in return for the Ministry of Finance issuing pledges to the banks to pay the amount of the installments and interest payable thereon, in implementation of the Council of Minister's Decision No. (5011) taken in its meeting held on December 19, 2021.
- Upon the offsetting request of Jordan Petroleum Products Marketing Company submitted to the Ministry of Finance, for offsetting the Jordanian Armed Forces – Arab Army debts of JD 5,574,712 against part of the special tax due from the company, the offsetting committee approved the request, and the mentioned offsetting was performed during January 2021.
- Upon the offsetting request of Jordan Petroleum Products Marketing Company submitted to the Ministry of Finance, for offsetting the Jordanian Royal Medical Services debts in the amount of JD 1,271,118 against part of the special tax due from the company, the offsetting committee approved the request, and the mentioned offsetting was performed during March 2021.
- Upon on the offsetting request by Jordan petroleum Products Marketing Company to the Ministry of Finance to offset the accrued on Jordanian Armed Forces – Arab Army in an amount of JD 3,622,469 with part of the Company's accrued taxes, the offsetting committee approved the request, and the mentioned offsetting was performed during August 2021.
- Upon on the offsetting request by Jordan petroleum Products Marketing Company to the Ministry of Finance to offset the accrued on Jordanian Armed Forces – Arab Army in an amount of JD 5,496,055 with part of the Company's accrued taxes, the offsetting committee approved the request, and the mentioned offsetting was performed during December 2021.
- Upon on the offsetting request by Jordan petroleum Products Marketing Company to the Ministry of Finance to offset the accrued on the Ministry of Health in an amount of JD 1,970,377 with part of the Company's accrued taxes, the offsetting committee approved the request, and the mentioned offsetting was performed during April 2022.
- Upon on the offsetting request by Jordan petroleum Products Marketing Company to the Ministry of Finance to offset the accrued on the Ministry of Education in an amount of JD 1,708,179 with part of the Company's accrued taxes, the offsetting committee approved the request, and the mentioned offsetting was performed during April 2022.

- Upon the offsetting request of Jordan Petroleum Products Marketing Company submitted to the Ministry of Finance, for offsetting the Jordanian Royal Medical Services debts in the amount of JD 1,252,445 against part of the Company's accrued taxes, the offsetting committee approved the request, and the mentioned offsetting was performed during April 2022.
  - Upon on the offsetting request by Jordan petroleum Products Marketing Company to the Ministry of Finance to offset the accrued on Jordanian Armed Forces – Arab Army in an amount of JD 6,434,787 with part of the Company's accrued taxes, the offsetting committee approved the request, and the mentioned offsetting was performed during June 2022.
  - Upon the offsetting request of Jordan Petroleum Products Marketing Company submitted to the Ministry of Finance, for offsetting the Jordanian Royal Medical Services debts in the amount of JD 1,079,446 against part of the Company's accrued taxes, the offsetting committee approved the request, and the mentioned offsetting was performed during June 2022.
  - Upon the offsetting request of Jordan Petroleum Products Marketing Company submitted to the Ministry of Finance, for offsetting the Ministry of Education debts in the amount of JD 745,027 against part of the Company's accrued taxes, the offsetting committee approved the request, and the mentioned offsetting was performed during September 2022.
  - Upon the offsetting request of Jordan Petroleum Products Marketing Company submitted to the Ministry of Finance, for offsetting the Jordanian Armed Forces – Arab Army debts in the amount of JD 4,233,789 against part of the Company's accrued taxes, the offsetting committee approved the request, and the mentioned offsetting was performed during September 2022.
  - Upon the offsetting request of Jordan Petroleum Products Marketing Company submitted to the Ministry of Finance, for offsetting the Jordanian Royal Medical Services debts in the amount of JD 406,111 against part of the Company's accrued taxes, the offsetting committee approved the request, and the mentioned offsetting was performed during September 2022.
  - The company signed an agreement to provide oil derivatives to Jordanian Royal Air Force on May 26,2021 included a payment deadline by 15 days since the day of receiving the invoices and according to that the Jordanian Royal Air Force was committed to pay its withdrawals as the due date. The agreement was also extended for another year according to the letter of the General Command of the Jordanian Armed Forces - Arab Army No. (AH 2/4/1180) dated February 14, 2022.
- b. This item includes fuel customers and other receivables in the amount of JD 30,615,323 related to the refining and gas activities, JD 1,859,392 related to the oil factory and JD 43,292,166 related to Jordan Petroleum Products Marketing Company and JD 2,167,927 related to the Jordan Lube Oil Manufacturing Company as of September 30, 2022, knowing that the Jordan Lube Oil Manufacturing Company has been activated as of April 1, 2022 and the entire activity and oil factory has been attached to it.
- c. This item includes accounts receivable related to the oil factory in the amount of JD 8,710 and JD 5,321,658 related to the Jordan Petroleum Products Marketing Company as of September 30, 2022.
- On March 6, 2016, the Company signed a settlement agreement related to the outstanding debt with Alia Company - Royal Jordanian Airlines, whereby 10% of the debt balance was paid during March 2016. Meanwhile, Alia Company – Royal Jordanian Airlines commits to pay the remaining amount in 60 installments, the first of which is due on March 31, 2016, and the last on February 28, 2021 at the effective borrowing average rate incurred by Jordan Petroleum Refinery Company. Moreover, Alia Company – Royal Jordanian Airlines undertakes to pay all the subsequent invoices on their due date. Accordingly, Jordan Petroleum Refinery Company has not recorded any additional provisions as a result of this settlement. Furthermore, the Ministry of Finance has informed Jordan Petroleum Refinery Company in Letter No. (18/4/15391) dated September 26, 2016, that the provision recorded for Alia Company – Royal Jordanian Airlines should be reversed, since Alia Company – Royal Jordanian Airlines is committed to paying its payments, provided that Alia Company – Royal Jordanian Airlines continues to comply with the settlement according to the agreement signed with the Company on March 2016 and pay its monthly withdrawals on time. Accordingly, Jordan Petroleum Refinery Company has reversed the provision recorded for Alia Company – Royal Jordanian Airlines of about JD 31 million in year 2016.

- In accordance with the Council of Minister's Decision No. (11131), taken in its meeting held on August 16, 2015, a quantity discount was granted to jet fuel consumers on the selling price of Jet fuel approved by the monthly Fuel Pricing Committee according to the consumption segments from August 1, 2015 to December 31, 2016, provided that the said discount is calculated annually. Moreover, the Council of Ministers issued Decision No. (293), adopted in its meeting held on October 23, 2016, which stipulated amendment of the Jet fuel consumption segments for one year as of October 31, 2016. Additionally, in its meeting held on February 26, 2017, the Council of Ministers issued Decision No. (1958), which retroactively approved amendment of the implementation commencement date of the decision amending the discount segments under the Council of Ministers' Decision No. (293), retrospective effective from August 1, 2015, instead of October 31, 2016. Based on the above decisions, the discount due to Alia Company – Royal Jordanian Airlines for the period from August 1, 2015 to July 31, 2017 amounted to JD 29,947,993.
- Pursuant to the Company's Board of Directors' Decision No. (5/2/1), adopted in its meeting No. (1/2018), dated March 12, 2018, the Company reduced the amount of JD 15,523,797 from Alia Company – Royal Jordanian Airlines debt during the year 2017, provided that the remaining discount balance is reduced from the Company's monthly withdrawal invoices after deducting the outstanding and unpaid invoices from the date of signing a new agreement between the two Companies until July 31, 2018. The discount due for the period from August 1, 2017 to the expiry of the specified discount shall be treated under the Council of Ministers' decisions by reducing (40%) of Alia Company – Royal Jordanian Airlines debts, and (60%) of the Company's monthly withdrawals. In case the relationship with the Government is terminated, the discount shall be calculated up to April 30, 2018, according to the same rates stated above. After this date, the Council of Ministers' decisions shall be applied independently from Jordan Petroleum Refinery Company. Pursuant to the Council of Ministers' Decision No. (4141), adopted in its meeting held on August 20, 2017, the extension of the discount period granted to Alia Company – Royal Jordanian Airlines was approved for an additional year effective from October 31, 2017.
- Pursuant to the Council of Ministers' Decision No. (5614), adopted in its meeting held on December 17, 2017, the interest rate charged on Alia Company – Royal Jordanian Airlines' debt due to Jordan Petroleum Refinery Company, which was 4.4% per annum on December 20, 2016, has been reduced to 0.5% per annum. Moreover, interest income for the years 2015 and 2016 to date has been reversed in the form of a future balance, so that the resulting financial impact will be settled within the financial relationship between the Ministry of Finance and Jordan Petroleum Refinery Company. As of May 1, 2018, the Company has calculated the effective borrowing average interest rate annually in accordance with the debt settlement agreement with Alia Company. Moreover, implementation of the above decision has been suspended.
- Pursuant to the Council of Ministers' Decision No. (1958), adopted in its meeting held on February 26, 2017, it was approved to charge the discount granted to Alia Company on the Ministry of Finance's account directly without reducing the discount from the Company's sales revenue.
- During the period ended April 30, 2018, the Company recorded an amount of JD 11,659,699 on the Ministry of Finance's account as a discount to Alia Company according to the above-mentioned Council of Ministers' decisions. The amount of JD 4,663,880 has been reduced from the balance of the debt settlement agreement, and the amount of JD 6,995,819 was recorded as deposits to Alia Company, pursuant to the Company's Board of Directors' Decision No. (5/2/1). The Company did not calculate any discounts from May 1, 2018.

- The Company addressed its Letter No. (2/25/51/1/1/6814), dated September 30, 2018, to Alia Company – Royal Jordanian Airlines, stating that if Alia Company is willing to continue to implement the decisions of the Council of Ministers regarding the discount and reduce the interest rate through Jordan Petroleum Refinery Company, the Company shall be provided with a letter from the Ministry of Finance stating its approval to record the amount of the discount and interest difference directly on the Ministry of Finance’s accounts. These amounts shall be taken within the settlement of the financial relationship between Jordan Petroleum Refinery Company and the Government, pursuant to the Council of Ministers’ Decision No. (7633), adopted in its meeting held on April 30, 2018.
- Alia Company – Royal Jordanian Airlines has invited licensed Companies to tender for supplying Royal Jordanian aircraft with jet fuel according to the decision of the Ministry of Energy and Mineral Resources, which includes the decision for the licensed marketing companies to start the activity of supplying jet fuel. The tender was awarded to the Jordan Petroleum Products Marketing Company – a subsidiary. As a result, an agreement for the jet-fuel supply was signed between Alia Company – Royal Jordanian Airlines and Jordan Petroleum Products Marketing Company on November 1, 2018. Consequently, the direct supply activity to Alia Company – Royal Jordanian Airlines has been transferred from Jordan Petroleum Refinery Company to Jordan Petroleum Products Marketing Company – a subsidiary company.
- Pursuant to the Council of Ministers’ Decision No. (2674), adopted in its meeting held on January 9, 2019, the quantity discount granted to Alia Company - Royal Jordanian Airlines was extended to November and December of 2018.
- Pursuant to the Council of Ministers’ Decision No. (3874), adopted in its meeting held on March 27, 2019, the quantity discount granted to Alia Company – Royal Jordanian Airlines was extended from January 1, 2019 to December 31, 2019, provided that the discount is settled on the financial relationship between the Government and the Jordan Petroleum Refinery Company.
- Pursuant to the Ministry of Finance’s Letter No. (18/4/20267), dated September 27, 2019, which included the request of the Ministry of Finance to charge the discount difference due to Alia Company - Royal Jordanian Airlines, according to the above-mentioned decisions, to the financial relationship between the Government and Jordan Petroleum Refinery Company until the end of the due discount, Jordan Petroleum Refinery Company has recalculated the due discount up to July 31, 2018, but has not calculated the discount after this date, as the direct supply relationship between Jordan Petroleum Refinery Company and Alia Company – Royal Jordanian Airlines ended on October 31, 2018. This resulted in recording an amount of JD 9,645,385 in the balance of the financial relationship between the Company and the Government, accompanied by a decrease in Alia Company - Royal Jordanian Airlines debt settlement agreement of JD 3,858,154, and the recording of an amount of JD 5,787,231, as discount deposits due to Alia Company –Royal Jordanian Airlines within accounts payable and other credit balances.
- Based on the agreement between the Jordan Petroleum Refinery Company and Alia Company - Royal Jordanian Airlines signed on November 26, 2019, and after all the balances between the two Companies have been matched, both parties agreed to offset the accrued outstanding balance due from Alia Company - Royal Jordanian Airlines related to the refining and gas activity against the discount deposits balances and interest deposit balances of Alia Company - Royal Jordanian Airlines. Accordingly, the offsetting took place and resulted in an amount of JD 11,253,235, payable to Alia Company - Royal Jordanian Airlines, which was booked in the Company’s records for the refining and gas activity (Note 11/J).
- Pursuant to the Council of Ministers’ Decision No. (1976), adopted in its meeting held on April 18, 2021, It was approved that the Ministry of Finance would pay the discounts owed to Alia Company - Royal Jordanian Airlines that are not paid for its jet-fuel withdrawals according to the discount decisions granted to Alia Company - Royal Jordanian Airlines for its withdrawals according to a mechanism to be agreed upon between the Ministry of Finance and Alia Company - Royal Jordanian Airlines isolating the Jordan Petroleum Refinery Company, with the aim of not burdening the government with any additional burdens as a result of increasing the balance of the financial relationship between the refinery and the government and the consequent interests of delayed payments.

- d. The maturity of checks under collection related to the refining and gas activity extends until October 6, 2022 amounted to JD 2,293,302 while the maturity of the checks for the oil factory extends until December 30, 2022 amounted to JD 2,125 and the maturity of the checks of the Jordan Petroleum Products Marketing Company extends until October 5, 2024 amounted to JD 25,613,770 and the maturity of the checks of the Jordan Lube Oil Manufacturing Company extends until December 27, 2022 amounted to JD 1,724,910 as of September 30, 2022 knowing that the Jordan Lube Oil Manufacturing Company has been activated as of April 1, 2022 and the entire activity and oil factory has been attached to it.
- e. The Ministry of Finance item (the relationship) includes an amount of JD 266,543,378 related to the refining and gas activity, and an amount of JD 51,997,760 related to Jordan Petroleum Products Marketing Company as of September 30, 2022.
- As per the Ministry of Finance's Letter No. (8AR/4/5197), dated February 18, 2020, the balance of the financial relationship between the company and the Government as of December 31, 2018 of JD 591,669,659 was confirmed, provided that the National Electricity Company match its debt as per its own records with that as per the records of Jordan Petroleum Refinery Company. Accordingly, the National Electricity Company confirmed the balance in its letter No. (7216/2503), dated March 11, 2020, and requested that it be allowed to pay the balance over three years in equal monthly installments. The company did not accept the National Electricity company's request and it did give a juridical warning to pay all the due amounts and its interest, as a result of the National Electricity Company's failure to pay the accrued amounts, the Company has filed a case against the National Electricity Company at the competent courts. Accordingly, a financial settlement agreement was signed between the two companies to pay the debt owed by the National Electricity Company in return for dropping the lawsuit, and the agreement included that the amount due will be paid in (12) equal installments starting from July 2022 and the National Electricity Company has committed to pay the due installments until the date of the audit report.
  - The Company has committed to reducing the Ministry of Finance's debt (the relationship) by JD 137,903,814 during the year 2019, according to the Company's borrowing agreement with banks of JD 455,505,000, on behalf of the Government to pay part of the debt owed by the Government in exchange for the issuance of pledges by the Ministry of Finance to pay the loan amount and interest thereon. The agreement was signed between the Company and the Jordanian Government at June 16, 2020 after the Council of Ministers approved the agreement and authorized the Minister of Finance to sign it on behalf of the Jordanian Government, according to the Council of Ministers' Decision No. (9158), taken in its meeting held on March 24, 2020.
  - Upon the offsetting request of the Jordan Petroleum Refinery Company submitted to the Ministry of Finance, and approved on March 16, 2020 by the Customs Department, and on July 6, 2020, by the Offsetting Committee, part of the Ministry of Finance's debt (the Ministry of Finance relationship account) was offset with the general and special tax on the customs' statements held at the Customs Department for a total amount of JD 58,042,756. The above-mentioned offsetting was completed during July 2020.
  - Upon the offsetting request of the Jordan Petroleum Refinery Company submitted to the Ministry of Finance, for offsetting the Ministry of Finance relationship account due to the company amounted to JD 137,667,786 which includes the balance of the differences in pricing of derivatives and surpluses trusts due to the government in the amount of JD 44,167,683 and the balance of establishing alternative tanks deposits due to the government in the amount of JD 93,500,103 for the balances as of September 30, 2020, the Ministry of Finance letter No. (18/4/694) was received on January 10, 2021, which includes the approval of the above-mentioned offsetting based on the offsetting instructions, and that the offsetting was carried out at the Ministry of Finance on January 4, 2021, and that the offsetting is recorded in the financial statements for the year 2020, according to the balances of the financial relationship between the company and the government as of September 30, 2020 contained in the company's letter No. (2/25/51/1/8988) dated December 15, 2020.
  - The balances of general and special taxes included in the balance of the financial relationship between the company and the government below are complied to the records of the Income and Sales Tax Department as of September 30, 2022.

- According to the Council of Ministers' Decision No. (5011) adopted in its meeting held on December 19, 2021, the company borrowed an amount of JD 105,000,000, equivalent in US dollars, from the banks assigned to it by the Ministry of Finance on December 31, 2021. In return for the Ministry of Finance issuing pledges to repay the loan amounts and their interest to the banks, also, the receivables of the security authorities were reduced according to the agreement concluded between the company and the Ministry of Finance, as the decision authorized the Minister of Finance to sign this agreement on behalf of the government.
- Upon the Council of Ministers' decision No. (5329) adopted in its session held on July 10, 2019, which included the approval to authorize the Jordan Petroleum Refinery Company to implement the terms of the Memorandum of Understanding for the processing and transportation of crude oil between the government of the Republic of Iraq and the government of the Hashemite Kingdom of Jordan, the company signed the agreement on August 1, 2019 and the company issued a letter of credit in favor of the Central Bank of Iraq to cover the value of the amount of 10 thousand barrels per day throughout the year according to the monthly average price of a barrel of Brent crude oil minus 16 US dollars, noting that the quantities of Iraqi oil were supplied at the end of August of 2019 and according to the minutes signed between the concerned parties in the Ministry of Finance, the Ministry of Energy and Mineral Resources, and the Jordan Petroleum Refinery Company on March 10, 2020, the balances and accounts of Iraqi crude oil were reconciled until December 31, 2019, and according to the minutes signed between those concerned in the Ministry of Finance and the Ministry of Energy and Mineral Resources And the Jordan Petroleum Refinery Company, on June 30, 2020, Iraqi crude oil balances and accounts were reconciled up to April 30, 2020, noting that Iraqi oil supply was stopped during the May and June 2020 due to the decrease in international prices and it started to be supplied again on the first of July 2020 and its supply ended by the end of November 2020 and the Iraqi oil balances and accounts were reconciled until the end of the current tender according to the minutes signed between the concerned parties in the Ministry of Finance And the Ministry of Energy and Mineral Resources and the Jordan Petroleum Refinery Company on December 20, 2020, Noting that the government of Jordan agreed with the Iraqi Ministry of Oil to renew the agreement, the supply of Iraqi oil was started under the new agreement at the beginning of September 2021, Moreover, the Jordan Petroleum Refinery Company was authorized to implement the terms of the agreement on behalf of the Jordanian government under the letter of Ministry of Energy No.(MNG/5483/8/21) dated August 12, 2021 based on Prime Minister's Decision No. (1391) adopted in its meeting held on February 17, 2021. The Iraqi oil balances and accounts for the period from the beginning of September to the end of December 2021 were also matched according to the signed minutes between the concerned parties in the Ministry of Finance, the Ministry of Energy and Mineral Resources and the Jordan Petroleum Refinery Company on February 21, 2022. Note that the Iraqi oil supply agreement has been extended till the end of 2022 and it is subject to extension.
- The Ministry of Finance's balances related to Jordan Petroleum Products Marketing Company activity were confirmed as of December 31, 2021 through the Ministry of Finance's approval of the Jordan Petroleum Products Marketing Company's Letter No. (111/2/859), dated February 9, 2022.
- The Company signed an agreement for supplying oil derivatives with the Royal Jordanian Air Force on May 26, 2021 included payment deadline of 15 days starting from the invoices receiving day, and according to that Jordanian Royal Air force was committed to pay all due amounts on time. The agreement was also extended for another year according to the letter of the General Command of the Jordanian Armed Forces - Arab Army No. (AH 2/4/1180) dated February 14, 2022.

- The balance of the financial relationship between the Company and the Government related to the refining and gas activity as of April 30, 2018 (end of relationship with the government) is as follows:

	April 30, 2018 (Audited)
<u>Amounts Owed to the Company:</u>	JD
Ministry of Finance primary account (the relationship)	220,480,978
General sales tax deposits	101,792,998
Debts of security authorities, Governmental departments and institutions, and the National Electricity Company: *	
Armed Forces / Directorate of Supply	101,513,938
Royal Air Force	136,424,517
Directorate of General Security	45,627,576
Directorate General of the Gendarmerie	9,553,718
Civil Defense	3,259,795
Departments, ministries, and Governmental agencies and Institutions	3,280,986
National Electricity Company**	76,413,291
Total Debts of Security Authorities, Governmental Departments and Institutions, and the National Electricity Company	376,073,821
Total Amounts owed to the Company	698,347,797
 <u>Less: Amounts Owed to the Government:</u>	
Deposits differences of oil derivatives pricing and surplus	43,746,064
Special sales tax deposits	1,738,247
Deposits for constructing alternative tanks – the Ministry of Energy	93,500,103
Fees and allowances according to the oil derivatives pricing bulletin (IPP)	21,244,292
Total amounts due to the Government	160,228,706
Balance Owed by the Government to the Company	538,119,091

- The balance of the financial relationship between the Company and the Government related to the refining and gas activity as of December 31, 2018 (Which was confirmed by the Ministry of Finance letter No. (8AR/4/5197)) is as follows:

	December 31, 2018 (Audited)
<u>Amounts Owed to the Company:</u>	JD
Ministry of Finance primary account (the relationship)	267,790,407
General sales tax deposits	106,334,261
Debts of security authorities, Governmental departments and institutions, and the National Electricity Company: *	
Armed Forces / Directorate of Supply	88,823,533
Royal Air Force	168,094,404
Directorate of General Security	45,626,257
Directorate General of the Gendarmerie	8,425,446
Civil Defense	3,269,279
Departments, ministries, and Governmental agencies and Institutions	3,362,267
National Electricity Company**	76,378,522
Total Debts of Security Authorities, Governmental Departments and Institutions, and the National Electricity Company	393,979,708
Total Amounts owed to the Company	768,104,376
 <u>Less: Amounts Owed to the Government:</u>	
Deposits differences of oil derivatives pricing and surplus	44,022,727
Special sales tax deposits	2,861,098
Deposits for constructing alternative tanks - Ministry of Energy	93,500,103
Fees and allowances according to the oil derivatives pricing bulletin (IPP)	36,050,789
Total amounts due to the Government	176,434,717
Balance Owed by the Government to the Company	591,669,659

- The balance of the financial relationship between the Company and the Government related to the refining and gas activities as of December 31, 2019 (after reducing the amount of JD 455,505,000 – government’s loan) is as follows:

	December 31, 2019 (Audited)
	JD
<u>Amounts Owed to the Company:</u>	
Ministry of Finance primary account (the relationship)	211,997,358
General sales tax deposits	114,624,265
Debts of security authorities, Governmental departments and institutions, and the National Electricity Company: *	
Armed Forces / Directorate of Supply	1,074,301
Royal Air Force	59,938,960
Directorate of General Security	2,181
Departments, ministries, and Governmental agencies and Institutions	3,550,513
National Electricity Company**	72,147,468
Total Debts of Security Authorities, Governmental Departments and Institutions, and the National Electricity Company	136,713,423
Total Amounts owed to the Company	463,335,046
<u>Less: Amounts Owed to the Government:</u>	
Deposits differences of oil derivatives pricing and surplus	44,134,309
Special sales tax deposits	(2,189,866)
Deposits for constructing alternative tanks - Ministry of Energy	93,500,103
Fees and allowances according to the oil derivatives prices bulletin (IPP)	48,609,966
Total amounts due to the Government	184,054,512
Balance Owed by the Government to the Company	279,280,534

- The balance of the financial relationship between the Company and the Government related to the refining and gas activity as of September 30, 2020 (Which was confirmed by the Ministry of Finance according to the Ministry approval on the offsetting dated January 4, 2021) is as follows:

	September 30, 2020 (Reviewed)
	JD
<u>Amounts Owed to the Company:</u>	
Ministry of Finance primary account (the relationship)	194,763,517
General sales tax deposits	122,602,265
Special sales tax deposits	44,997,572
Debts of security authorities, Governmental departments and institutions, and the National Electricity Company: *	
Armed Forces / Directorate of Supply	1,325,578
Royal Air Force	92,293,727
Directorate of General Security	2,475
Departments, ministries, and Governmental agencies and Institutions	2,421,811
National Electricity Company**	72,147,468
Total Debts of Security Authorities, Governmental Departments and Institutions, and the National Electricity Company	168,191,059
Total Amounts owed to the Company	530,554,413
<u>Less: Amounts Owed to the Government:</u>	
Deposits differences of oil derivatives pricing and surplus	44,167,683
Deposits for constructing alternative tanks - Ministry of Energy	93,500,103
Fees and allowances according to the oil derivatives pricing bulletin (IPP)	50,718,837
Total amounts due to the Government	188,386,623
Balance Owed by the Government to the Company	342,167,790

- The balance of the financial relationship between the Company and the Government related to the refining and gas activities as of December 31, 2020 is as follows:

	December 31, 2020 (Audited)
<u>Amounts Owed to the Company:</u>	JD
Ministry of Finance primary account (the relationship)	68,240,240
General sales tax deposits	123,188,580
Special sales tax deposits	33,757,592
Debts of security authorities, Governmental departments and institutions, and the National Electricity Company: *	
Armed Forces / Directorate of Supply	1,374,855
Royal Air Force	103,436,845
Directorate of General Security	2,632
Departments, ministries, and Governmental agencies and Institutions	3,290,168
National Electricity Company**	72,147,468
Total Debts of Security authorities, Governmental Departments and Institutions, and the National Electricity Company	180,251,968
Total Amounts Owed to the Company	405,438,380
<u>Less: Amounts Owed to the Government:</u>	
Deposits differences of oil derivatives pricing and surplus	19,104
Deposits for constructing alternative tanks - Ministry of Energy	-
Fees and allowances according to the Oil derivatives pricing bulletin (IPP)	51,514,419
Total Amounts Owed to the Government	51,533,523
Balance Owed to the Company from the Government	353,904,857

- The balance of the financial relationship between the Company and the Government related to the refining and gas activities as of December 31, 2021 is as follows:

	December 31, 2021 (Audited)
<u>Amounts Owed to the Company:</u>	JD
Ministry of Finance primary account (the relationship)	165,747,052
General sales tax deposits	126,294,176
Special sales tax deposits	182,255
Debts of security authorities, Governmental departments and institutions, and the National Electricity Company: *	
Armed Forces / Directorate of Supply	-
Royal Air Force	13,286,270
Directorate of General Security	2,025
Departments, ministries, and Governmental agencies and Institutions	2,413,667
National Electricity Company**	72,147,468
Total Debts of Security authorities, Governmental Departments and Institutions, and the National Electricity Company	87,849,430
Total Amounts Owed to the Company	380,072,913
<u>Less: Amounts Owed to the Government:</u>	
Deposits differences of oil derivatives pricing and surplus	108,433
Deposits for constructing alternative tanks - Ministry of Energy	-
Fees and allowances according to the Oil derivatives pricing bulletin (IPP)	46,680,255
Total Amounts Owed to the Government	46,788,688
Balance Owed to the Company from the Government	333,284,225

- The balance of the financial relationship between the company and the government related to the refining and gas activity as at the date of September 30, 2022 is as follows:

	<u>September 30, 2022 (Reviewed)</u>
	JD
<u>Amounts Owed to the Company:</u>	
Ministry of Finance primary account (the relationship)	266,543,378
General sales tax deposits	129,220,485
Special sales tax deposits	533,981
Debts of security authorities, Governmental departments and institutions: *	
Armed Forces / Directorate of Supply	30,109
Royal Air Force	43,149,216
Directorate of General Security	5,454
Departments, ministries, and Governmental agencies and Institutions	<u>5,271,713</u>
Total Debts of Security Authorities, and Governmental Departments and Institutions	<u>48,456,492</u>
Total Amounts owed to the Company	<u>444,754,336</u>
<u>Less: Amounts Owed to the Government:</u>	
Deposits differences of oil derivatives pricing and surplus	153,383
Deposits for constructing alternative tanks - Ministry of Energy	-
Fees and allowances according to the Oil derivatives pricing bulletin (IPP)	<u>48,848,857</u>
Total amounts due to the Government	<u>49,002,240</u>
Balance Owed by the Government to the Company	<u>395,752,096</u>
National Electricity Company **	<u>71,158,551</u>
Balance owed to the company by the government and the National Electricity Company	<u>466,910,647</u>

- \* According to the minutes of the Company's meetings with the Ministry of Finance and the Jordan Petroleum Refinery Company held on November 8, 9 and 16, 2017, in order to determine the balances of the financial relation between Jordan Petroleum Refinery Company and the Government (excluding Jordan Petroleum Product Marketing Company and the Lube Oil Factory) for the balances as of September 30, 2017, the Ministry of Finance has taken a pledge for all of the debt balances of the Armed Forces, Royal Air Force, Public Security Directorate, the General Directorate of Gendarmerie, other security forces, and governmental departments, within its budget as well as the debts of the National Electric Power Company for the refining and gas activities of JD 319,468,856 as of September 30, 2017. In the meantime, the two parties have agreed that no provision would be made for the debts of Royal Jordanian Company, municipalities, governmental universities, and managerially and financially independent governmental institutions during the relationship period, provided that if those amounts are not collected through the judiciary, and the Company is required to write them off, the Ministry of Finance pledges to pay those debts and any related costs.
- \*\* The company signed a financial settlement on June 23, 2022, with the National Electricity Company to pay the debt owed by it and the interest of delayed payments and installments resulting therefrom. The agreements also included that the amount due must be paid over 12 equal installments starting from July 2022, and the National Electricity Company has committed to pay the due installments on their due dates until the date of the audit report.
- f. The general sales tax deposits item includes an amount of JD 129,220,485 related to the refining and gas activity, and JD 894,615 related to the Jordan Petroleum Products Marketing Company and an amount of JD 1,285,977 related to the Jordan Lube Oil Manufacturing Company as of September 30, 2022. Knowing that the Jordan Lube Oil Manufacturing Company has been activated as of April 1, 2022 and the entire activity and oil factory has been attached to it.

- According with the Council of Ministers' Decision No. (6953), taken in its meeting held on March 19, 2018, approval was obtained on exempting the quantities of gasoline (95) used in the production of gasoline (90) and (95) of (2,360,253) tons from the general and special sales tax for the period from May 1, 2013, until September 30, 2017. The decision shall include any quantity of gasoline (95) used in the mixing process for the production of gasoline (90 and 95) until the end of the financial relationship between the Government and the Jordan Petroleum Refinery Company. Moreover, the outstanding customs statements at the Customs department were finalized during July 2020.
  - According to Law No. (107) for year 2019, the Amended Special Tax Law, the general and special taxes, fees and allowances have been combined in the price bulletin (IPP) under the special taxes item and have been determined for each material as per the law described above.
  - In accordance with the Council of Ministers' Decision No. (6544), adopted at its meeting held on September 23, 2019, all types of gasoline shall be included in Schedule No. 2 annexed to the General Sales Tax Law on the sales and related to goods and services subject to the General Sales Tax at a percentage or for an amount of (Zero).
  - In its meeting held on January 3, 2016, under Decision No. (13363), based on the recommendations of the Economic Development Committee in its session held on December 22, 2015, the Council of Ministers approved exempting the Company from general and special sales tax effective from May 1, 2013 on its imports for quantities sold to the marketing companies only, provided that the general sales tax and special sales tax thereon shall be paid by those companies within the pricing structure of IPP. Moreover, the outstanding customs statements at the Jordan Customs Department were finalized during July 2020.
  - The letter of Income and Sales Tax Department No. (20/4/347) dated February 16, 2021 which included the approval of the department to collect taxes on the sales of JPRC to the three marketing companies through marketing companies only, and that JPRC is not obligated to pay taxes on its sales to the marketing companies and is only obligated to pay tax on its sales to other customers.
  - Upon the offsetting request of the Jordan Petroleum Refinery Company submitted to the Ministry of Finance, for offsetting part of the Ministry of Finance's debt (the Ministry of Finance relationship account) in favor of the Company was offset with the general and special tax on the customs' statements held at the Customs Department, and it approved on March 16, 2020, by the Customs Department, and on July 6, 2020, by the Offsetting Committee for a total amount of JD 58,042,756. The above-mentioned offsetting was completed during July 2020.
  - Pursuant to the Council of Ministers' Decision No. (2898) adopted in its session held on July 7, 2021, they accept to exempt the company's imports of crude oil and oil derivatives from customs fees (Standard fees) until April 30, 2022.
  - Pursuant to the Council of Ministers' Decision No. (7278) adopted in its session held on June 5, 2022 the Council of Ministers' Decision No. (2898) was extended until April 30, 2023, which includes exempting the Jordan Petroleum Refinery Company's imports of crude oil and oil derivatives from customs fees (Standard fee).
- g. This item consists mainly of the current account of the Jordan Petroleum Refinery Company employees' Housing Fund, deposits for the Jordan Customs Department, and other debit balances.
- h. This item consists mainly of the prepaid expenses account related to the Company's insurance, rents, marketing, and security and protection; and contractors' prepayments for gas stations establishment, including an amount of JD 4,978,920 related to the refining and gas activity, and JD 11,011,039 related to Jordan Petroleum Products Marketing Company as of September 30, 2022.

i. This item represents what was paid to the gas stations' owners according to agreements through which Jordan Petroleum Products Marketing Company (a subsidiary) supplies these gas stations with their fuel needs. According to these agreements, the Company shall participate in building or modernizing the gas stations and installing pumps. In addition, the gas stations shall bear the trade name for the Jordan Petroleum Products Marketing Company as their authorized distributor, and the related amounts shall be amortized over the contracts period or the useful life of the assets, whichever is lower.

j. The movement on the provision for expected credit losses is as follows:

	<u>September 30, 2022 (Reviewed)</u>	<u>December 31, 2021 (Audited)</u>
	JD	JD
Balance at the beginning of the year	23,205,635	21,812,417
Recorded during the period/year *	3,313,647	2,503,175
(Released) during the period/year	<u>(200,636)</u>	<u>(1,109,957)</u>
Balance at the End of the Period/Year	<u><u>26,318,646</u></u>	<u><u>23,205,635</u></u>

- The provision for expected credit losses as of September 30, 2022 includes an amount of JD 5,272,990 related to the refining and gas activity, JD 2,265,037 related to the oil factory, and JD 18,780,619 related to the Jordan Petroleum Products Marketing Company. The provision was calculated after taking into consideration the debts guaranteed by the Jordanian Government.

\* This item includes an amount of JD 357,804 that was recorded to the relationship with the government account as of September 30, 2022.

#### 9. Crude Oil, Finished Oil Products, and Supplies

This item consists of the following:

	<u>September 30, 2022 (Reviewed)</u>	<u>December 31, 2021 (Audited)</u>
	JD	JD
Finished oil derivatives and lube oil	328,996,239	218,959,468
Crude oil and materials under process	117,533,751	80,349,582
Raw materials, spare parts, and other supplies	57,822,679	58,282,693
Goods in transit	56,184,426	66,640,860
<u>Less: provision for slow-moving and obsolete inventory and sediments</u>	<u>(8,726,676)</u>	<u>(7,238,287)</u>
	<u><u>551,810,419</u></u>	<u><u>416,994,316</u></u>

- The movement on the provision for slow-moving and obsolete inventory and sediments is as follows:

	<u>September 30, 2022 (Reviewed)</u>	<u>December 31, 2021 (Audited)</u>
	JD	JD
Balance at the beginning of the year	7,238,287	7,957,384
Recorded during the period/year	1,498,995	-
Released during the period/year	-	(406,590)
<u>Less: written-off materials during the period/year</u>	<u>(10,606)</u>	<u>(312,507)</u>
Balance at the End of the Period/Year	<u><u>8,726,676</u></u>	<u><u>7,238,287</u></u>

## 10. Due to Banks

This item consists of an overdraft and short-term loans accounts granted by several local banks to finance the Company's activities and its subsidiary companies, at annual interest and murabaha rates ranging from 2.15% to 7.4%, during the period ended September 30, 2022, against the Company's guarantee as a legal personality. This item includes an amount of JD 657,100,549 for the refinery and gas activity, and JD 41,758,046 for Jordan Petroleum Products Marketing Company as of September 30, 2022.

## 11. Payables and Other Credit Balances

This item consists of the following:

	September 30, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD
Deposits of the differences of oil derivatives pricing and surplus (a)	769,470	5,312,638
Special sales tax deposits on oil derivatives (b)	52,691,728	61,853,665
Deposits for constructing alternative tanks – Ministry of Energy (c)	-	-
Suppliers and obligations from purchases of crude oil and its derivatives and supplies and others	228,120,645	151,948,370
Gas cylinders replacement provision (d)	5,000,000	5,000,000
Fees and allowances according to the oil derivatives price bulletin (IPP) (e)	48,848,857	46,680,255
Lawsuits provision (Note 17/b)	3,103,416	1,599,062
Advance payment from customers (f)	7,746,831	8,733,744
Shareholders' deposits	14,712,413	12,063,557
Creditors and other credit balances	19,664,783	16,116,653
Retention deducted from contractors	487,505	465,089
Employees' vacations provision	2,092,446	2,055,580
Subsidiary companies import pricing differences (g)	24,041,199	11,443,376
Storage fees provision (h)	84,162	84,162
Balances retained against acquisition of subsidiary (i)	885,229	907,135
Alia company deposits – Royal Jordanian Airlines (j)	11,253,235	11,253,235
Special tax differences provision (k)	9,687,390	-
	<u>429,189,309</u>	<u>335,516,521</u>

- a. This item includes deposits amounts of the differences of oil derivatives pricing and surplus amounted to JD 153,383, related to the refining and gas activities, and to JD 616,087, related to the Jordan Petroleum Products Marketing Company as of September 30, 2022.
- This item includes deposits amounts resulting from oil derivatives pricing and surplus differences between total cost including taxes, fees, and transportation charges; actual selling prices; according to oil derivatives pricing bulletin (IPP) and the published price effective from March 2, 2008. These differences are considered as the Government's right according to the Ministry of Energy and Mineral Resources' Letter No. (9/4/1/719), dated February 16, 2009 and the Ministry of Finance's Letter No. (18/4/9952), dated April 29, 2009. Consequently, the Company was obliged, effective from March 2008 to record the results of the differences of prices in favor of the Ministry of Finance. Additionally, the Government has claimed the differences in the pricing of oil derivatives effective from December 14, 2008 according to the decision of the oil derivatives pricing committee, in its meeting held on December 13, 2008 provided that the pricing surplus be recorded as deposits under the liabilities within the Company's consolidated financial statements.

- Upon the offsetting request of the Jordan Petroleum Refinery Company submitted to the Ministry of Finance, for offsetting part of the Ministry of Finance relationship account due to the company amounted to JD 137,667,786 which includes the balance of the differences of oil derivatives pricing and surplus trusts due to the government in the amount of JD 44,167,683 and the balance of establishing alternative tanks deposit due to the government in the amount of JD 93,500,103 for the balances as of September 30, 2020. the Ministry of Finance letter No. (18/4/694) was received on January 10, 2021, which includes the approval of the above-mentioned offsetting based on the offsetting instructions, and that the offsetting was carried out at the Ministry of Finance on January 4, 2021, and that the offsetting is recorded in the financial statements for the year 2020, according to the balances of the financial relationship between the company and the government contained in the company's letter No. (2/25/51/1/8988) dated December 15, 2020.
- The movement on the deposits of oil derivatives pricing differences and surplus is as follows:

	September 30, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD
Balance at the beginning of the year	5,312,638	4,536,221
Recorded during the period/year	876,098	776,417
Paid during the period/year	(5,419,266)	-
Balance at the End of the Period/Year	<u>769,470</u>	<u>5,312,638</u>

- b. This item includes an amount of JD (533,981) related to the refining and gas activity due for the company from the income and sales tax department, and an amount of JD 53,273,021 related to the Jordan Petroleum Products Marketing Company due for the income and sales tax department from the company and an amount of JD (47,312) related to the Jordan Lube Oil Manufacturing Company due for the company from the income and sales tax department as of September 30, 2022. Knowing that the Jordan Lube Oil Manufacturing Company has been activated as of April 1, 2022 and the entire activity and oil factory has been attached to it.
- Under Law No. (107) for the year 2019, the amended Special Tax Law, the general and special taxes, fees and stamps mentioned in the oil derivatives pricing bulletin (IPP) have been combined under special tax and specified for each item as per the above-mentioned law.
- Upon the offsetting request of the Jordan Petroleum Refinery Company submitted to the Ministry of Finance, for offsetting part of the Ministry of Finance's debt (the Ministry of Finance relationship account) in favor of the company against the general and special tax on the customs' statements held at the Customs Department and it was approved on March 16, 2020, by the Customs Department, and on July 6, 2020, by the Offsetting Committee, for a total amount of JD 58,042,756. The above-mentioned offsetting was completed during July 2020.
- The company received a letter from Income and Sales Tax Department No. (20/4/347) dated February 16, 2021 which included the approval of the department to collect general and special taxes on the sales of the Jordan Petroleum Refinery Company to the three marketing companies through marketing companies only, and that the Jordan Petroleum Refinery Company is not obligated to pay taxes on its sales to the marketing companies and is only obligated to pay tax on its sales to other customers.
- c. According to His Excellency the Prime Minister's Letter No. (58/11/1/5930), dated March 24, 2010, an amount of JD (34) per ton was added to the price of unleaded gasoline (both types) within the pricing mechanism of oil derivatives, starting from April 16, 2010. Moreover, the related proceeds are recorded in a special account maintained by the Company for the Government, represented by the Ministry of Energy and Mineral Resources, to build tanks for the storage of crude oil and/ or oil derivatives at an average of (70) thousand tons in Aqaba and paid to the Ministry of finance, the pricing mechanism of oil derivatives were ceased, starting from the first of December 2016, according to the oil derivatives selling prices bulletin (IPP).

- Upon the offsetting request of the Jordan Petroleum Refinery Company submitted to the Ministry of Finance, for offsetting part of the Ministry of Finance relationship account due to the company amounted to JD 137,667,786 and the balance of the differences in pricing of derivatives and surpluses due to the government in the amount of JD 44,167,683 and the balance of establishing alternative tanks due to the government in the amount of JD 93,500,103 for the balances as of September 30, 2020, the Ministry of Finance letter No. (18/4/694) was received on January 10, 2021, which includes the approval of the above-mentioned offsetting based on the offsetting instructions, and that the offsetting was carried out at the Ministry of Finance on January 4, 2021, and that the offsetting is recorded in the financial statements for the year 2020, according to the balances of the financial relationship between the company and the government as of September 30, 2020 contained in the company's letter No. (2/25/51/1/8988) dated December 15, 2020.

d. The movement on the gas cylinders replacement provision is as follows:

	September 30, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD
Balance at the beginning of the year	5,000,000	5,000,000
<u>Add</u> : Recorded during the period/year *	3,163,112	4,032,307
<u>Less</u> : Released during the period/year *	<u>(3,163,112)</u>	<u>(4,032,307)</u>
Balance at the End of the Period/Year	<u>5,000,000</u>	<u>5,000,000</u>

- \* During the period ended September 30, 2022, a provision of JD 3,163,112 was recorded as gas cylinders write-off and repair cost, in accordance with oil derivatives selling prices bulletin (IPP) amounting to JD (10) for each ton of gas sold. An amount of JD 3,163,112 has been released during the same period. Moreover, the number of gas cylinders sold during the period ended September 30, 2022 was around 25.3 million cylinders.

e. This item represents fees, allowances, and the deposits for the Ministry of Finance's included in the oil derivatives selling prices bulletin (IPP) relating to the refining and gas activity only.

- The movement on this item is as follows:

	September 30, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD
Balance at the beginning of the year	46,680,255	51,514,419
Recorded during the period/year	2,171,919	3,037,700
Paid during the period/year	<u>(3,317)</u>	<u>(7,871,864)</u>
Balance at the End of the Period/Year	<u>48,848,857</u>	<u>46,680,255</u>

f. This item represents advance payments from fuel and gas clients against finished oil derivatives purchases.

g. This item represents pricing differences from imported finished oil derivatives between the cost of imported finished oil derivatives during the years from 2017 until the period ended September 30, 2022, and the Refinery Gate price included in the oil derivatives pricing bulletin (IPP) concerning the imports of Jordan Petroleum Products Marketing Company (a subsidiary) related to finished oil derivatives. In this regard, the Company recorded the difference between the actual import cost and the refinery gate price of oil derivatives as per the oil derivatives of prices bulletin (IPP) under the item of import pricing differences within payables and other credit balances, as the Company is uncertain as to whether it is the right for the Company or for the Ministry of Finance, and therefore, If it was the company's rights, this balance becomes a revenue for the company, and if it is the Ministry of Finance's rights, it is transferred from the deposits account without affecting the consolidated statement of profit or loss.

h. The Company has recorded a provision for storage fees against the claim of the Jordan Oil Terminals Company (JOTC) under its Letter No. (1/64/2018), dated April 3, 2018. In the letter, JOTC claimed storage fees on fuel oil at 3.5% and 1%, by JD 3.5 per cubic meter stored as of May 25, 2017. However, Jordan Petroleum Refinery Company rejected this claim. Based on this rejection, Letter No. (2/20/408), dated January 3, 2019, from the Energy & Minerals Regulatory Commission (EMRC) was received. The letter specified the initial storage fees at JD 2 per month, instead of JD 3.5 per cubic meter stored. However, the fees shall be studied by the Energy & Minerals Regulatory Commission (EMRC) during the first half of the year 2019. Moreover, the claim shall be re-examined for the period from May 25, 2017 until the end of the financial relationship between the Company and the Government, together with the related impact on the Government. In this respect, EMRC has not determined the final storage fees yet.

- The Company received Letter No. (18/4/12022), dated June 23, 2020, from the Ministry of Finance, which includes the Ministry of Finance's request to the Company to pay the fuel oil storage fees for JOTC for the period from May 25, 2017, until April 30, 2018, as the government has borne the cost of storage fees according to the financial relationship between the Company and the government for that period. In this respect, the Company paid the amount recorded until the end of the financial relationship with the government.
- The company signed a settlement report with the JOTC on June 6, 2021, included matching the balance between the two companies and record the due amount for the JOTC which include that it has to be paid on six equal monthly instalments, In Addition, the payment of storage fees of fuel oil 3.5% on a monthly basis. Moreover, the company through April 2021 exported the Fuel Oil 1% which was imported for The national Electricity Company since the Egyptian Oil was interrupted , The National Electricity pledged the Company to purchase the fuel oil and to pay all the costs , but it did not commit the pledge and as a result of that the Company sent a judicial warning including their claim for the difference of Importing and exporting values , Included in claimed costs the cost of the material storage in JOTC tanks. As a result of the non-response of the National Electric Company, the company filed a case against the National Electric Company to collect the difference in the value of fuel oil 1% exported and all the costs of importing and storing it with the competent courts.
- The movement on this item is as follows:

	<u>September 30, 2022 (Reviewed)</u>	<u>December 31, 2021 (Audited)</u>
	JD	JD
Balance at the beginning of the year	84,162	7,954,329
Recorded during the period/year	757,440	943,845
Paid during the period/year	<u>(757,440)</u>	<u>(8,814,012)</u>
Balance at the End of the Period/Year	<u>84,162</u>	<u>84,162</u>

- i. This item represents the amount retained by Jordan Petroleum Products Marketing Company (a subsidiary) against any future liabilities that may arise on the Hydron Energy Company LLC, after it's owning it in accordance with the agreement between both parties.
- j. Based on the agreement between Jordan Petroleum Refinery Company and Alia Company - Royal Jordanian Airlines signed on November 26, 2019, and after all the balances between the two Companies had been matched, both parties agreed to offset the accrued outstanding balance due from Alia Company - Royal Jordanian Airlines related to the refining and gas activity against the discount deposits balances and interest deposit balances of Alia Company - Royal Jordanian Airlines. Accordingly, the offsetting took place and resulted in an amount of JD 11,253,235, payable to Alia Company - Royal Jordanian Airlines and booked in the Company's records for the refining and gas activity.

- k. The Income and Sales Tax Department imposed a special tax differences, upon auditing the Jordan Petroleum Products Marketing Company (subsidiary), on the company's sales for the Al-Masar and Al-Tarawneh coalition, the Saad Al-Mobti and Partners coalition, the Al-Aoun and BCM coalition, despite the presence of decisions issued by the Prime Ministry exempting the withdrawals of these coalitions from the tax on diesel, and accordingly the company filed a case with the competent courts to respond to the claim of the Income and Sales Tax Department based on the Income and Sales Tax Department subjecting the sales of exempt entities under Prime Ministry decisions to the Tax.

## 12. Provision for Income Tax

- a. The movement on the income tax provision is as follows:

	September 30, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD
Provision for income tax at the beginning of the year	6,414,333	675,314
<u>Add: Income tax expense for the period/year</u>	26,925,192	7,331,041
<u>Less: Income tax paid during the period/year</u>	(15,122,071)	(1,592,022)
Provision for Income Tax at the End of the Period/Year	<u>18,217,454</u>	<u>6,414,333</u>

- b. The details of the income tax expense for the nine months ended September 30, 2022 and 2021 are as following:

	For the Nine Months Ended September 30,	
	2022 (Reviewed)	2021 (Reviewed)
	JD	JD
Income tax for the period	26,925,192	4,303,766
Deferred taxes impact for the period	(3,444,175)	4,987,999
Income Tax Expense for the Period	<u>23,481,017</u>	<u>9,291,765</u>

- The company obtained a final and definitive settlement from the Income and Sales Tax Department until the end of 2020. Also, the company's tax expense was calculated and paid for 2021 and the tax return was submitted for 2021. The tax expense was calculated for the period ending on September 30, 2022, in accordance with the provisions of the Jordanian income tax law, and this and the management's opinion and the company's tax advisor, the provisions taken in the condensed consolidated interim financial information are sufficient for the purposes of tax obligations.
- The Jordan Petroleum Products Marketing Company (a subsidiary) reached a final and irrevocable tax settlement with the Income and Sales Tax Department until the end of the year 2019. In addition, the company submitted its tax returns for the years 2020 and 2021 and paid the declared tax thereof. In addition, the tax expense for the period ended September 30, 2022, has been calculated for the subsidiary company in accordance with the provisions of the Jordanian Income Tax Law. In the opinion of the company's management and tax advisor, the provisions stated in the condensed consolidated interim financial information are sufficient to cover its tax obligations.

- The income tax declarations have been submitted for all the subsidiary companies of the Jordan Petroleum Products Marketing Company up to the year 2020 and 2021, and the declared income tax was paid. Moreover, the income tax expense has been calculated for Jordan Petroleum Products Marketing Company's subsidiaries for the period ended September 30, 2022, according to the Jordanian Income Tax Law. In the opinion of the Company's management and tax advisor, the provisions booked in the condensed consolidated interim financial information are sufficient to cover its tax obligations.
- The Jordan Lube Oil Manufacturing Company (a subsidiary) reached a final and irrevocable tax settlement with the Income and Sales Tax Department until the end of 2019. In addition, the company submitted its tax returns for the years 2020 and 2021 and paid the declared tax thereof. Meanwhile, the tax expense for the period ended September 30, 2022 has been calculated for the subsidiary company in accordance with the provisions of the Jordanian Income Tax Law. In the opinion of the company's management and tax advisor, the provisions stated in the condensed consolidated interim financial information are sufficient to cover its tax obligations.
- The income tax rate is 18% for the refining and gas activity and the lube oil factory and the Jordan Lube Oil Manufacturing Company plus a national contribution of 1%, and 20% for Jordan Petroleum Products Marketing Company and its subsidiaries plus a national contribution of 1%.

### 13. Death, Compensation, and End-of-Service Indemnity Fund

According to the Board of Directors' resolution to merge the death, disability, and indemnity fund with the staff end-of-service indemnity into one fund, namely the (death, compensation and end-of-service indemnity fund), and according to the General Announcement No. 11/2012, issued by Jordan Petroleum Refinery Company, dated March 3, 2012, the employee shall receive, at the end of his service, 150% of their monthly gross salary based on the last salary received. However, this amount may not exceed JD 2,000 for every work year for those whose gross monthly salaries do not exceed JD 2,000. If the monthly gross salary exceeds JD 2,000, the employee shall be paid a one-month gross salary for every work year as an end-of-service compensation according to the last salary paid. The Board of Directors shall determine the amount of the provision every year, in light of the amount of this liability, to enable the Company to set up the full provision within five years according to Appendix No. (5) of the above-mentioned New Fund Law. Moreover, there is no shortage in the required provision balance as of September 30, 2022.

### 14. Net Sales

This item consists of the following:

	For the Nine Months Ended September 30,	
	2022	2021
	(Reviewed)	(Reviewed)
	JD	JD
Refinery and gas cylinders filling sales *	398,872,120	281,116,266
Lube-oil factory sales**	7,202,736	17,429,910
Jordan Petroleum Products Marketing Company sales	1,270,785,858	979,882,338
Jordan Lube Oil Manufacturing Company Sales**	13,523,655	-
<u>Less: fees, allowances and taxes according to the oil derivatives prices bulletin (IPP)</u>	<u>(435,185,983)</u>	<u>(419,184,327)</u>
	<u>1,255,198,386</u>	<u>859,244,187</u>

\* The sales of the Jordan Petroleum Refinery Company to the Jordan Petroleum Products Marketing Company (a subsidiary) of finished oil derivatives amounted to JD 628,067,481 and the sales of the Jordan Lube Oil Manufacturing Company (a subsidiary) to the Jordan Petroleum Refinery Company amounted to JD 903,940 during the period ending on September 30, 2022.

\*\* Note that the Jordan Lube Oil Manufacturing Company has been activated as of April 1, 2022, and the entire activity and oil factory has been attached to it.

## 15. Cost of Sales

This item consists of the following:

	For the Nine Months Ended September 30,	
	2022	2021
	(Reviewed)	(Reviewed)
	JD	JD
Crude oil and materials under process at the beginning of the year	80,349,582	47,189,794
Purchases of crude oil and raw materials used in production	161,921,320	130,327,086
<u>Less:</u> crude oil and materials under process at the end of the period	<u>(117,533,751)</u>	<u>(95,747,244)</u>
Cost of Materials used in Production	124,737,151	81,769,636
Industrial expenses	46,386,154	39,469,841
Total Production Cost	171,123,305	121,239,477
<u>Add:</u> Finished products at the beginning of the year	218,959,468	184,380,042
Purchases of finished oil derivatives	1,340,527,362	700,219,345
<u>Less:</u> Finished oil derivatives at the end of the period	<u>(328,996,239)</u>	<u>(190,911,080)</u>
Subsidy of oil derivatives charged on the Ministry of Finance account *	(336,656,735)	(51,574,224)
<u>Add:</u> Surplus of oil derivatives pricing difference recorded to the Ministry of Finance account *	<u>876,098</u>	<u>586,250</u>
	<u>1,065,833,259</u>	<u>763,939,810</u>

- The average purchase cost per crude oil barrel amounted to USD 108.86 for the nine months ended September 30, 2022 (USD 67.14 for the nine months ended September 30, 2021).

\* This item represents the difference in the selling price to the consumer from the price specified in the oil derivatives price bulletin (IPP), as it resulted in an amount of JD 100,963,207 as subsidy and an amount of JD 44,949 as a surplus from the sales of the refining and gas activity; and an amount of JD 235,693,528 as a subsidy, and an amount of JD 831,149 as a surplus from the sales of the Jordan Petroleum Product Marketing Company (a subsidiary).

## 16. Profit Earnings per Share for the Period

This item consists of the following:

	For the Nine Months Ended September 30,	
	2022	2021
	(Reviewed)	(Reviewed)
	JD	JD
Profit for the period attributable to shareholders (JD)	92,086,159	38,230,189
Weighted-average number of shares (Share)	100,000,000	100,000,000
Profit Earnings per Share for the Period-Basic and Diluted (Fils/Share)	<u>-/92</u>	<u>-/38</u>

- The weighted-average number of shares for diluted profit earnings per share for the year attributable to the Company's shareholders is calculated based on the number of authorized shares for the period ended September 30, 2022 and 2021 according to International Accounting Standard No. (33).

## 17. Contingent Liabilities and Financial Commitments

- a. As of the condensed consolidated interim statement of financial position date, the Company was contingently liable and financially committed as follows:

	<u>September 30, 2022 (Reviewed)</u>	<u>December 31, 2021 (Audited)</u>
	JD	JD
Letters of credit and bills of collections*	709,391,760	824,723,687
Banks' letters of guarantee	5,519,731	7,049,779
Contracts for projects under construction	15,413,280	14,986,304

- \* This item includes standby L/Cs in the amount of JD 163 million which is equivalent to USD 230 million in favor of Saudi Aramco Company as of September 30, 2022 (JD 128 million which is equivalent to USD 180 million as of December 31, 2021).
- b. There are lawsuits filed against the company in the courts for claims amounting of JD 3,103,416 as of September 30, 2022, of which an amount of JD 1,910,000 is related to the refining and gas activity and an amount of JD 1,193,416 is related to the Jordan Petroleum Products Marketing Company (JD 1,599,062 as of December 31, 2021). Noting that some of the cases are filled against the government and the company together from previous years, and the obligations that could ensue on the Company from the outstanding lawsuits were estimated and the required provision for the outstanding lawsuit has been recorded within payables and other credit balances item, and in the opinion of the Company's management and the legal advisor, the provisions taken are sufficient to meet any future obligations.
- c. According to the minutes of the Company's meetings with the Ministry of Finance and the Jordan Petroleum Refinery Company held on November 8, 9 and 16, 2017, to determine the balances of the financial relation between Jordan Petroleum Refinery Company and the Government (excluding Jordan Petroleum Product Marketing Company and the Lube-Oil Factory) for the balances as of September 30, 2017, it was agreed as follows:
1. To confirm the balance of the Ministry of Finance's main account of JD 195,194,153, and the balance of the general sales tax deposits of JD 97,388,860, and the balance of special sales tax deposits of JD 937,034 as of September 30, 2017 as a right for Jordan Petroleum Refinery Company for the refining and gas activity. Moreover, the Ministry of Finance has also taken a pledge for all of the debt balances of the Armed Forces, Royal Air Force, Public Security Directorate, the General Directorate of the Gendarmerie, other security forces, and governmental departments, within its budget as well as the debts of the National Electric Power Company for refining and gas activities of JD 319,468,856 as of September 30, 2017. In the meantime, the two parties have agreed that no provision would be recorded for the debts of Royal Jordanian Company, municipalities, governmental universities, and administratively and financially independent governmental institutions during the relationship period, provided that if those amounts are not collected through the judiciary, and the Company is required to write them off, the Ministry of Finance pledges to pay those debts and any related costs.
  2. To confirm the deposits balances of price differences and surplus of JD 43,488,857, and deposits for setting up alternative tanks of JD 93,500,103 as well as fees, stamps and allowances according to (IPP) of JD 9,051,757 as of September 30, 2017 as a right for the Government.
  3. The two parties have not reached an agreement on the value of the strategic inventory deposits, as the Government is claiming the amount of valuation in 2008 of JD 156,787,303. Meanwhile, Jordan Petroleum Refinery Company is objecting to this amount since these quantities of inventory are deposits booked by the Company and will be refunded as quantities in case the relationship with the Government is terminated.

4. The two parties have not reached an agreement as to which party will maintain the gas cylinders replacement, maintenance and repair provision balance of JD 10 million.
  5. The two parties have agreed that the provision for lawsuits and other liabilities balance of JD 6.3 million as of September 30, 2017 is a right to Jordan Petroleum Refinery Company. In this regard, if any amount for a lawsuit was won by the Company, the booked amount will be transferred to the Government. On the other hand, any judicial expense incurred by the Company during the period of its relationship with the Government will be borne by the Ministry of Finance except for the booked provision.
  6. The two parties have agreed that the other provisions balance of JD 234 thousand as of September 30, 2017 is the right of Jordan Petroleum Refinery Company.
  7. The two parties have agreed that the income tax provision as of September 30, 2017 is the right of the Government and shall be transferred to the Income and Sales Tax Department on the due date in accordance with the Income and Sales Tax Law.
  8. The two parties have agreed that the labor provisions balance (provision for work injuries compensation; provision for employees' vacation; provision for end- of- service indemnity; and provision for death, compensation, and end-of-service indemnity) as of September 30, 2017 is the right of Jordan Petroleum Refinery Company.
  9. The two parties have not reached an agreement as to which party will maintain the provision for doubtful debts balance (expected credit losses provision) of JD 10.5 million as of September 30, 2017.
  10. The two parties have agreed that the provision for the legal compensation balance of JD 6.27 million as of September 30, 2017 is a right to the Jordanian Government. Meanwhile, the full amount has been paid before the end of 2017.
  11. The two parties have agreed that the penalty and delay in payments provision balance of JD 2.74 million as of September 30, 2017 is a right to the Jordanian Government. Meanwhile, the full amount has been paid before the end of 2017.
  12. The two parties have not reached an agreement as to who will maintain the provision for slow-moving and obsolete and sediments inventory balance of JD 19.9 million as of September 30, 2017.
- d. In accordance with the Council of Ministers' Decision No. (7633), taken in its meeting held on April 30, 2018, the financial relationship between the company and the government has ended and the company has been operating on a commercial basis as of May 1, 2018 (Note 3).

#### 18. Strategic Inventory Deposits – The Ministry of Finance

Pursuant to the Council Ministers' Decision No. (7633), taken in its meeting held on April 30, 2018, the Ministry of Finance was mandated to follow up on implementing the procedures and submit any related conclusions to the Council of Ministers regarding the transfer of the Government's strategic inventory, which has been determined in terms of quantity and value, to the Jordan Oil Terminals Company (JOTC). Additionally, Jordan Petroleum Refinery Company started transferring the strategic inventory to JOTC as of April 2018, and the Company fully transferred the remaining quantities to the Jordan Oil Terminals Company (JOTC) during 2021 according to the quantities requested by the Jordan Oil Terminals Company (JOTC) and the Ministry of Energy and Mineral Resources as per JOTC's storage capacity. During July 2020, the company transferred the government's jet fuel to the Air Force and transferred the government's asphalt to the Ministry of public Works during the year 2020 at the request of the Ministry of Energy and Mineral Resources. During February 2021, the company exported the fuel oil %3.5 owned by the government at the request of the Ministry of Energy and Mineral Resources. The company also received a letter from the Ministry of Finance and the Ministry of Energy and Mineral Resources that includes the government's sale of crude oil owned by the government to the company as of the beginning of March 2021 on the basis of crude oil prices issued by Aramco for March 2021, and the company purchased these quantities during March 2021, in implementation of Council of Ministers decision No. (1150) taken in its session held on February 3, 2021. In addition, the remaining amount of the strategic inventory of kerosene owned by the government was exchanged for diesel, according to the Council of Minister's Decision No. (3273) taken in its meeting held on August 11, 2021. Accordingly, the government has no quantities of the strategic inventory as deposits with the company where all quantities have been transferred by the end of the year 2021, bearing in mind that the approval of the Ministry of Finance was received to finally settle the value and quantity of the inventory in accordance with the letter of the Ministry of Finance No. (4/18/28669) dated August 29, 2019.

#### 19. Ministry of Finance and Related Parties' Balances and Transactions

The balances and movements resulting from transactions with the Ministry of Finance and related parties are as follows:

	September 30, 2022 (Reviewed)	December 31, 2021 (Audited)
<u>Balances:</u>	JD	JD
Ministry of Finance – the relationship (Note 8/e)	318,541,138	200,097,159
Ministry of Finance – deposits of oil derivatives pricing differences and surplus (Note 11/a)	(769,470)	(5,312,638)
	For the Nine Months Ended September 30,	
	2022 (Reviewed)	2021 (Reviewed)
<u>Transactions:</u>	JD	JD
Ministry of Finance – oil derivatives subsidy charged on the Ministry of Finance (Note 15)	336,656,735	51,574,224
Ministry of Finance – surplus differences for oil derivatives pricing charged to the Ministry of Finance (Note 15)	(876,098)	(586,250)

Executive management and members of the Board of Directors' salaries, remuneration, and other benefits amounted to JD 1,241,020 for the period ended September 30, 2022 (JD 988,753 for the period ended September 30, 2021).

## 20. Distribution of Assets, Liabilities and Results by Sector

The information relating to the Company's disclosed segments is set out below in accordance with IFRS 8. This standard requires identifying segments that can be reported based on the internal reports that are regularly reviewed by the Company's chief operating decision maker and are used to allocate resources to segments and to assess their performance. In addition, the Company's primary activity is represented in conducting activities related to crude oil, oil derivatives, liquefied petroleum gas and lube oil. The majority of the Company's revenues, profits, and assets relate to its operations in the Hashemite Kingdom of Jordan. Inter-sectorial sales are recognized at normal selling prices.

- The Company is organized, for management purposes, into the following four major business sectors:
  - a. Refining: This sector separates and converts the components of imported crude oil into a set of various finished oil derivatives. This sector depends on licensing from the American UOP Company in the majority of its operations.
  - b. Distribution: Distribution links the Company's production and refining activities, on one hand, and all customers in the various areas of the Kingdom, on the other. Moreover, distribution fulfills customers' demands for the Company's finished oil derivatives and gas and lube oil.
  - c. Lube-oil Manufacturing: This sector includes the manufacturing, production, filling, and marketing of various types of oil required in the local and foreign markets.
  - d. Liquefied Gas Manufacturing and Filling: This sector includes producing and filling liquefied gas; and manufacturing, repairing, maintaining, and filling gas cylinders through three of the Company's Gas Stations.
- All of the Company's assets, liabilities, and operations are inside the Hashemite Kingdom of Jordan.
- The following are the Company's activities distributed according to activity type:

	Refining and Filling Gas Cylinders JD	Lube Oil Factory* JD	Jordan Petroleum Products Marketing Company JD	Jordan Lube Oil Manufacturing Company * JD	Others JD	Total JD
<u>For the period ended September 30, 2022 (Reviewed):</u>						
Profit for the period after tax	69,810,932	2,338,962	16,906,095	3,715,433	45,092	92,816,514
<u>For the period ended September 30, 2021 (Reviewed):</u>						
Profit for the Period after Tax	17,052,750	5,492,092	15,657,923	-	96,066	38,298,831

<u>Other Information</u>	September 30, 2022 (Reviewed)					
	Refining and Filling Gas Cylinders JD	Lube Oil Factory* JD	Jordan Petroleum Products Marketing Company JD	Jordan Lube Oil Manufacturing Company* JD	Others JD	Total JD
	Total sector's assets	1,055,876,616	19,151,511	455,682,369	18,358,931	4,896,770
Total sector's liabilities	849,821,133	18,154,728	352,045,370	8,035,632	192,714	1,228,249,577
	December 31, 2021 (Audited)					
	Refining and Filling Gas Cylinders JD	Lube Oil Factory* JD	Jordan Petroleum Products Marketing Company JD	Jordan Lube Oil Manufacturing Company* JD	Others JD	Total JD
	Total sector's assets	841,446,567	31,634,086	363,925,962	-	6,458,786
Total sector's liabilities	698,491,477	23,589,356	258,433,439	-	322,818	980,837,090

- \* The Jordan Lube Oil Manufacturing Company has been activated as of April 1, 2022 and the entire activity of the oil factory has been attached to it.

- The following represents the results of the company's operations based on the activity (before performing the consolidation):

		For the period Ended September 30, 2022					
	Note	Refining activity and gas cylinders filling	Lube Oil Factory*	Jordan Petroleum Products Marketing Company	Jordan Lube Oil Manufacturing Company*	Other	Total
		JD	JD	JD	JD	JD	JD
Net Sales	14	996,830,165	7,202,736	866,613,251	13,523,655	-	1,884,169,807
<u>Less: Cost of sales</u>	15	<u>(879,897,823)</u>	<u>(4,095,606)</u>	<u>(803,006,228)</u>	<u>(7,805,023)</u>	-	<u>(1,694,804,680)</u>
Gross profit from sales		116,932,342	3,107,130	63,607,023	5,718,632	-	189,365,127
<u>Add: Operating income and other</u>		<u>7,549,148</u>	<u>4,222</u>	<u>2,431,595</u>	<u>152,370</u>	-	<u>10,137,335</u>
Gross profit		124,481,490	3,111,352	66,038,618	5,871,002	-	199,502,462
<u>Less: Selling and distribution expenses</u>		<u>(23,139,061)</u>	<u>(379,451)</u>	<u>(20,581,789)</u>	<u>(788,392)</u>	-	<u>(44,888,693)</u>
General and administrative expenses		(6,156,905)	(91,992)	(4,143,759)	(303,657)	-	(10,696,313)
Bank interest and commissions		(14,371,114)	-	(2,255,765)	(191,999)	45,092	(16,773,786)
(Provision) of lawsuits	11	(1,196,718)	-	(307,636)	-	-	(1,504,354)
Released from (provision of) expected credit losses	8/j	-	200,636	(2,955,843)	-	-	(2,755,207)
(Provision) of slow-moving and obsolete inventory and sediments	9	(1,498,995)	-	-	-	-	(1,498,995)
(Provision) of storage fees	11/h	(757,440)	-	-	-	-	(757,440)
(Provision) of employees' vacations	11	(36,866)	-	-	-	-	(36,866)
Interest income resulting from government's delay		9,724,463	-	-	-	-	9,724,463
Lease liabilities interest		-	-	(2,080,350)	-	-	(2,080,350)
Amortization of intangible assets		-	-	(2,250,000)	-	-	(2,250,000)
(Provision) of special tax differences	11/k	-	-	(9,687,390)	-	-	(9,687,390)
Profit for the period before Income Tax		87,048,854	2,840,545	21,776,086	4,586,954	45,092	116,297,531
Income tax (expense) the period	12/b	(17,237,922)	(501,583)	(4,869,991)	(871,521)	-	(23,481,017)
Profit for the period		<u>69,810,932</u>	<u>2,338,962</u>	<u>16,906,095</u>	<u>3,715,433</u>	<u>45,092</u>	<u>92,816,514</u>

- \* The Jordan Lube Oil Manufacturing Company has been activated as of April 1, 2022, and the entire activity and oil factory has been attached to it.

		For the period Ended September 30, 2021				
	Note	Refining activity and gas cylinders filling	Lube Oil Factory	Jordan Petroleum Products Marketing Company	Other	Total
		JD	JD	JD	JD	JD
Net Sales	14	705,813,037	17,429,910	589,661,286	-	1,312,904,233
<u>Less: Cost of sales</u>	15	<u>(664,177,359)</u>	<u>(9,227,788)</u>	<u>(544,194,709)</u>	-	<u>(1,217,599,856)</u>
Gross profit from sales		41,635,678	8,202,122	45,466,577	-	95,304,377
<u>Add: Operating income and other</u>		<u>8,878,962</u>	<u>86,603</u>	<u>1,640,110</u>	-	<u>10,605,675</u>
Gross profit		50,514,640	8,288,725	47,106,687	-	105,910,052
<u>Less: Selling and distribution expenses</u>		<u>(21,467,767)</u>	<u>(1,196,965)</u>	<u>(18,211,789)</u>	-	<u>(40,876,521)</u>
General and administrative expenses		(5,415,030)	(236,556)	(2,557,593)	-	(8,209,179)
Bank interest and commissions		(13,981,807)	-	(2,397,245)	96,066	(16,282,986)
(Provision) of lawsuits	11	(206,650)	-	(941,907)	-	(1,148,557)
(Provision) of released from expected credit losses	8/j	-	(157,530)	1,219,829	-	1,062,299
Released from (provision) of slow moving and obsolete inventory and sediments	9	259,905	-	-	-	259,905
(Provision) of storage fees	11/h	(691,365)	-	-	-	(691,365)
Released from employees' vacations provision	11	72,656	-	-	-	72,656
Income from storage of strategic inventory		1,505,732	-	-	-	1,505,732
Interest income resulting from government's delay		10,244,413	-	-	-	10,244,413
Lease liabilities interests		-	-	(2,005,853)	-	(2,005,853)
Amortization of intangible assets		-	-	(2,250,000)	-	(2,250,000)
Profit for the period before Income tax		20,834,727	6,697,674	19,962,129	96,066	47,590,596
Income tax (expense) for the period	12/b	(3,781,977)	(1,205,582)	(4,304,206)	-	(9,291,765)
Profit for the period		<u>17,052,750</u>	<u>5,492,092</u>	<u>15,657,923</u>	<u>96,066</u>	<u>38,298,831</u>

- \* The Jordan Lube Oil Manufacturing Company has been activated as of April 1, 2022, and the entire activity and oil factory has been attached to it.

## 21. Future Plan

With regard to the company's fourth expansion project, the evaluation of the technical and financing offers for the project from consortiums of implementing and financing contractors (EPCF) has been completed with the participation of the project management contractor (Technip) UK branch, the financial advisor Standard Chartered Bank, the international legal advisor (Freshfields) and the local legal advisor of the project. Accordingly, negotiations began with the coalitions to choose the coalition that will implement the project, after the validity of the prices mentioned in the offers was extended until the end of December 2022.

Also, the Ministry of Environment approved the terms of reference for the study of the environmental audit of the company's facilities and the assessment of the environmental and social impact of the fourth expansion project, in order to conduct the procedures of the environmental impact assessment study in accordance with the environmental classification and licensing system and its amendments No. 69 of year 2020.

With regard to the environmental and societal benefits of the fourth expansion project, the project management contractor (Technip) UK branch prepared a report showing the environmental and societal benefits of the fourth expansion project and submitted it to the Ministry of Energy and Mineral Resources and the Ministry of Environment.

Also the market study was updated by the American company Wood Mackenzie at the request of the investors, as the latest updates related to fluctuations in crude oil prices, shipping costs, the impact of the Corona virus pandemic and the impact of the Russian-Ukrainian war were taken into consideration.

Also, the optimal operating model of the project was updated by UOP Co. , and accordingly, the financial model was updated by the financial advisor Standard Chartered Bank, and it was sent to the investors at the beginning of October 2022.

At the beginning of March 2022, the company obtained all the necessary licenses from the Energy and Minerals Regulatory Commission to continue carrying out its various activities, as the company obtained a license to practice refining and storage activity, licenses to practice liquefied gas activity, a license to practice mineral oil activity and a license to practice central distribution activity for liquefied gas in addition to a permit to build the fourth expansion project of the refinery.

On the level of the financial relationship with the government, the company is still communicating with the government to agree on the remaining matters related to the financial relationship between them and to resolve the remaining pending items, especially the payment of the amounts owed by the government, after the company concluded during June 2022 with the National Electric Power Company a financial settlement agreement to pay the amount due from the National Electric Power Company during a year in equal installments starting from July 2022, and the negotiations are still ongoing with the government to determine the value of the gas commission, which reflects a rate of return on investment at 12% annually in preparation for the separation of the gas activity and the activation of the Jordan Liquefied Gas Manufacturing and Filling Company and the attachment of the gas activity and gas filling stations to it. Noting that the Company at the beginning of March 2022 obtained from the Energy and Minerals Regulatory Commission the necessary licenses to practice the gas activities.

The Jordan Petroleum Products Marketing Company continues its development and expansion path with the opening and management of new stations, as in the first half of 2022 the Company opened and managed Al-Saqqa station/100th Street, Al-Zeinat station/Wadi Al-Remam, Matakri station, The Back Road station/Aqaba, Gardens Street station/Amman, Al-Sudani station/Zarqa, Al-Sawsanah station/Al-Wahadna and Al-Faisaliah station/AL-Dibs. Also there were buildings and tanks were added to Al-Dakhiliyah station.

Also, in the third quarter of 2022, the Sufian Al-Zoubi station 1 and the Sufian Al-Zoubi station 2 were managed.

And it is planned in the last quarter of the year of 2022, to open and manage Al al-Bayt University station/Mafraq, The Royal Guard station/Royal Court, Al-Qatrana station/Ruba Al-Amir, Beno station/Sweileh, Beit Idas station, Zaid Al-Fawair station/Ain Al-Basha, and Zain Murad Al-Zeer station/Ajloun, Al-Sakhr AlZaitiy station, Aswar Badr station, Amer Al-Momani/Ableen station, Khaled Al-Bashabsheh station, Mahmoud Al-Jararweh station, Um-Uthaina Station and Aqaba warehouses, in addition to continuing to renovate the old stations, including fifteen stations for the Royal Jordanian Air Force.

The implementation of Abdullah Ghosheh Street station, Jordan street station, Al-Shishani station/Sweileh, the hashemite warehouses, and Al-Hosn Mall will also be started.

The company implemented in the first half of 2022 the EFWATEERCOM electronic payment system for home distribution requests, charging prepaid cards, and activating a group of electronic applications that increase the efficiency of the company's operations.

The company also automated the orders of home distribution customers in the third quarter of 2022, by applying automated simulation systems with customers in terms of demand and delivery.

It is planned in the second half of 2022 that the company will obtain international quality certificates in managing the quality of services, products, health and safety systems and environmental management systems with the highest internationally approved standards, and to continue to intensify training all employees on the latest health and safety management systems, providing them with all necessary equipment and applying the latest systems to protect facilities against theft and risks.

Also, the TV monitoring system is applied to the transport fleet tanks and home distribution through the central control room in addition to automating tank counters and their inventory. The electronic payment system service E-Fawateercom will also be activated for the companies.

Smart applications will be activated to organize technical support for customers in their stations, in addition to completing inventory automation and electronic sales systems in all managed and supplied stations.

Regarding the activity of lube oil, the company activated the Jordan Lube Oli Manufacturing Company as of April 1, 2022, and the entire activity of lube oil, including the lube oil factory, was attached to this company, after the company has obtained the necessary license to practice this activity by Energy and Minerals Regulatory Commission at the beginning of March 2022.

The company is also continuing its plan to develop its production lines to increase production efficiency in the lube oil factory, where a new production line was purchased to fill one-liter bottles, and it is expected that the installation and operation will be completed during the last quarter of 2022, and it is planned to purchase new lines to fill five-liter and twenty five-liter bottles.

The installation of radar systems for base oil tanks and mixing tanks in the lube oil factory has also been completed, and the project is in gradual operation. Work is also in progress to update the computerized systems to link work procedures between the various activities of the factory to become electronic.

As part of the cost-reduction plan for lube oil activity, work is currently underway to install a system to melt the viscosity index improver, and it is expected that the process of installing and operating it will be completed during the last quarter of 2022, in addition to installing new tanks to expand the import of lube oil additives in bulk form in flexible tanks with a volume of twenty cubic meters.

Work is also underway to develop the infrastructure of the lube oil plant and rehabilitate its floor, and It is planned to purchase a modern cranes and handling equipment for lube oils and to purchase additional freight cars to improve the service of distributing goods to customers.

The plan also includes continuing to develop the lube oil laboratory by purchasing new and modern testing devices in order to increase the level of reliability and qualify it to examine used lube oils to increase the level of after-sales service, and to expand the scope of accreditation obtained by the laboratory (ISO 17025) from the accreditation unit in the Standards and Metrology Organization. The plan is also including produce new types of lube Oils with higher performance levels, such as gasoline engine oil with performance level (API SP) and diesel engine oil with performance level (CJ), as the materials needed for their production have been purchased and the production is expected to start during the last quarter of 2022.

As for exporting, it is included within the plan of the lube oil activity to expand the export to include Sudan and Yemen and to expand the export to Chad to include all regions of Chad in addition to the neighboring regions such as Cameroon and continue to export to Palestine and Iraq.

22. Fair Value Hierarchy

a. Financial Assets and Financial Liabilities for the Company Measured at Fair Value on a Recurring Basis.

Some of the financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table provides information about how the fair value of these financial

assets and financial liabilities is determined (valuation techniques and key inputs):

Financial Assets	Fair Value as at		Fair Value Hierarchy	Valuation Techniques and Key Inputs	Significant Unobservable Inputs	Relationship of Unobservable Inputs to Fair Value
	September 30, 2022 (Reviewed)	December 31, 2021 (Audited)				
	JD	JD				
Financial assets at fair value						
Financial assets at fair value through other comprehensive income:						
Companies' shares	<u>3,848,590</u>	<u>2,630,051</u>	Level 1	Listed prices in financial markets	Not applicable	Not applicable
Total financial assets at fair value	<u><u>3,848,590</u></u>	<u><u>2,630,051</u></u>				

There were no transfers between level 1 and level 2 during the financial period.

b. The fair value of financial assets and financial liabilities of the Company not specified at fair value on an ongoing basis:

We believe that the book value of the financial assets and financial liabilities shown in the Company's condensed consolidated interim financial information approximates their fair value.

Meanwhile, investment properties and gas stations were evaluated for the subsidiaries upon acquisition.

23. Approval on the Condensed Consolidated Interim Financial Information

The condensed consolidated interim financial information was approved by the Board of Directors and authorized for issuance on October 26, 2022.