

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

PUBLIC SHAREHOLDING COMPANY

**UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

30 June 2026

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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Alia - The Royal Jordanian Airlines Company (the “Company”) and its subsidiaries (together referred to as the “Group”) as at 30 June 2026, comprising the interim condensed consolidated statement of financial position as at 30 June 2026, interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity, interim condensed consolidated statement of cash flows for the six months then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard IAS (34) Interim Financial Reporting. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

Ahmad Mahmoud Abu-Asabeh
License No 1155



Amman – Jordan
28 July 2026

ERNST & YOUNG
Amman - Jordan

Alia - The Royal Jordanian Airlines Company (Royal Jordanian)
Public Shareholding Company
Interim Condensed Consolidated Statement of Financial Position
30 June 2026
(In Thousands of Jordanian Dinars)

	Notes	30 June 2026 (Unaudited)	31 December 2025 (Audited)
<u>ASSETS</u>			
Non-current assets			
Property and equipment	4	177,294	149,278
Investment properties	17	164,307	164,307
Right-of-use assets	5	995,924	667,613
Long-term advances on purchase of aircraft		22,029	14,269
Financial assets at fair value through other comprehensive income		1,157	1,157
Investment in an associate		31,450	31,847
Restricted cash against lease contracts		98,027	63,434
Long-term loan granted to an associate	7	-	4,827
Deferred tax assets		12,322	12,322
Goodwill		3,467	3,467
		<u>1,505,977</u>	<u>1,112,521</u>
Current assets			
Other current assets		55,940	60,690
Spare parts and supplies		11,975	11,266
Current portion of long-term loan granted to an associate	7	-	1,135
Accounts receivable		63,623	38,947
Cash and bank balances	6	<u>193,762</u>	<u>129,381</u>
		325,300	241,419
Assets held for sale		-	-
TOTAL ASSETS		<u>1,831,277</u>	<u>1,353,940</u>
<u>EQUITY AND LIABILITIES</u>			
Shareholders' equity			
Paid-in capital	9	363,627	363,627
Share discount	9	(78,205)	(78,205)
Statutory reserve		1,869	1,869
Fair value reserve		(787)	(787)
Cash flow hedges		-	-
Accumulated losses		<u>(181,419)</u>	<u>(181,728)</u>
		105,085	104,776
Non-controlling interests		<u>21,781</u>	<u>21,644</u>
Net shareholders' equity		<u>126,866</u>	<u>126,420</u>
<u>LIABILITIES</u>			
Non-current liabilities			
Long-term loans	7	157,903	112,922
Long-term lease obligations	5	875,206	569,330
Long-term grants	8	3,292	3,716
Other long-term liabilities		57,626	59,083
		<u>1,094,027</u>	<u>745,051</u>
Current liabilities			
Bank overdraft		92	67
Current portion of long-term loans	7	47,709	31,587
Accrued expenses		99,856	112,451
Accounts payable and other current liabilities		131,746	108,604
Deferred revenues		241,441	155,072
Short-term lease obligations	5	87,456	72,453
Short-term grants	8	<u>1,968</u>	<u>2,119</u>
		610,268	482,353
Liabilities associated with assets held for sale		<u>116</u>	<u>116</u>
Total liabilities		<u>1,704,411</u>	<u>1,227,520</u>
TOTAL EQUITY AND LIABILITIES		<u>1,831,277</u>	<u>1,353,940</u>

The accompanying notes from 1 to 20 form part of these interim condensed consolidated financial statements

Alia - The Royal Jordanian Airlines Company (Royal Jordanian)
Public Shareholding Company
Interim Condensed Consolidated Income Statement
For The Six Months Ended 30 June 2026 (Unaudited)
(In Thousands of Jordanian Dinars)

		For the three months ended 30 June		For the six months ended 30 June	
	Notes	2026	2025	2026	2025
Continuing Operations:					
Revenues from contracts with customers	10	265,713	205,112	461,680	375,654
Cost of revenues		(217,195)	(170,239)	(394,146)	(328,461)
Gross profit		48,518	34,873	67,534	47,193
General and administrative expenses		(5,122)	(5,629)	(10,602)	(10,636)
Selling and marketing expenses		(16,478)	(14,118)	(30,194)	(26,363)
Other provisions		(37)	(210)	(68)	(233)
Net operating profit		26,881	14,916	26,670	9,961
Group’s share of results of an associate		(1,383)	2,680	(397)	5,547
Other revenues, net		7,310	2,084	8,418	4,079
Foreign currency (losses) gains		(922)	100	(2,201)	332
Finance costs	18	(19,426)	(8,242)	(34,482)	(16,427)
Interest income		1,691	813	2,699	1,659
Provision for voluntary termination		(384)	-	(384)	(111)
Gain on disposal of property and equipment		1,577	6,494	1,592	7,992
Net profit for the period from continuing operations before income tax expense		15,344	18,845	1,915	13,032
Income tax expense	11	(364)	(133)	(500)	(353)
Profit for the period from continuing operations		14,980	18,712	1,415	12,679
Discontinued operations:					
Profit for the period from discontinued operations after income tax		-	-	-	10
Profit for the period		14,980	18,712	1,415	12,689
Attributable to:					
Equity holders of the parent		14,465	18,065	309	11,489
Non-controlling interests		515	647	1,106	1,200
		14,980	18,712	1,415	12,689
Earnings per share					
Basic and diluted earnings per share attributable to equity holders of the parent	16	JD 0.040	JD 0.050	JD 0.001	JD 0.032

The accompanying notes from 1 to 20 form part of these interim condensed consolidated financial statements

Alia - The Royal Jordanian Airlines Company (Royal Jordanian)
Public Shareholding Company
Interim Condensed Consolidated Statement of Comprehensive Income
For The Six Months Ended 30 June 2026 (Unaudited)
(In Thousands of Jordanian Dinars)

	For the three months ended 30 June		For the six months ended 30 June	
	2026	2025	2026	2025
Profit for the period	14,980	18,712	1,415	12,689
Other comprehensive income items:				
Other comprehensive income items that will be reclassified to the interim condensed consolidated income statement in subsequent periods (net after tax):				
Net (loss) gain from cash flow hedges	(69)	63	-	150
Total comprehensive income for the period	14,911	18,775	1,415	12,839
Attributable to:				
Equity holders of the parent	14,396	18,128	309	11,639
Non-controlling interests	515	647	1,106	1,200
	14,911	18,775	1,415	12,839

The accompanying notes from 1 to 20 form part of these interim condensed consolidated financial statements

Alia - The Royal Jordanian Airlines Company (Royal Jordanian)
Public Shareholding Company
Interim Condensed Consolidated Statement of Changes in Equity
For The Six Months Ended 30 June 2026 (Unaudited)
(In Thousands of Jordanian Dinars)

	Attributable to equity holders of the parent						Non-controlling interests	Net equity
	Paid-in capital	Share discount	Statutory reserve	Fair value reserve	Cash flow hedges	Accumulated losses		
For the six months ended 30 June 2026								
Balance as at 1 January 2026 (Audited)	363,627	(78,205)	1,869	(787)	-	(181,728)	21,644	126,420
Total comprehensive income for the period	-	-	-	-	-	309	1,106	1,415
Dividends *	-	-	-	-	-	-	(969)	(969)
Balance as at 30 June 2026 (Unaudited)	363,627	(78,205)	1,869	(787)	-	(181,419)	21,781	126,866
For the six months ended 30 June 2025								
Balance as at 1 January 2025 (Audited)	363,627	(78,205)	-	(787)	(87)	(198,548)	19,545	105,545
Total comprehensive income for the period	-	-	-	-	150	11,489	1,200	12,839
Acquisition of a subsidiary (Note 13)	-	-	-	-	-	-	1,455	1,455
Dividends *	-	-	-	-	-	-	(1,077)	(1,077)
Balance as at 30 June 2025 (Unaudited)	363,627	(78,205)	-	(787)	63	(187,059)	21,123	118,762

* The Board of Directors of Jordan Flight Catering Company resolved in their meetings held during the period ended 30 June 2026 to approve the distribution of dividends in the amount of JD 1,978 and the non-controlling interests share amounted to JD 969 (30 June 2025: distribution of dividends of JD 1,950 and the non-controlling interests share amounted to JD1,077).

There are no restricted or distributable profits due to the existence of accumulated losses as of 30 June 2026 and 2025.

The accompanying notes from 1 to 20 form part of these interim condensed consolidated financial statements

Alia - The Royal Jordanian Airlines Company (Royal Jordanian)
Public Shareholding Company
Interim Condensed Consolidated Statement of Cash Flows
For The Six Months Ended 30 June 2026 (Unaudited)
(In Thousands of Jordanian Dinars)

	Notes	For the six months ended 30 June	
		2026	2025
OPERATING ACTIVITIES			
Profit for the period from continuing operations before income tax		1,915	13,032
Profit for the period from discontinued operations before income tax		-	10
		<u>1,915</u>	<u>13,042</u>
Adjustments for:			
Depreciation of property and equipment		8,901	10,079
Depreciation of right-of-use assets	5	42,540	29,243
Company's share of results of an associate		397	(5,547)
Finance costs		34,482	16,427
Other income – amortization of grants		(1,185)	(1,562)
Gain from terminated lease contracts		-	(261)
Provision for slow-moving inventory		62	233
Provision for end of service indemnity		46	52
Provision for expected credit losses		6	-
Gain on disposal of property and equipment		(1,592)	(7,992)
Interest income		(2,699)	(1,659)
Provision for voluntary termination		384	111
Changes in working capital:			
Accounts receivable		(24,682)	(11,065)
Spare parts and supplies		(771)	(487)
Other current assets		2,176	(8,238)
Deferred revenues		86,369	60,499
Accounts payable and other current liabilities		24,622	10,535
Accrued expenses and other long-term liabilities		(17,577)	5,824
End of service indemnity payments		(13)	(36)
Legal cases payments		(88)	(215)
Voluntary termination payments		(206)	(111)
Income tax payments	11	(518)	(395)
Net cash flows from operating activities		<u>152,569</u>	<u>108,477</u>
INVESTING ACTIVITIES			
Purchase of property and equipment	4	(47,267)	(30,851)
Change in restricted cash against lease contracts		(34,593)	(4,610)
Proceeds from disposal of property and equipment		14,582	18,704
Interest income received		2,304	2,637
Cash proceeds from acquisition of a subsidiary	13	-	2,625
Change in advances on purchase and modification of aircraft loan granted to an associate		(13,461)	(99)
		5,962	-
Short-term deposits		(7,106)	(13,185)
Net cash flows used in investing activities		<u>(79,579)</u>	<u>(24,779)</u>
FINANCING ACTIVITIES			
Repayment of loans		(24,103)	(30,534)
Loan proceeds		84,453	73,214
Payments of lease obligations	5	(72,649)	(51,207)
Interest paid		(2,472)	(2,042)
Dividends to non-controlling interests		(969)	(1,077)
Net cash flows used in financing activities		<u>(15,740)</u>	<u>(11,646)</u>
Net increase in cash and cash equivalents		57,250	72,052
Cash and cash equivalents at the beginning of the period		63,174	20,035
Cash and cash equivalents at the end of the period	6	<u>120,424</u>	<u>92,087</u>

The accompanying notes from 1 to 20 form part of these interim condensed consolidated financial statements

Alia - The Royal Jordanian Airlines Company (Royal Jordanian)
Public Shareholding Company
Notes to The Interim Condensed Consolidated Financial Statements
30 June 2026 (unaudited)
(In Thousands of Jordanian Dinars except for amounts in foreign currencies)

(1) GENERAL

Alia - The Royal Jordanian Airlines Company (Royal Jordanian), the “Company” was registered as a Jordanian Public Shareholding Company as the legal successor of Alia Foundation – Royal Jordanian on 5 February 2001. The Company's head office is located in Amman - Jordan.

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

The interim condensed consolidated financial statements were authorized for issuance by the Board of Directors in their meeting held on 28 July 2026.

(2) BASIS OF PREPARATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements are prepared in accordance with International Accounting Standard No. (34) (Interim Financial Reporting).

The interim condensed consolidated financial statements do not contain all information and disclosures required for annual financial statements prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), and should be read in conjunction with the Group’s annual report as at 31 December 2025. In addition, the results of the six months period ended 30 June 2026 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2026.

The interim condensed consolidated financial statements have been presented in Jordanian Dinar which is the functional currency of the Group. All values are rounded to the nearest thousand (JD 000) except when otherwise indicated.

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Public Shareholding Company
Notes to The Interim Condensed Consolidated Financial Statements
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(2-1) CHANGES IN ACCOUNTING POLICES

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2025, except for the following amendments on the standards effective as of 1 January 2026:

Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7

In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The amendments include:

- A clarification that a financial liability is derecognised on the ‘settlement date’ and introduce an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date.
- Additional guidance on how the contractual cash flows for financial assets with environmental, social, and corporate governance (ESG) and similar features should be assessed.
- Clarifications on what constitute ‘non-recourse features’ and what are the characteristics of contractually linked instruments.
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI).

The amendments had no material impact on the Group’s interim condensed consolidated financial statements.

(2-2) FUNDAMENTAL ACCOUNTING CONCEPTS

The Group’s accumulated losses amounted to JD 181,419, representing 50% of the Group’s paid-in capital as of 30 June 2026. In addition, the Group’s current liabilities exceeded its current assets by JD 284,968 as of 30 June 2026.

The Group’s ability to continue as a going concern depends on its ability to achieve the operational and financial results set out in its business plan and to maintain compliance with the requirements of Article (266) of the Jordanian Companies Law No. (22) of 1997, as amended, which stipulates that the accumulated losses of a public shareholding company must not exceed 75% of its share capital. Otherwise, the company must be liquidated unless the General Assembly, in an extraordinary meeting, decides to increase the company’s share capital or otherwise address the company’s accumulated losses.

In its efforts, together with its principal shareholder, the Government Investment Management Company, to increase the Company’s capital and rectify its financial position in accordance with Article (266) of the Jordanian Companies Law No. (22) of 1997, as amended, the Council of Ministers issued Resolution No. 2324 at its meeting held on 9 February 2025, approving Royal Jordanian’s capitalization of the loan granted by Jordan Capital Bank amounting to JD 50 million. Under this resolution, the Ministry of Finance will repay the loan on behalf of Royal Jordanian over a period of five years through five equal annual installments of JD 10 million each, commencing in 2026. The amounts repaid will be treated as advance payments against a future capital increase, while Royal Jordanian will bear the related interest costs.

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In April 2025, the Company signed an amendment to the loan agreement, under which the repayment schedule was revised to five annual installments of JD 10 million each, with repayment commencing on 13 July 2026, in accordance with the above-mentioned Council of Ministers resolution (Note 7).

On 27 May 2025, the Company obtained a new syndicated loan facility amounting to JD 177 million (USD 250 million). This facility was used to settle the outstanding balance of the previous syndicated loan and to finance investment projects, the leasing and acquisition of aircraft and engines, and the settlement of outstanding banking facilities.

Furthermore, on 8 June 2020, the Company received a letter of support from the Ministry of Finance, acting on behalf of the Government of the Hashemite Kingdom of Jordan, indicating that the Government views positively the continuation of its support for the Company in the future.

(3) BASIS OF CONSOLIDATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements comprise the financial statements of Alia - The Royal Jordanian Airlines Company (the “Company”) and the following subsidiaries (collectively referred to as the “Group”) as at 30 June 2026 and 31 December 2025:

Company’s name	Ownership percentage		Country
	<u>2026</u>	<u>2025</u>	
Tikram for Airport Services Company	100%	100%	Jordan
Royal Wings Company – under liquidation	100%	100%	Jordan
Jordan Airline Training and Simulation Company	100%	100%	Jordan
Royal Jordanian for Passenger Services *	100%	-	Jordan
Jordan Airports Company	90%	90%	Jordan
Royal Tours for Travel and Tourism Company	80%	80%	Jordan
Jordan Flight Catering Company (Note 13)	51%	51%	Jordan

* Royal Jordanian Passenger Services Company was established on 23 February 2026. The Company's objectives include the management and operation of business and passenger lounges.

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

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

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

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

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

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

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

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

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

Shareholders with significant influence over the Group

The Government of the Hashemite Kingdom of Jordan presented by Government Investments Management Company owns 95.32% from the Company's shares as at 30 June 2026 and 31 December 2025.

(4) PROPERTY AND EQUIPMENT

During the six months ended 30 June 2026, the Group purchased property and equipment with a total cost of JD 47,267 (30 June 2025: JD 30,851).

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Public Shareholding Company
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30 June 2026 (unaudited)
(In Thousands of Jordanian Dinars except for amounts in foreign currencies)

(5) LEASE CONTRACTS

Set out below are the carrying amounts of right-of-use assets and lease obligations recognized and the movements during the period / year ended 30 June 2026 and 31 December 2025:

	Right-of-use assets					Lease obligations *
	Aircraft	Aircraft's engines	Buildings and simulator equipment	Offices	Total	
30 June 2026:						
Balance as at 1 January 2026 (audited)	629,728	24,564	395	12,926	667,613	641,783
Additions	362,588	6,636	-	1,994	371,218	366,132
Modification on lease contracts	982	-	-	(27)	955	(27)
Incentives for aircraft purchase and lease agreements	(1,322)	-	-	-	(1,322)	-
Depreciation	(39,351)	(1,393)	(45)	(1,751)	(42,540)	-
Finance costs	-	-	-	-	-	27,423
Payments of lease contracts	-	-	-	-	-	(72,649)
Balance as at 30 June 2026 (unaudited)	952,625	29,807	350	13,142	995,924	962,662
31 December 2025 (audited):						
Balance as at 1 January 2025	326,070	16,328	546	13,739	356,683	346,641
Additions	384,156	10,235	-	1,470	395,861	394,844
Lease modifications	(15,879)	-	(61)	212	(15,728)	(15,728)
Acquisition of a subsidiary (Note 13)	-	-	-	2,142	2,142	2,577
Terminated contracts	-	-	-	(1,243)	(1,243)	(1,504)
Incentives for aircraft purchase and lease agreements	(2,926)	-	-	-	(2,926)	-
Depreciation	(61,693)	(1,999)	(90)	(3,394)	(67,176)	-
Finance costs	-	-	-	-	-	31,670
Lease payments	-	-	-	-	-	(116,717)
Balance as at 31 December 2025	629,728	24,564	395	12,926	667,613	641,783

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

* Lease obligations details were as follows:

30 June 2026			31 December 2025		
(Unaudited)			(Audited)		
Short-term	Long-term	Total	Short-term	Long-term	Total
87,456	875,206	962,662	72,453	569,330	641,783

(6) CASH AND BANK BALANCES

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Cash and bank balances	43,476	39,009
Short-term deposits *	50,868	8,720
Cash in transit **	26,172	15,512
	120,516	63,241
Short-term deposits mature after 3 months ***	73,246	66,140
Total Cash and bank balances	193,762	129,381

* This item represents deposits in Jordanian Dinars in Jordanian Banks of JD 50,138 with an interest rate ranging between 4.5% and 5.30% in addition to a deposit in USD of USD 1,029 thousand equivalent to JD 730 with an interest rate of 2% as of 30 June 2026 and are due within three months (31 December 2025: deposits in Jordanian Dinars in Jordanian Banks of JD 7,992 with an interest rate ranging between 4.5% and 5.25% in addition to a deposit in USD of USD 1,027 thousand equivalent to JD 728 with an interest rate of 2% and are due within three months).

** This item represents cash received on tickets sales and air way bills sales through IATA accredited agents during June that were deposited in the Group's bank accounts during July 2026.

*** This item represents deposits in Banks in Jordanian Dinars of JD 72,454 with an interest rate ranging between 4.9% and 5.8 % and a deposit of 150 million Algerian Dinar equivalent to JD 792 with an interest rate of 3.10% and are due after three months (31 December 2025: deposits in Banks in Jordanian Dinar of JD 65,315 with an interest rate ranging between 4.75% and 5.8%, in addition to a deposit of 150 million Algerian Dinar equivalent to JD 825 with an interest rate of 3.18% and due after three months).

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

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

	30 June 2026	30 June 2025
	(Unaudited)	(Unaudited)
Total cash and bank balances	193,762	161,932
Less: Short-term deposits mature after 3 months	(73,246)	(69,845)
Less: Bank overdraft *	(92)	-
	120,424	92,087

* Below are the details of the overdrafts granted to the Group:

			30 June 2026		30 June 2025	
	Granted ceiling	Currency	Interest rate	Utilized balance	Interest rate	Utilized balance
			(Unaudited)		(Unaudited)	
Alia – The Royal Jordanian Airlines						
	40					
Arab Bank **	million	JD	7.35%	-	7.35%	-
Jordan Airline Training and Simulation Company						
Arab Bank	200	JD	9.25%	92	9.25%	-
Total				92		-

** Alia – Royal Jordanian Airlines Company did not utilize the credit facilities granted by Arab Bank as at 30 June 2026 and 30 June 2025.

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(7) LOANS

Alia – The Royal Jordanian Airlines Loans:

	Interest rate	Number of installments	Installment payment schedule	Installment amount	Last installment due date	Current portion of long-term loans	Long-term loans	Total
Syndicated loan	CME Term SOFR for one month + 2.75%, minimum of 4.5%	61	Monthly	2,081	31 July 2030	33,141	72,439	105,580
Capital Bank loan	2.5%	5	Yearly	10,000	13 July 2030	10,000	40,000	50,000
Social Security loan “Himaya” program	1%	43	Monthly	521	31 December 2026	2,036	-	2,036
Halo International loan	CME Term SOFR for three months + 3.5%	40	Quarterly	426	12 June 2035	1,276	14,555	15,831
Arab Banking Corporation loan	CME Term SOFR for three months + 3.2%	40	Quarterly	830	8 August 2036	2,248	30,548	32,796
Total as of 30 June 2026 (Unaudited)						48,701	157,542	206,243
Total as of 31 December 2025 (Audited)						31,878	110,706	142,584

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Subsidiaries' loans:

	Interest rate	Number of installments	Installment payment schedule	Installment amount	Last installment due date	Current portion of long-term loans	Long-term loans	Total
Rawabi Jordan Investment Company								
Loan granted to Jordanian Aircraft Maintenance Company (associate Company)								
Jordan Kuwait Bank	CME Term SOFR for six months + 2.5%	15	Yearly	1,135	3 March 2031	-	-	-
Jordan Airports Company								
Arab Bank	3%	108	Monthly	37	13 November 2030	259	2,776	3,035
Jordan Airline Training and Simulation Company								
Arab Bank (1)	CME Term SOFR for one month + 2.5%	48	Monthly	39	31 December 2027	472	79	551
Arab Bank (2)	3%	60	Monthly	50	17 February 2031	600	2,250	2,850
Total as of 30 June 2026 (Unaudited)						<u>1,331</u>	<u>5,105</u>	<u>6,436</u>
Total as of 31 December 2025 (Audited)						<u>2,183</u>	<u>7,562</u>	<u>9,745</u>
Total Loans						50,032	162,647	212,679
Less: Government grants (Note 8)						(1,968)	(3,292)	(5,260)
Less: Direct costs related to loans						(355)	(1,452)	(1,807)
Net loans as of 30 June 2026 (Unaudited)						<u>47,709</u>	<u>157,903</u>	<u>205,612</u>
Net loans as of 31 December 2025 (Audited)						<u>31,587</u>	<u>112,922</u>	<u>144,509</u>

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Alia- The Royal Jordanian Airlines loans:

Syndicated loan

On 27 May 2025, the Company signed a syndicated bank loan agreement amounting to JD 177,305 (USD 250 million) at an interest rate of one-month CME Term SOFR plus 2.75%, with a minimum rate of 4.5%. An amount of JD 126,950 (USD 179 million) was utilized from the loan during the period ended 30 June 2026 (31 December 2025: JD 114,184 (USD 161 million)).

The loan agreement requires the Company to comply with certain financial covenants, which are measured and tested based on the audited financial statements at the end of each fiscal year.

In accordance with the loan agreement, the Company committed to transfer the collections from sales made through travel agents, collected through the International Air Transport Association "IATA" for sixteen stations, to the Company's accounts with Arab Bank to secure repayment of the loan.

Capital Bank loan

On 9 April 2024, the Company signed an amendment agreement whereby the loan will be repaid in one payment on 13 July 2025, at an interest rate of 2.5% starting from 13 July 2024. On 22 December 2024, the Company signed an amendment agreement whereby the loan will be repaid in one payment on 13 July 2028 at an interest rate of 2.5%. Interest is payable on a quarterly basis.

Council of Ministers Resolution No. (2324), issued at its meeting held on 9 February 2025, approved the capitalization of the JD 50 million loan granted to Royal Jordanian by Jordan Capital Bank. Under this resolution, the Ministry of Finance will repay the loan on behalf of Royal Jordanian over a period of five years through five equal annual installments of JD 10 million each, commencing in 2026. The amounts repaid will be treated as advance payments against capital increase, while Royal Jordanian will bear the interest costs associated with the loan.

In April 2025, the Company signed an amendment to the loan agreement, pursuant to which the repayment schedule was revised so that the loan would be repaid through five annual installments of JD 10 million each, with the first installment falling due on 13 July 2026, in accordance with the above-mentioned Council of Ministers Resolution.

The Company obtained the loan from Capital Bank through the Central Bank of Jordan's program to support companies affected by COVID-19, at an interest rate below the market interest rate.

The benefit of a below-market rate loan has been recognized as a government grant in accordance with International Accounting Standard IAS 20 - Government Grants (Note 8).

Social Security loan "Himaya" program

The benefit of a below-market rate loan has been recognized as a government grant in accordance with International Accounting Standard IAS 20 - Government Grants (Note 8).

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Halo International loan

On 6 June 2025, the Company signed a loan agreement with Halo International, secured by a first-degree mortgage on two spare engines for the new Embraer aircraft, with an amount of JD 17,021 (USD 24 million). The loan bears an interest rate of three-month CME Term SOFR plus 3.5%. The loan is to be repaid in 40 installments. The average installment, amounting to JD 426 (USD 600 thousand), was due on 12 September 2025, and the last installment will fall due on 12 June 2035.

Arab Banking Corporation loan

On 5 March 2026, the Company signed a loan agreement with Arab Banking Corporation Bank amounting to JD 33 million (USD 46.8 million), at an interest rate of three-month CME Term SOFR plus 3.2%, secured by a first-degree mortgage over three spare engines for the new Airbus aircraft. The loan is repayable in 40 quarterly instalments. The average instalment amount is JD 830 (USD 1,170 thousand). The first instalment was due on 8 June 2026, and the last instalment will fall due on 8 August 2036.

Subsidiaries' loans:

Rawabi Jordan Investment Company

Loan granted to Jordan Aircraft Maintenance Company (associate Company) – Jordan Kuwait Bank

Rawabi Jordan Investment Company fully repaid the remaining outstanding principal amount of the loan on 19 February 2026.

Jordan Airports Company

Arab Bank Loan

On 12 November 2025, the subsidiary signed a loan agreement with Arab Bank amounting to JD 4,000, bearing interest rate of 3%. The loan is repayable in 108 instalments of JD 37 each, except for the last instalment of JD 41. The first instalment is due on 31 December 2026. An amount of JD 3,035 was utilized from the loan during the period ended 30 June 2026.

The benefit of a below-market rate loan has been recognized as a government grant in accordance with International Accounting Standard IAS 20 - Government Grants (Note 8).

Jordan Airline Training and Simulation Company

Arab Bank loan (2)

On 17 March 2025, the subsidiary signed a loan agreement with Arab Bank amounting to JD 3,000, bearing interest rate of 3%. The loan is repayable in 60 monthly instalments of JD 50 each. The first instalment was due on 17 March 2026, and the last instalment will fall due on 17 February 2031.

The benefit of a below-market rate loan has been recognized as a government grant in accordance with International Accounting Standard IAS 20 - Government Grants (Note 8).

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Principal installments payable for the long-term loans are as follows:

Period	Amount
1 July 2027 – 30 June 2028	46,819
1 July 2028 – 30 June 2029	36,407
1 July 2029 – 30 June 2030	29,695
1 July 2030 – 30 June 2031	15,725
1 July 2031 and after	29,257
	<u>157,903</u>

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(8) GOVERNMENT GRANTS

	30 June 2026					31 December 2025				
	(Unaudited)					(Audited)				
	Capital Bank loan	Social Security loan "Himaya" Program	Jordan Airline Training and Simulation Company loan	Jordan Airports Company loan	Total	Capital Bank loan	Social Security loan "Himaya" program	Jordan Airline Training and Simulation Company loan	Total	
Balance at the beginning of the period / year	5,393	104	338	-	5,835	8,686	476	-	9,162	
Recognized during the period / year	-	-	-	610	610	(97)	-	426	329	
Released to the interim condensed consolidated income statement during the period / year	(989)	(85)	(59)	(52)	(1,185)	(3,196)	(372)	(88)	(3,656)	
Balance as at end of the period / year	4,404	19	279	558	5,260	5,393	104	338	5,835	
Long-term	2,683	-	175	434	3,292	3,492	-	224	3,716	
Short-term	1,721	19	104	124	1,968	1,901	104	114	2,119	
	4,404	19	279	558	5,260	5,393	104	338	5,835	

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(9) SHAREHOLDERS' EQUITY

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
Paid-in capital		
Authorized capital (Par value of Jordanian Dinar per share)	363,627	363,627
Paid-in capital	363,627	363,627

Share discount

Share discount amounted to JD 78.2 million as at 30 June 2026 and 31 December 2025. The accumulated balance in this account represents the difference between the issuing price and the par value of the shares issued.

(10) REVENUES FROM CONTRACTS WITH CUSTOMERS

	For the three months ended 30 June		For the six months ended 30 June	
	2026	2025	2026	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Scheduled Services				
Passengers	216,317	171,019	377,241	309,234
Cargo	24,127	9,080	36,012	18,338
Excess baggage	4,269	2,736	7,408	5,225
Airmail	3,172	1,374	4,663	2,787
Total scheduled services (Note 14)	247,885	184,209	425,324	335,584
Cargo warehouse revenues	3,185	4,386	6,443	8,999
Commercial revenues from arriving and departing aircraft of other companies	2,722	4,840	5,985	8,477
Ancillary revenue	2,459	1,843	4,219	3,067
Revenue from airport operator	2,049	1,107	2,941	1,953
Chartered flights (Note 14)	1,396	551	3,845	2,151
Royal tours revenues (Tours operating revenues)	1,130	1,777	1,873	3,367
First class services revenue	1,010	1,653	2,824	2,771
Catering revenue	465	819	1,326	1,692
Frequent flyer revenues	880	898	1,890	2,013
Revenues from NDC (Galileo)	751	821	1,457	1,551
Revenues from technical and maintenance services provided to other companies	684	1,233	1,665	2,156
Training revenue	390	220	559	425
Other revenues	707	755	1,329	1,448
	265,713	205,112	461,680	375,654

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(11) INCOME TAX

Tax status:

Alia – The Royal Jordanian Airlines Company:

No provision for income tax was calculated by the Company for the period ended 30 June 2026 and 2025 due to the presence of acceptable carried forward tax losses in accordance with the Income Tax Law No. (34) of 2014 and its amendments.

The Company filed its tax returns until the end of 2025 within the statutory period. The Company has reached a final settlement with the Income and Sales Tax Department up to the end of 2022. The Income and Sales Tax Department did not review the Company's accounting records for the years from 2023 until 2025 up to the date of these interim condensed consolidated financial statements.

Royal Wings Company – Under liquidation:

No provision for income tax was calculated by the Company for the period ended 30 June 2026 and 2025 due to the excess of deductible expenses over taxable income in accordance with the Income Tax Law No. (34) of 2014 and its amendments.

Royal wings Company filed its tax returns until the end of 2024 within the statutory period. The Company has reached a final settlement with the Income and Sales Tax Department up to the end of 2023. The Income and Sales Tax Department has not reviewed the Company's accounting records for the year 2024 up to the date of these interim condensed consolidated financial statements.

Royal Tours Company:

The provision for income tax was calculated by the Company for the period ended 30 June 2026 and 2025 in accordance with the Income Tax Law No. (34) of 2014 and its amendments.

Royal Tours for Travel and Tourism Company filed its tax returns for the years from 2022 to 2025 within the statutory period. Royal Tours for Travel and Tourism Company reached a final settlement with the Income and Sales Tax Department for the years 2021 and 2024. The Income and Sales Tax Department did not review the Company's accounting records for the years 2022, 2023 and 2025 up to the date of these interim condensed consolidated financial statements.

Tikram for Airport Services Company:

No provision for income tax was calculated by the Company for the period ended 30 June 2026 and 2025 due to the excess of deductible expenses over taxable income in accordance with the Income Tax Law No. (34) of 2014 and its amendments.

Tikram for Airport Services Company filed its tax returns until the end of 2025. Tikram for Airport Services Company reached a final settlement with the Income and Sales Tax Department for the years 2021 and 2024. The Income and Sales Tax Department did not review the Company's accounting records for the years 2022, 2023 and 2025 up to the date of these interim condensed consolidated financial statements.

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Jordan Airline Training and Simulation Company is exempted from income tax according to the Investment Environment Law No. (21) of 2022.

Jordan Airline Training and Simulation Company filed its tax returns until the end of 2025 within the statutory period. Jordan Airline Training and Simulation Company reached a final settlement with the Income and Sales Tax Department for to the years 2022 and 2024. The Income and Sales Tax Department did not review the Company's accounting records for the years 2023 and 2025 up to the date of these interim condensed consolidated financial statements.

Jordan Airports Company:

The provision for income tax was calculated by the Company for the period ended 30 June 2026 and 2025 in accordance with the Income Tax Law No. (34) of 2014 and its amendments.

Jordan Airports Company filed its tax returns until the end of 2025 within the statutory period. The Company reached a final settlement with the Income and Sales Tax Department up to the year 2024. The Income and Sales Tax Department did not review the Company's accounting records for the year 2025 up to the date of these interim condensed consolidated financial statements.

Jordan Flight Catering Company:

The Company is exempted from income tax as per the Prime Minister decision no. (5713) in the letter dated 30 July 2019 which exempted the Company's main operations in the Duty-Free Zone from income tax under law no (34) for the year 2014 and its amendments. The Company filed its tax returns until the end of 2025 within the statutory period. The Company reached a final settlement with the Income and Sales Tax Department up to the end of 2024. The Income and Sales Tax Department did not review the Company's accounting records for the year 2025 up to the date of these interim condensed consolidated financial statements.

Reconciliation between accounting profit and taxable profit is as follows:

	30 June 2026 (Unaudited)	30 June 2025 (Unaudited)
Accounting profit	1,915	13,042
Non-taxable profits	(2,686)	(15,630)
Non-deductible expenses	2,666	1,399
Taxable profit (loss)	1,895	(1,189)
Income tax expense	500	353

Income tax provision:

Movement on income tax provision is as follows:

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Balance as at the beginning of the period / year	530	385
Income tax expense for the period / year for subsidiaries *	500	676
Acquisition of a subsidiary	-	15
Income tax paid during the period / year	(518)	(546)
Balance as at the end of the period / year	512	530

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* Below are the details of the income tax expenses related to subsidiaries' profits for the period ended 30 June 2026 and 2025:

	30 June 2026	30 June 2025
	(Unaudited)	(Unaudited)
Jordan Airport Company	488	331
Royal Tours for Travel and Tourism Company	12	22
	500	353

The statutory income tax rate including the national contribution tax rate for Alia - The Royal Jordanian Airlines Company, Royal Wings, Royal Tours for Travel and Tourism Company, Tikram for Aviation Services Company and Jordan Airport Company is 21%.

(12) COMMITMENTS AND CONTINGENCIES

- **Letters of credit and guarantees:**

As of 30 June 2026, the Group had letters of credit amounted to JD 81,303 and letters of guarantees amounted to JD 6,780 (31 December 2025: letters of credit amounted to JD 30,320 and letters of guarantees amounted to JD 3,634).

- **Claims against the Group:**

The Group is a defendant in a number of lawsuits amounting to JD 6,282 as of 30 June 2026 (31 December 2025: JD 5,942) representing legal actions and claims related to its ordinary course of business. Related risks have been analyzed as to the likelihood of occurrence. In the opinion of the Group and their legal counsels, the provision recognized as of 30 June 2026 is sufficient to cover any contingent liabilities and claims that may arise from these lawsuits.

- **Capital commitments:**

As of 30 June 2026, the Group had capital commitments of USD 1,095,858,989, equivalent to JD 777,205 relating to agreements signed to purchase six aircraft (31 December 2025: Capital commitments amounted to USD 1,140,600,685 equivalent to JD 808,937).

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(13) ACQUISITION OF A SUBSIDIARY

At the beginning of January 2025, the Company's stake in Jordan Flight Catering Company was increased from 30% to 51% in exchange for the renewal of the passenger catering services contract for ten years until the end of 2033. Accordingly, the investment was classified as an investment in a subsidiary.

The fair value of the identifiable assets and liabilities of Jordan Flight Catering Company as of the date of acquisition are as follows:

	<u>Fair value as of the acquisition date</u>
<u>Assets</u>	
Non-current assets	
Property and equipment	925
Right-of-use assets	2,142
	<u>3,067</u>
Current assets	
Spare parts and supplies	959
Other current assets	175
Accounts receivable	3,425
Cash and bank balances	2,625
Due from related parties	1
	<u>7,185</u>
Total Assets	<u>10,252</u>
<u>Liabilities</u>	
Non-current liabilities	
Long-term lease obligations	2,099
Other long-term liabilities	284
	<u>2,383</u>
Current liabilities	
Short-term lease obligations	478
Accounts payable and other current liabilities	4,599
Due to related parties	58
	<u>5,135</u>
Total liabilities	<u>7,518</u>
Net equity	<u>2,734</u>
<u>Goodwill:</u>	
Cost of acquisition	-
Fair value of the previously held interest	4,354
Fair value of non-controlling interests	1,455
	<u>5,809</u>
Net identifiable assets	<u>(2,734)</u>
Goodwill resulted from the acquisition	<u>3,075</u>
Cash flow on acquisition:	
Net cash acquired with the subsidiary	2,625
Cost of acquisition	-
Net cash acquired	<u>2,625</u>

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(14) GEOGRAPHICAL DISTRIBUTION OF REVENUES

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

For the three months ended 30 June (unaudited):

	2026				2025			
	Scheduled	Chartered Flights		Total	Scheduled	Chartered Flights		Total
	Services	Passengers	Cargo		services	Passengers	Cargo	
Levant	31,782	-	265	32,047	24,370	-	208	24,578
Europe	79,140	79	260	79,479	52,579	64	279	52,922
Arab Gulf	38,380	-	39	38,419	34,825	-	-	34,825
America	75,215	276	55	75,546	66,314	-	-	66,314
Asia	12,616	138	284	13,038	1,341	-	-	1,341
Africa	10,752	-	-	10,752	4,780	-	-	4,780
	<u>247,885</u>	<u>493</u>	<u>903</u>	<u>249,281</u>	<u>184,209</u>	<u>64</u>	<u>487</u>	<u>184,760</u>

For the six months ended 30 June (unaudited):

	2026				2025			
	Scheduled	Chartered Flights		Total	Scheduled	Chartered Flights		Total
	services	Passengers	Cargo		services	Passengers	Cargo	
Levant	54,599	55	546	55,200	46,026	44	953	47,023
Europe	132,297	101	563	132,961	91,779	156	791	92,726
Arab Gulf	76,434	-	40	76,474	73,505	-	-	73,505
America	119,765	1,598	90	121,453	108,717	-	-	108,717
Asia	22,220	138	454	22,812	5,411	-	-	5,411
Africa	20,009	154	106	20,269	10,146	150	57	10,353
	<u>425,324</u>	<u>2,046</u>	<u>1,799</u>	<u>429,169</u>	<u>335,584</u>	<u>350</u>	<u>1,801</u>	<u>337,735</u>

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(15) RELATED PARTIES BALANCES AND TRANSACTIONS

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

Following is a summary of balances with related parties included in the interim condensed consolidated statement of financial position:

	30 June 2026		31 December 2025	
	Accounts receivable	Accounts payable	Accounts receivable	Accounts payable
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Government of Jordan	20,834	170	13,930	591
Employees' Provident Fund	-	1,042	-	1,779
Social Security Corporation	12	3,101	5	6,128
Jordan Aircraft Maintenance Company	-	1,010	5,962	546
	20,846	5,323	19,897	9,044

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

	For the three months ended 30 June		For the six months ended 30 June	
	2026	2025	2026	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Jordan Aircraft Maintenance Company (JORAMCO):				
Scheduled services revenues	43	95	144	197
Repair and maintenance expenses	(696)	(1,022)	(1,426)	(2,266)

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

	For the three months ended 30 June		For the six months ended 30 June	
	2026	2025	2026	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Scheduled services revenues – passengers	5,033	2,083	6,101	4,087
Scheduled services revenues – cargo	312	315	583	543
Chartered flights	113	136	226	618
	<u>5,458</u>	<u>2,534</u>	<u>6,910</u>	<u>5,248</u>

Compensation of key management personnel:

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

	For the three months ended 30 June		For the six months ended 30 June	
	2026	2025	2026	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Salaries and other benefits	282	405	500	652
Board of Directors remuneration	<u>14</u>	<u>14</u>	<u>27</u>	<u>27</u>

(16) EARNINGS PER SHARE FROM THE PROFIT OF THE PERIOD

	30 June 2026 (Unaudited)	30 June 2025 (Unaudited)
Profit for the period attributed to the equity holders of the parent (000)	309	11,489
Weighted average number of shares (000)	<u>363,627</u>	<u>363,627</u>
Basic and diluted earnings per share from the gain of the period (JD)	<u>0,001</u>	<u>0,032</u>

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(17) INVESTMENT PROPERTIES

This item represents properties around Queen Alia International Airport valued at JD 83,870, and properties around Amman International Airport valued at JD 80,437 as of 30 June 2026 and 31 December 2025. These properties were appraised by an independent real estate valuer as of 31 December 2025. In the opinion of the Group's management and the independent valuer, the fair value of these investment properties does not materially differ from their carrying amount.

(18) FINANCE COSTS

	<u>30 June 2026</u>	<u>30 June 2025</u>
	(Unaudited)	(Unaudited)
Finance costs on lease contracts (Note 5)	27,423	11,883
Interest on loans	6,151	3,907
Other interest and bank charges	908	637
	<u>34,482</u>	<u>16,427</u>

(19) COMPARATIVE FIGURES

Certain comparative figures in the interim condensed consolidated financial statements for the period ended 30 June 2025 have been reclassified to conform to the presentation of the interim condensed consolidated financial statements for the period ended 30 June 2026. Such reclassification had no impact on the loss or equity for the period ended 30 June 2025.

(20) GEOPOLITICAL TENSION IN THE MIDDLE EAST

At the end of February 2026, the Middle East region witnessed military escalation, which resulted in instability and heightened security tensions, and affected air traffic in the region. In light of these circumstances, the Company was required to suspend certain flights and make temporary adjustments to others, in addition to rerouting certain flights due to the closure of airspace in some neighboring countries. This resulted in longer flight durations and higher fuel consumption and operating costs due to the use of longer alternative routes, in addition to the global increase in fuel prices amid the escalation of geopolitical tensions in the region. Despite the ceasefire announced at the beginning of April, violations of the ceasefire occurred, and military escalation resumed towards the end of June 2026.

Management continues to closely monitor developments and complete its assessment of the impact of these circumstances on the Group's operating activities, operations and financial results.