

**ELECTRICITY DISTRIBUTION COMPANY**  
**PUBLIC SHAREHOLDING COMPANY**

**CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2024**

## **INDEPENDENT AUDITOR'S REPORT**

**To the Shareholders of Electricity Distribution Company- Public Shareholding Company**  
**Amman – Hashemite Kingdom of Jordan**

### **Report on the Audit of the Consolidated Financial Statements**

#### **Qualified Opinion**

We have audited the consolidated financial statements of Electricity Distribution Company - Public Shareholding Company (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies information.

In our opinion, except for the effect of the matter described in the basis for qualified opinion paragraph of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

#### **Basis for Qualified Opinion**

As disclosed in note (13) to the consolidated financial statements, the Group has not implemented the requirements of International Financial Reporting Standards 9 (IFRS 9) regarding the expected credit loss related to accounts receivables.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards, are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our qualified audit opinion on the accompanying consolidated financial statements.

<b>Key audit matter: Revenue recognition (Tariff)</b>	
Disclosures on revenue recognition are included in note (32) to the consolidated financial statements.	
<b>Key audit matter</b>	<b>How the key audit matter was addressed in the audit</b>
We identified electricity power sales revenue as a key audit matter due to high volume of sales revenue originated from electricity power sales to subscribers. The significant risks associated with the accuracy of measurement of recognized revenues are related to billing systems and revenue recognition. Total revenues recognized during 2024 were amounted to JD 616,480,545.	Our audit procedures included considering the appropriateness of the Group's revenue recognition accounting policies and assessing compliance with the policies in terms of applicable International Financial Reporting Standards. In addition to that, we have tested the Group's internal controls over the completeness, measurement and occurrence of revenue recognized including reconciliations between sales and cash receipts and testing the billing system controls. We selected a representative sample of transactions and tested proper revenues recording and recognition. In addition, we selected a sample during the period before and after the cutoff period to check proper recognition. Additionally, we performed substantive analytical procedures for the gross margin and sales revenues on a monthly basis.

## **Other Information Included in The Company's 2024 Annual Report**

Other information consists of the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2024 annual report is expected to be made available to us after the date of this auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit of the consolidated financial statement.

## **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonable be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

The Company maintains proper books of accounts which are in agreement with the consolidated financial statements.

For and on behalf of Ernst & Young – Jordan.

Osama Fayez Shakhatreh  
License No. 1079

Amman – Jordan  
26 March 2025

**ERNST & YOUNG**  
Amman - Jordan

**ELECTRICITY DISTRIBUTION COMPANY - PUBLIC SHAREHOLDING COMPANY**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2024**

	Notes	2024 JD	2023 JD
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS-</b>			
Property and equipment	3	279,420,195	250,589,910
Subscribers' and rural fils contributions assets	4	212,022,811	205,887,758
Projects in progress	5	37,768,695	30,645,651
Dispute lawsuits payments	6	98,470	51,311
Long-term loan receivable	7	1,162,466	1,339,375
Deferred tax assets	8	4,517,065	4,283,536
Strategic inventory	12	9,689,126	10,854,855
Intangible assets	9	14,075,965	15,616,658
Investment in an associates	10	1,255,996	1,182,468
Right-of-use assets	11	1,191,450	234,540
		<u>561,202,239</u>	<u>520,686,062</u>
<b>CURRENT ASSETS</b>			
Inventory	12	10,986,035	9,757,560
Accounts receivable	13	344,645,663	206,311,338
Other current assets	14	18,575,061	15,085,609
Cash and bank balances	15	36,779,191	39,627,559
		<u>410,985,950</u>	<u>270,782,066</u>
<b>TOTAL ASSETS</b>		<u><u>972,188,189</u></u>	<u><u>791,468,128</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY-</b>			
Paid in capital	16	21,000,000	14,000,000
Statutory reserve		4,512,426	3,500,000
Voluntary reserve		698,677	698,677
Retained earnings		15,979,727	21,576,943
<b>Total equity - attributable to shareholders</b>		<u>42,190,830</u>	<u>39,775,620</u>
Non-controlling interest	34	30,309,444	25,860,942
<b>Total equity</b>		<u><u>72,500,274</u></u>	<u><u>65,636,562</u></u>
<b>LIABILITIES -</b>			
<b>NON-CURRENT LIABILITIES -</b>			
Subscribers and rural fils contributions liabilities	4	212,022,811	205,887,758
Lease liabilities	11	794,943	148,150
Advances from subscribers	17	27,410,609	24,751,343
Provision for end-of-service indemnity	18	24,341,123	23,920,976
Excess of subscribers' contribution	19	2,300,958	3,108,577
Unearned revenues		4,864,106	4,011,523
Subscribers' deposits	20	96,591,603	90,838,273
Long-term loans	21	12,800,000	20,400,000
		<u>381,126,153</u>	<u>373,066,600</u>
<b>CURRENT LIABILITIES -</b>			
Current portion of long-term loans	21	9,600,000	9,600,000
Short-term loan	21	103,255,592	83,433,741
Current portion of lease liabilities	11	307,568	99,075
Due to banks	22	26,903,867	34,538,275
Accounts payable	23	343,815,316	194,695,943
Accrued expenses and other current liabilities	24	24,914,270	22,139,095
Excess of subscribers' contributions	19	807,619	807,619
Other provisions	25	4,349,234	3,186,255
Income tax provision	8	4,608,296	4,264,963
		<u>518,561,762</u>	<u>352,764,966</u>
<b>Total Liabilities</b>		<u><u>899,687,915</u></u>	<u><u>725,831,566</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>972,188,189</u></u>	<u><u>791,468,128</u></u>

The attached notes from 1 to 40 form an integral part of these consolidated financial statements

**ELECTRICITY DISTRIBUTION COMPANY - PUBLIC SHAREHOLDING COMPANY**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

	<u>Notes</u>	<u>2024</u>	<u>2023</u>
		<u>JD</u>	<u>JD</u>
Electricity power sales		616,480,545	581,998,291
Cost of power purchased		(507,818,580)	(479,670,790)
<b>Gross Profit</b>	27	108,661,965	102,327,501
Other operating revenues, net	28	2,384,837	1,935,570
General and administrative expenses	29	(64,068,019)	(65,598,839)
Depreciation	3	(23,485,097)	(21,875,634)
Amortization of dispute lawsuits payments	6	(19,476)	(16,620)
Provision for expected credit losses and doubtful debts	13,14	(2,370,596)	(1,796,202)
Provision for slow moving inventory	12	(706,890)	(632,624)
<b>Operating profit from core activities</b>		<u>20,396,724</u>	<u>14,343,152</u>
Revenue from non-core activities	30	10,857,602	10,611,689
Interest income		2,576,859	2,321,969
Interest income on late payments		14,900,012	5,570,326
Group's share of an associate's profits	10	73,528	131,018
Licenses amortization	9	(1,540,693)	(1,540,693)
Non-core activities expenses	31	(3,237,260)	(2,767,407)
Finance and Murabaha cost		(8,443,347)	(7,313,548)
Interest expense on late payments		(14,823,445)	(5,597,704)
<b>Profit from non-core activities</b>		<u>363,256</u>	<u>1,415,650</u>
<b>Profit before income tax</b>		20,759,980	15,758,802
Income tax expense	8	(5,402,028)	(5,209,131)
<b>Profit for the year</b>		<u>15,357,952</u>	<u>10,549,671</u>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<u>15,357,952</u>	<u>10,549,671</u>
<b>Profit for the year and total comprehensive income for the year attributable to:</b>			
Shareholders		11,533,010	7,104,419
Non-controlling interest	34	3,824,942	3,445,252
		<u>15,357,952</u>	<u>10,549,671</u>
		<u>JD / Fils</u>	<u>JD / Fils</u>
Basic and diluted earnings per share attributable to shareholders	26	<u>0/549</u>	<u>0/338</u>

The attached notes from 1 to 40 form an integral part of these consolidated financial statements



**ELECTRICITY DISTRIBUTION COMPANY - PUBLIC SHAREHOLDING COMPANY**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

	Attributable to shareholders					Non-controlling interests	Total equity
	Paid-in capital	Statutory Reserve	Voluntary reserve	Retained earnings	Total		
	JD	JD	JD	JD	JD	JD	JD
<b>2024 -</b>							
<b>Balance at 1 January 2024</b>	14,000,000	3,500,000	698,677	21,576,943	39,775,620	25,860,942	65,636,562
Total comprehensive income							
for the year	-	-	-	11,533,010	11,533,010	3,824,942	15,357,952
Capital increase	7,000,000	-	-	(7,000,000)	-	-	-
Capital increase in subsidiary company	-	-	-	(3,117,800)	(3,117,800)	3,117,800	-
Transfer to statutory reserve	-	1,012,426	-	(1,012,426)	-	-	-
Subsidiaries' dividends (note 16)	-	-	-	-	-	(2,494,240)	(2,494,240)
Dividends paid to shareholders (note 16)	-	-	-	(6,000,000)	(6,000,000)	-	(6,000,000)
<b>Balance at 31 December 2024</b>	<u>21,000,000</u>	<u>4,512,426</u>	<u>698,677</u>	<u>15,979,727</u>	<u>42,190,830</u>	<u>30,309,444</u>	<u>72,500,274</u>
<b>2023 -</b>							
<b>Balance at 1 January 2023</b>	12,000,000	3,000,000	698,677	27,754,124	43,452,801	23,974,590	67,427,391
Total comprehensive income							
for the year	-	-	-	7,104,419	7,104,419	3,445,252	10,549,671
Capital increase	2,000,000	-	-	(2,000,000)	-	-	-
Capital increase in subsidiary company	-	-	-	(1,781,600)	(1,781,600)	1,781,600	-
Transfer to statutory reserve	-	500,000	-	(500,000)	-	-	-
Subsidiaries' dividends (note 16)	-	-	-	-	-	(3,340,500)	(3,340,500)
Dividends paid to shareholders (note 16)	-	-	-	(9,000,000)	(9,000,000)	-	(9,000,000)
<b>Balance at 31 December 2023</b>	<u>14,000,000</u>	<u>3,500,000</u>	<u>698,677</u>	<u>21,576,943</u>	<u>39,775,620</u>	<u>25,860,942</u>	<u>65,636,562</u>

The attached notes from 1 to 40 form an integral part of these consolidated financial statements

**ELECTRICITY DISTRIBUTION COMPANY - PUBLIC SHAREHOLDING COMPANY**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

	Notes	2024 JD	2023 JD
<b><u>OPERATING ACTIVITIES</u></b>			
Profit before tax		20,759,980	15,758,802
<b>Adjustments for:</b>			
License amortization		1,540,693	1,540,693
Depreciation and amortization	3, 6	23,843,215	22,226,047
Gain on sale of property and equipment		38,512	(57,237)
Interest income		(2,576,859)	(2,321,969)
Interest income from late payment of energy bills		(14,900,012)	(5,570,326)
Finance and Murabaha cost		8,443,347	7,313,548
Interest expense from late payment of energy bills		14,823,445	5,597,704
End-of-service indemnity provision	18	2,955,111	5,241,000
Provision for expected credit losses and doubtful debts	13, 14	2,370,596	1,796,202
Group's share of an associate's profit	10	(73,528)	(131,018)
Other provisions		1,285,975	699,292
Amortization profit of excess of subscribers' contributions		(807,619)	(807,619)
Provision for slow-moving inventories	12	706,890	632,624
Depreciation of right of use asset		181,857	100,515
Finance cost of leases	11	48,519	22,409
<b>Working capital changes:</b>			
Inventory		(769,636)	5,117,547
Accounts receivable and other current assets		(129,117,452)	60,915,764
Accounts payable, accrued expenses and other current liabilities		136,993,639	(80,883,459)
Advances from subscribers		25,577,122	21,976,519
Subscribers' deposits		5,753,330	5,382,316
Deferred revenues		852,583	650,692
End-of-service indemnity provision paid	18	(2,534,964)	(3,474,589)
Other provisions paid		(122,996)	(196,105)
Income tax paid	8	(5,292,224)	(10,159,374)
<b>Net cash flows from operating activities</b>		<b>89,979,524</b>	<b>51,369,978</b>
<b><u>INVESTING ACTIVITIES</u></b>			
Projects in progress		(50,278,549)	(42,415,491)
Purchase of property and equipment.	3	(35,265,518)	(34,901,944)
Proceeds from sale of property and equipment		2,849,143	1,862,862
Interest income received		2,576,859	2,321,969
Dispute lawsuits payments	6	(27,683)	(23,514)
Investment in an associate	10	-	(100,000)
Deposits at banks		5,000,000	(15,000,000)
<b>Net cash flows used in investing activities</b>		<b>(75,145,748)</b>	<b>(88,256,118)</b>
<b><u>FINANCING ACTIVITIES</u></b>			
Loans, net		12,221,851	48,480,598
Interest expense paid		(8,443,347)	(6,982,917)
Dividends paid to non-controlling interest		(2,494,240)	(3,340,500)
Dividends paid		(6,000,000)	(9,000,000)
Lease liability and finance cost paid	11	(332,000)	(132,000)
<b>Net cash flows (used in) from financing activities</b>		<b>(5,047,736)</b>	<b>29,025,181</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>9,786,040</b>	<b>(7,860,959)</b>
Cash and cash equivalents at 1 January		(29,910,716)	(22,049,757)
<b>Cash and cash equivalents at 31 December</b>	<b>15</b>	<b>(20,124,676)</b>	<b>(29,910,716)</b>

The attached notes from 1 to 40 form an integral part of these consolidated financial statements

**(1) General**

Electricity Distribution Company Public Shareholding Company ("the Company") was established on 12 February 1998 as a public shareholding company in implementation of the Council of Ministers' resolution dated 4 October 1997 regarding establishment of a separate company from the National Electricity Company to undertake the distribution of electric power in the following areas: Aqaba, Ma'an, Karak, Tafylleh, Jordan Valley and Eastern area, and to be 75% owned by the Government and 25% by National Electricity Company until privatization, in which all distributing activities in National Electricity Company will revert to it. On 2 July 2008, the Company underwent privatization when Kingdom Electricity Company acquired both the Government's share and the National Electricity Company's shares.

The Company commenced its industrial and commercial activities on 1 January 1999.

The Company was registered in Aqaba Special Economic Authority under registration No. 1101103002 on 30 October 2001 in accordance with the regulations, and instructions of the Aqaba Special Economic Zone Law No. 32 for the year 2000.

The principal activities of the Company are to purchase and distribute electric power in the area mentioned above in accordance with the distribution license that the Company was granted in 30 June 2008 and its valid for 25 years from that date.

According to the distribution and supplies license granted to the Group on 30 June 2008 from Energy and Mineral Regulatory Commission (EMRC), the annual return from core activities before tax is determined based on the Regulatory Asset Base set by EMRC. The Group's financial results indicate that the deficit in profits continues until the end of 2024. Accordingly, this deficit will be recovered by determining the tariff for the upcoming tariff period as per the tariff determination methodology stated in the license; additionally, the deficit amount is subject to EMRC revision and amendment as mentioned in the license.

The consolidated financial statements have been approved by the Board of Directors in their meeting held on 17 March 2025. The consolidated financial statements require approval of the Company's General Assembly.

These financial statements are consolidated with the Ultimate Parent Company, Social Security Investment Fund.

## **(2) Basis Of Preparation and accounting policies**

### **2.1 Basis of preparation**

The consolidated financial statements for the Group have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB).

The consolidated financial statements are prepared under the historical cost convention.

The consolidated financial statements are presented in Jordanian Dinars which represent the functional currency of the Group.

### **2.2 Basis of consolidation**

The consolidated financial statements comprise of the financial statements of the Company and its subsidiary (Irbid District Electricity Company) as at 31 December 2024:

	<u>Year of incorporation</u>	<u>Paid-in- capital</u>	<u>Nature of Activity</u>	<u>Ownership</u>
		JD		%
Irbid District Electricity Company	1957	21,000,000	Electricity distribution	55.46

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. The investee company is controlled only when the following is achieved:

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

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

- Contractual agreements with shareholders that have voting rights in the investee.
- Rights resulting from other contractual arrangements; and
- The Group's current and future voting rights in the investee.

The Group reassesses its control over the investee when circumstances and factors exist that lead to the change in one or more of the three factors listed above.

Subsidiaries are fully consolidated from the date of acquisition being the date on which the Group gains control, and continues to do so until the date when such control ceases. The subsidiaries revenues and expenses are consolidated in the consolidated statement of comprehensive income from the date the Group gains control over the subsidiaries until that control ceases.

Profits, losses, and all other comprehensive income items are attributed to the shareholders' equity of the parent company, and to non-controlling interest, even if this leads to a deficit balance. If need arises, the subsidiaries' financial statements are adjusted accordingly to comply with the Group's accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

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:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in the statement of profit or loss and other comprehensive income
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss.

## **2.3 Changes in accounting policies**

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2023 except for the adoption of new amendments on the standards effective as of 1 January 2024 shown below:

### **Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback**

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

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

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

The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

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

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

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

### **Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7**

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

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

## **2.4 Summary of material accounting policies**

### **Property and equipment**

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Repair and maintenance expenses are recognized in the consolidated statement of comprehensive income.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets (except for land) using annual percentages as follows:

	<u>%</u>
Buildings and constructions	2
Underground cables	3
Transformation stations and network	5 – 7
Subscribers' meters	7
Telecommunication equipment	12
Computers	20
Vehicles	15
Laboratory equipment	9 – 20
Operating equipment	9 – 20
Tools	20
Other equipment	9 – 20
Furniture and office equipment	9 – 20

Property and equipment are depreciated using the above rates after excluding fully depreciated property and equipment.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, and relocated in the consolidated statement of comprehensive income.

The estimated useful lives are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated statement of comprehensive income when the asset is derecognised.

### **Subscribers' contributions Assets and Liabilities**

These assets are stated separately based on the Energy and Mineral Regulatory Commission regulations under non-current assets, with a similar contra liability account under non-current liabilities with the same amount.

Subscriber's contributions assets are depreciated on a straight-line basis at 4% annually and the liability is amortized using the same rate, thus it does not affect the consolidated statement of comprehensive income.

### **Rural Fils assets**

This item represents the infrastructure assets to distribute electric power to rural area which are classified as non-current assets, with a similar contra liability account classified as non-current liabilities with the same amount based on Energy and Mineral Regulatory Commission regulations.

Rural fils assets are depreciated on a straight-line basis at 4% annually, and the liability is amortized using the same rate, thus it does not affect the consolidated statement of comprehensive income.

### **Dispute lawsuits payments**

This item represents payments made to locals as compensations for damages caused to their properties as a result of passing electrical lines through or any other damages to their properties; this account is amortized at 10% annually based on Energy and Mineral Regulatory Commission regulations.

### **Intangible assets**

Intangible assets are classified on the basis of their useful life as definite and indefinite useful lives. Intangible assets with finite lives are amortized over the useful economic life, while intangible assets with indefinite useful lives are assessed for impairment at each reporting date, impairment is recorded in the consolidated statement of comprehensive income.

Internally generated intangible assets are not capitalized and are expensed in the consolidated statement of comprehensive income.

Indications of impairment of intangible assets are reviewed for and their useful economic lives are reassessed at each reporting date. Adjustments are reflected in the current and subsequent years.

### **Business combinations and Goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree.

For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in consolidated statement of comprehensive income.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

### **Projects in progress**

Projects in progress are stated at cost, which represents cost of constructions, equipment and direct costs. Projects in progress are not depreciated until they became ready for use.

### **Investment in an associate**

An associate is an entity in which the Company has significant influence, and which is neither a subsidiary nor a joint venture. The Group's investment in its associate is accounted for using the equity method of accounting Under the equity method.

The investment in the associate is carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is not amortized. The consolidated statement of comprehensive income reflects the share of the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity. Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

### **Inventories**

Inventories are valued at cost using the lower of weighted average costing and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### **Accounts receivable**

Accounts receivable are stated at the original invoice amount less amounts estimated to be uncollectible. An estimate for doubtful debts is made when collection is no longer probable. Bad debts are written off when there is no possibility of recovery.



### **Cash and cash equivalents**

Cash and cash equivalents comprise of cash on hand and at banks.

For the purpose of the preparation of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash at banks, net of outstanding bank overdrafts.

### **Loans**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the consolidated statement of comprehensive income when the liabilities are derecognized as well as through the effective interest rate method ('EIR') amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the consolidated statement of comprehensive income.

### **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

### **End-of-service indemnity provision**

End-of-service indemnity provision is recognized when there are commitments on the Group to pay end of service indemnity to employees. Group is committed only when there is a separate and detailed plan. Provision is calculated based on the number of employees at the consolidated financial statements date and in accordance with the internal policies and IAS 19.

### **Accounts payable and accruals**

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

### **Provisions**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

### **Income Taxes**

Income tax expense represents current year income tax and deferred income tax.

Accrued tax expenses are calculated based on taxable income, which may be different from accounting income as it may include tax-exempt income, non-deductible expenses in the current year that are deductible in subsequent years, tax-accepted accumulated losses or tax-deductible items.

Current income tax is calculated based on the tax rates and laws that are applicable at the consolidated statement of financial position date and according to IAS 12.

Deferred income taxation is provided using the liability method on all temporary differences at the consolidated financial statement date. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on laws that have been enacted at the financial position date. The carrying values of deferred income tax assets are reviewed at each consolidated statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

### **Revenue recognition**

Revenue is recognized in accordance with IFRS 15, which includes the 5 step approach where power sales revenues are recognized when power are consumed by customers and reliably measured.

Revenues are recognized upon rendering services and issuance of invoice.

Dividends from investees are recognized when declared by the general assembly of the investee.

Interest income is recognized as interest accrues using the effective interest rate method.

Rental income from operating leases is recognized on a straight-line basis over the lease term.

Revenues and expenses from rural fils projects are recognized in the same year the projects are completed.

Revenue form excess of subscriber's payment on completed projects is recognized on straight line basis using annual rate of 4% and its included as other revenues and revenues from non-core activities.

Other revenues are recognized on accrual basis.

### **Leases**

#### **Group as a lessee**

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

### **Right-of-use assets**

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

### **Lease liabilities**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

### **Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to some of its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

### **Significant judgement in determining the lease term of contracts with renewal options**

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew.

That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Group included the renewal period as part of the lease term for leases of plant and machinery due to the significance of these assets to its operations. These leases have a short non-cancellable period and there will be a significant negative effect on production if a replacement is not readily available.

### **Group as a lessor**

Operating lease revenue from investment properties are recognized as rent income in the consolidated statement of comprehensive income on a straight- line basis over the lease term.

### **Impairment of non-financial assets**

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

### **Fair value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

### **Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the consolidated statement of financial position date.

All differences are taken to the consolidated statement of comprehensive income.

### **Segments information**

For the purpose of reporting to management and the decision makers in the Group, a business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

## **Offsetting**

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

## **Contingencies**

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed when the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefit is possible.

## **2.5 Significant Accounting Estimates and Assumptions**

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the provisions as well as fair value changes reported in equity. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

Judgments, estimates and assumptions in the consolidated financial statements are detailed below:

- A provision is booked for accounts receivable based on basis and assumptions approved by the Group's management to estimate the required provision.
- Income tax expense is calculated and charged for the year in accordance with laws and regulation and IFRS. Deferred tax assets and liabilities and income tax provision is calculated accordingly.
- The management periodically reviews the useful lives of property and equipment in order to calculate the annual depreciation expense on the general conditions of the property and equipment and estimate the future useful lives accordingly. Impairment losses of property and equipment are recognized in the consolidated statement of comprehensive income.
- Management derecognises property and equipment based on estimating the net book value of disposed assets.
- Provision for slow-moving items is recognized for inventory items that are not expected to be used for more than three years.
- End-of-services indemnity is calculated based on the Group's internal policies and actuarial studies.
- A provision will be established against court litigations where the Group is the defendant based on a legal study provided by the Group's legal advisor which will determine the risk that may occur. These studies are reviewed periodically, and the provision is adjusted accordingly.

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**(3) Property and equipment**

	Land	Buildings and constructions	Underground cables	Transformation stations and network	Subscribers' meters	Telecommunication equipment	Computers	Vehicles	Laboratory equipment	Operating equipment	Tools	Other equipment	Furniture and other equipment	Total
2024	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b>Cost -</b>														
At 1 January 2024	4,523,867	17,296,217	64,770,746	278,147,934	65,145,263	18,317,098	19,431,121	15,721,406	3,099	10,229,136	4,413,081	4,184,918	3,505,631	505,689,517
Additions	-	696,587	3,861,177	12,721,702	12,836,355	178,538	1,862,628	1,811,893	-	717,087	153,219	143,859	282,473	35,265,518
Transferred from projects in progress (note 5)	-	1,242,861	5,370,828	8,885,262	3,976,788	6,495	106,313	-	-	5,277	-	624,583	19,242	20,237,649
Disposals	-	-	(547,314)	(2,536,188)	(3,379,228)	(42,845)	(124,180)	(38,951)	-	(202,945)	(486)	(4,185)	(23,672)	(6,899,994)
At 31 December 2024	<u>4,523,867</u>	<u>19,235,665</u>	<u>73,455,437</u>	<u>297,218,710</u>	<u>78,579,178</u>	<u>18,459,286</u>	<u>21,275,882</u>	<u>17,494,348</u>	<u>3,099</u>	<u>10,748,555</u>	<u>4,565,814</u>	<u>4,949,175</u>	<u>3,783,674</u>	<u>554,292,690</u>
<b>Accumulated Depreciation</b>														
-														
At 1 January 2024	-	4,639,647	17,889,926	141,956,780	32,014,539	10,564,207	16,048,397	13,763,508	3,097	8,881,244	3,711,303	3,174,254	2,452,705	255,099,607
Depreciation for the year	-	496,755	1,846,755	9,914,354	5,740,583	2,050,668	1,841,982	666,582	-	590,888	100,875	391,656	182,641	23,823,739
Disposals	-	-	(42,807)	(1,532,835)	(2,128,706)	(42,845)	(115,192)	(5,896)	-	(164,584)	(484)	(3,606)	(13,896)	(4,050,851)
At 31 December 2024	<u>-</u>	<u>5,136,402</u>	<u>19,693,874</u>	<u>150,338,299</u>	<u>35,626,416</u>	<u>12,572,030</u>	<u>17,775,187</u>	<u>14,424,194</u>	<u>3,097</u>	<u>9,307,548</u>	<u>3,811,694</u>	<u>3,562,304</u>	<u>2,621,450</u>	<u>274,872,495</u>
<b>Net book value -</b>														
At 31 December 2024	<u>4,523,867</u>	<u>14,099,263</u>	<u>53,761,563</u>	<u>146,880,411</u>	<u>42,952,762</u>	<u>5,887,256</u>	<u>3,500,695</u>	<u>3,070,154</u>	<u>2</u>	<u>1,441,007</u>	<u>754,120</u>	<u>1,386,871</u>	<u>1,162,224</u>	<u>279,420,195</u>

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	Land	Buildings and constructions	Underground cables	Transformation stations and network	Subscribers' meters	Telecommunication equipment	Computers	Vehicles	Laboratory equipment	Operating equipment	Tools	Other equipment	Furniture and other equipment	Total
2023	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b>Cost -</b>														
At 1 January 2023	4,296,491	15,956,044	60,441,158	260,883,392	48,832,719	17,900,252	17,385,307	14,991,262	3,099	10,344,243	4,378,087	3,824,563	2,988,632	462,225,249
Additions	227,376	237,111	3,257,321	12,012,916	14,599,224	422,703	2,171,902	1,019,790	-	380,665	52,426	223,396	297,114	34,901,944
Transferred from projects in progress (note 5)	-	1,103,062	1,352,764	6,766,436	4,232,145	-	-	-	-	-	-	141,085	251,155	13,846,647
Disposals	-	-	(280,497)	(1,514,810)	(2,518,825)	(5,857)	(126,088)	(289,646)	-	(495,772)	(17,432)	(4,126)	(31,270)	(5,284,323)
At 31 December 2023	<u>4,523,867</u>	<u>17,296,217</u>	<u>64,770,746</u>	<u>278,147,934</u>	<u>65,145,263</u>	<u>18,317,098</u>	<u>19,431,121</u>	<u>15,721,406</u>	<u>3,099</u>	<u>10,229,136</u>	<u>4,413,081</u>	<u>4,184,918</u>	<u>3,505,631</u>	<u>505,689,517</u>
<b>Accumulated Depreciation</b>														
-														
At 1 January 2023	-	4,200,727	16,336,096	133,483,050	28,521,961	8,521,592	14,518,710	13,336,122	3,097	8,710,084	3,623,766	2,792,181	2,321,493	236,368,879
Depreciation for the year	-	438,920	1,693,452	9,381,273	5,021,596	2,048,366	1,643,938	706,457	-	633,339	104,959	385,953	151,174	22,209,427
Disposals	-	-	(139,622)	(907,543)	(1,529,018)	(5,751)	(114,251)	(279,071)	-	(462,179)	(17,422)	(3,880)	(19,962)	(3,478,699)
At 31 December 2023	<u>-</u>	<u>4,639,647</u>	<u>17,889,926</u>	<u>141,956,780</u>	<u>32,014,539</u>	<u>10,564,207</u>	<u>16,048,397</u>	<u>13,763,508</u>	<u>3,097</u>	<u>8,881,244</u>	<u>3,711,303</u>	<u>3,174,254</u>	<u>2,452,705</u>	<u>255,099,607</u>
<b>Net book value -</b>														
At 31 December 2023	<u>4,523,867</u>	<u>12,656,570</u>	<u>46,880,820</u>	<u>136,191,154</u>	<u>33,130,724</u>	<u>7,752,891</u>	<u>3,382,724</u>	<u>1,957,898</u>	<u>2</u>	<u>1,347,892</u>	<u>701,778</u>	<u>1,010,664</u>	<u>1,052,926</u>	<u>250,589,910</u>

\* Depreciation for the year is distributed as follows:

	2024	2023
	JD	JD
Depreciation in the consolidated statement of comprehensive income	23,485,097	21,875,634
Depreciation of non-core activities (note 31)	338,642	333,793
	<u>23,823,739</u>	<u>22,209,427</u>



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**(4) Subscribers' and rural fils contribution assets**

	<u>2024</u>	<u>2023</u>
	JD	JD
<b>Cost -</b>		
At 1 January	432,969,047	413,193,416
Transferred from project in progress (note 5)	22,917,856	19,775,631
At 31 December	<u>455,886,903</u>	<u>432,969,047</u>
<b>Accumulated depreciation -</b>		
At 1 January	227,081,289	211,152,861
Depreciation for the year *	16,782,803	15,928,428
At 31 December	<u>243,864,092</u>	<u>227,081,289</u>
<b>Net book value -</b>		
At 31 December	<u>212,022,811</u>	<u>205,887,758</u>

This item represents the infrastructure constructed by the Group to connect customers and rural areas with electricity. The cost of the infrastructure is paid by the customers and the Jordanian Rural Fils Fund Project and is recognised as an asset and a liability in the Group's consolidated statement of financial position.

\* Subscribers' and rural fils contribution assets are depreciated at 4% annually and Subscribers and rural fils contributions liabilities are amortized at the same rate, accordingly there is no effect on the consolidated statement of financial position. Details of subscribers and rural fils contributions liabilities are as follows as of 31 December:

	<u>2024</u>	<u>2023</u>
	JD	JD
Subscribers' contributions liabilities	150,569,398	148,187,934
Rural fils contributions liabilities	61,453,413	57,699,824
	<u>212,022,811</u>	<u>205,887,758</u>

**(5) Projects in progress**

The following represent projects in progress and payments made to contractors by the Group:

	<u>2024</u>	<u>2023</u>
	JD	JD
Self-funded projects	16,647,258	11,462,949
Subscribers' contributions projects	13,885,717	10,665,350
Rural fils contributions projects	7,235,720	8,517,352
	<u>37,768,695</u>	<u>30,645,651</u>

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Movement on the project in progress is as follows:

	2024	2023
	JD	JD
At 1 January	30,645,651	21,852,438
Additions (issuances from warehouses)	37,664,650	30,479,774
Capitalized expenses*	12,613,899	11,935,717
Transferred to property and equipment (note 3)	(20,237,649)	(13,846,647)
Transferred to subscribers and rural fils contributions assets (note 4)	(22,917,856)	(19,775,631)
At 31 December	<u>37,768,695</u>	<u>30,645,651</u>

\* Details of capitalized expenses on project in progress are as follows:

	2024	2023
	JD	JD
Salaries and other benefits	11,188,157	9,575,872
End-of-service indemnity (note 18)	609,098	1,084,821
Electricity	57,971	47,217
Water	4,769	4,115
Heating	616	1,470
Telecommunications	46,649	58,512
Hospitality	2,005	12,974
Perdiem	8,810	8,697
Stationary	58,701	51,905
Cleaning	53,531	46,470
Computer Expenses	29,455	61,540
Vehicles expenses	346,559	397,108
Rent	7,339	40,469
Employees Insurance	19,093	17,710
Others	181,146	526,837
	<u>12,613,899</u>	<u>11,935,717</u>

The cost of completing the remaining parts of projects in progress is estimated at JD 29,571,671 as of 31 December 2024 (2023: JD 25,125,030).

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**(6) Dispute lawsuits payments**

	<u>2024</u>	<u>2023</u>
	JD	JD
<b>Cost -</b>		
At 1 January	8,358,007	8,334,493
Payments during the year	<u>66,635</u>	<u>23,514</u>
At 31 December	<u>8,424,642</u>	<u>8,358,007</u>
<b>Accumulated amortization -</b>		
At 1 January	8,306,696	8,290,076
Amortization for the year	<u>19,476</u>	<u>16,620</u>
At 31 December	<u>8,326,172</u>	<u>8,306,696</u>
<b>Net book value -</b>		
At 31 December	<u>98,470</u>	<u>51,311</u>

**(7) Long- term loan receivable**

This item represents housing loan granted to the Housing Fund employees at Murabaha rate of 2% annually calculated based on Islamic Murabaha. The number of employees who have borrowed are 74 employees up to 31 December 2024 (2023: 85 employees).

**(8) Income Tax**

**Deferred tax assets -**

This item represents deferred tax assets resulted from the accumulated losses of all areas (except Aqaba), and end-of-service indemnity provision and other provisions.

Movements on deferred tax assets are as follows:

	<u>2024</u>	<u>2023</u>
	JD	JD
At 1 January	4,283,536	3,642,764
Additions for the year	<u>233,529</u>	<u>640,772</u>
At 31 December	<u>4,517,065</u>	<u>4,283,536</u>

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**Income tax provision –**

Movement on income tax provision is as follows:

	2024	2023
	JD	JD
At 1 January	4,264,963	8,574,434
Income tax for the year	5,635,557	5,849,903
Income tax paid	(5,292,224)	(10,159,374)
At 31 December	<u>4,608,296</u>	<u>4,264,963</u>

The income tax for the year appearing in the consolidated statement of comprehensive income consists of the following:

	2024	2023
	JD	JD
Income tax for the year	5,635,557	5,849,903
Additions from the deferred tax assets	(233,529)	(640,772)
	<u>5,402,028</u>	<u>5,209,131</u>

The table below shows the reconciliation between the accounting profit before income tax and taxable income:

	2024					2023
	IDECO	EDCO	EDCO- Aqaba	Eliminations	Total	Total
	JD	JD	JD	JD	JD	JD
Accounting profit (loss)	14,455,910	(2,443,883)	13,615,509	(4,867,556)	20,759,980	15,758,802
Non-taxable revenues	(2,261,688)	(4,364,834)	(966,783)	-	(7,593,305)	(8,206,907)
Non-deductible expenses	4,799,108	1,883,201	443,254	-	7,125,563	9,896,681
<b>Taxable profit (loss)</b>	<u>16,993,330</u>	<u>(4,925,516)</u>	<u>13,091,980</u>	<u>(4,867,556)</u>	<u>20,292,238</u>	<u>17,448,576</u>
Income tax expense for the year	4,588,199	-	1,047,358	-	5,635,557	5,849,903
Deduct: Deferred tax assets movements	(233,529)	-	-	-	(233,529)	(640,772)
<b>Income tax expense for the year</b>	<u>4,354,670</u>	<u>-</u>	<u>1,047,358</u>	<u>-</u>	<u>5,402,028</u>	<u>5,209,131</u>
<b>Statutory income tax rate</b>	27%	27%	8%	8%-27%	8% - 27%	8% - 27%
<b>Effective income tax rate</b>	30,12%	-	7,69%	26%	33,06%	33,06%

Income tax provision was calculated for the years ended 31 December 2024 and 2023 in accordance with the income tax law no. (34) for the year 2014 which was implemented on 1 January 2019. The Group is subject to a statutory income tax rate of 24% in addition to a 3% national contribution tax in all the Group's areas except for Aqaba where the income tax was calculated in accordance with Aqaba Special Zone Law with a statutory income tax rate of 5% in addition to a 3% national contribution tax.

**Tax Clearance:**

**Electricity Distribution Company**

The Company has obtained the final clearance from Income Tax Department for all years up to 2022. The Company has submitted its tax declaration for 2023. The Income and Sales Tax Department has not reviewed the Company's records up to the date of the consolidated financial statements.

**Electricity Distribution Company - Aqaba**

The Company has obtained the final clearance from Income Tax Department for all years up to 2021. The Company has submitted its tax declaration for the years 2022 and 2023. which have not been reviewed by the Income Tax Department up to the date of preparation of the consolidated financial statements.

**Irbid District Electricity Company (Subsidiary)**

The Company has obtained the final clearance from Income Tax Department for all years up to 2020. The Company has submitted its tax declaration for 2023, 2022 and 2021. The company has paid the amounts due to its income tax for the period covering the first half of 2024. The Income and Sales Tax Department has not reviewed the Company's records up to the date of the consolidated financial statements.

**(9) Intangible Assets**

**Impairment test for indefinite intangible assets and goodwill**

During 2009, the Group has purchased 55.46% share of Irbid District Electricity Company – Public Shareholding Company (the "Subsidiary") which resulted in intangible assets representing the distribution licence which was granted to the Subsidiary to distribute electricity power within the specific assigned area by the licence for 25 years, in the Company's management opinion the licence is renewable based on specific conditions and The Energy and Minerals Regulatory Commission approval. The Company amortizes the license over 17.5 years. Also, goodwill which represents the excess in the amount paid over the fair value of the Subsidiary's assets and liability including distribution licence, for the purpose of impairment test the power distributions was defined as cash generating unit.

Intangible assets represent the following:

	2024			2023
	Electricity power distribution license	Goodwill*	Total	Total
	JD	JD	JD	JD
<b>Cost:</b>				
As at 1 January	26,962,131	980,071	27,942,202	27,942,202
As at 31 December	26,962,131	980,071	27,942,202	27,942,202
<b>Accumulated amortization</b>				
As at 1 January	12,325,544	-	12,325,544	10,784,851
Amortization during the year	1,540,693	-	1,540,693	1,540,693
As at 31 December	13,866,237	-	13,866,237	12,325,544
<b>Net book value</b>	<b>13,095,894</b>	<b>980,071</b>	<b>14,075,965</b>	<b>15,616,658</b>

### **\*Impairment test**

As of 31 December 2024, the Group has performed impairment test by calculating the recoverable amount based on the expected cash flows for the next five years which were set out in the estimated financial budgets that prepared by the Group's subsidiary and approved by senior management.

### **Key assumptions used**

Key financial assumptions used by management to determine the cash inflows were as follows:

1. Power electricity distribution revenues: revenue from sale of electricity power is projected by management to decrease by a percentage from 2% to 6% in the next five years as a result of the increase in the demand on the renewable energy.
2. Cost of power distributions: based on distribution agreement, the cost of power purchased is linked to revenue since any changes to the purchase price is often reflected on the selling price. Therefore, management expected that cost of electricity distribution constitutes 84% of revenues, which represents the trend in the historical years.
3. General and administrative expense: general and administrative expenses are projected by the management to increase from 5% to 6% based on historical trends.

### **Discount rate**

The management has applied the discounted cash flow (DCF) method for the next five years, using a weighted average cost of capital (WACC) as the discount rate. The WACC includes both pre-tax cost of debt and cost of equity, resulting in an after-tax WACC of 12%.

### **Conclusions**

Based on the impairment test, the recoverable amount was determined at higher than the book value. Accordingly, no impairment was recorded during the year ended 31 December 2024.

### **Sensitivity analysis**

Group's management is not expecting changes on the basic assumptions which were used in determine of value and leads to impairment in the recoverable amount below book value.

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**(10) Investment An Associates**

This item represents the Group's contributions in the following companies:

<b>Unquoted shares – Local</b>	Activity	Country	Percentage of	2024	2023
			ownership %	JD	JD
Electricity Equipment Industries Company LLC Sama AlMamlaka for Commercial projects and Services	Manufacturing spare parts for machines and Electricity transformers	Jordan	18.3	1,193,796	1,097,967
	Management consulting services	Jordan	31.1	62,200	84,501
				<u>1,255,996</u>	<u>1,182,468</u>

Movement on investment in associates account is as follows:

	2024 JD	2023 JD
At 1 January	1,182,468	951,450
Investment in an associate	-	100,000
Group's share from associates' profit	73,528	131,018
At 31 December	<u>1,255,996</u>	<u>1,182,468</u>

**Electrical Equipment Industries Company Limited Liability Company:**

This item represents the Group's contribution in the capital of the Electrical Equipment Industries Company LLC, where the company owns 12.03% directly and the subsidiary owns 11.47%.

The following is the movement on investment in this associate:

	2024 JD	2023 JD
At 1 January	1,097,967	951,450
Group's share from associate's profit	95,829	146,517
At 31 December	<u>1,193,796</u>	<u>1,097,967</u>

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The below shows summary of Electrical Equipment's Industries Company financial statements:

	2024	2023
	JD	JD
Current assets	6,254,636	8,162,309
Non-current assets	1,883,784	573,970
Current liabilities	(1,758,052)	(2,781,610)
Non-current liabilities	(1,300,389)	(1,290,300)
Owners' equity	5,079,979	4,664,369
Group ownership percentage %	23,5%	23,5%
Actual group ownership percentage %	18,3%	18,3%
Investment carrying amount	1,193,796	1,097,967
Revenue	11,451,155	11,456,480
Cost of sales	(10,329,355)	(10,205,177)
Other income, net	(16,901)	(358)
Administrative expenses	(599,381)	(502,072)
Finance costs	(97,735)	(125,401)
<b>Profit before tax</b>	407,783	623,472
Income tax expense	-	-
<b>Profit for the year</b>	407,783	623,472
<b>Group's share of profit for the year</b>	95,829	146,517

**Sama AlMamlaka Company for Commercial Projects and Services:**

This item represents the Group's contribution in the capital of Sama AlMamlaka Company for Commercial Projects and Services, where the Company owns 20% directly and the subsidiary owns 20%.

The following is the movement on investment in this associate:

	2024	2023
	JD	JD
At 1 January	84,501	-
Investment in an associate	-	100,000
Group's share from associate's loss	(22,301)	(15,499)
At 31 December	62,200	84,501



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The below shows summary of Sama AlMamlaka Company for Commercial Projects and Services Company financial statements:

	2024	2023
	JD	JD
Assets	191,857	249,947
Liabilities	(40,521)	(42,859)
Owners' equity	151,336	207,088
Group ownership percentage %	40%	40%
Actual group ownership percentage %	31%	31%
Investment carrying amount	62,200	84,501
Other expenses	(37,369)	(21,143)
Administrative expenses	(18,383)	(17,605)
<b>Loss before tax</b>	(55,752)	(38,748)
Income tax expense	-	-
<b>Loss for the year</b>	(55,752)	(38,748)
<b>Group's share of loss for the year</b>	(22,301)	(15,499)

On 12 July 2023, the Board of Directors of Irbid District Electricity Company – public shareholding Ltd. (a subsidiary) approved the Investment Company of the Kingdom Electricity Company (the parent) to invest in Noor Al Shamal Company for Commercial Projects and Services, which was 100% owned by the Irbid District Electricity Company Public Shareholding Ltd. (a subsidiary).

Following this decision and based on the extraordinary decision of the General Assembly of Noor Al Shamal Company for Commercial Projects and Services in its meeting held on 31 August 2023, it was decided to increase the company's authorized and subscribed capital to become 250,000 JD / share instead of 50,000 JD / share, as the value of the investment of Irbid District Electricity Company in the Company amounting to 50,000 JD / share was retained, constituting 20% of the value of the company's capital. During 2023, the name of Noor Al Shamal Company for Commercial Projects and Services was changed to Sama AlMamlaka for Commercial Projects and Services.

**(11) Right of use and Lease Contracts liabilities**

Set out below are the carrying amounts for the right-of-use assets and lease contracts liabilities during the year:

	Right of use assets	Lease contracts liabilities*
	JD	JD
<b>At 1 January 2024</b>	234,540	247,225
Additions	1,138,767	1,138,767
Depreciation for the year	(181,857)	-
Finance costs	-	48,519
Lease payments	-	(332,000)
<b>At 31 December 2024</b>	1,191,450	1,102,511

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	Right of use assets	Lease contracts liabilities*
	JD	JD
<b>At 1 January 2023</b>	335,055	356,816
Depreciation for the year	(100,515)	-
Finance costs	-	22,409
Lease payments	-	(132,000)
<b>At 31 December 2023</b>	<u>234,540</u>	<u>247,225</u>

\* Details of lease contracts liabilities as at 31 December:

	Short term	Long term	Total
	JD	JD	JD
2024	<u>307,568</u>	<u>794,943</u>	<u>1,102,511</u>
2023	<u>99,075</u>	<u>148,150</u>	<u>247,225</u>

The Group recognised rent expense from short-term leases and of low-value assets in the consolidated statement of comprehensive income of JD 155,497 for the year ended 31 December 2024 (2023: JD 141,953).

**(12) Inventory**

	2024 JD	2023 JD
Medium and low voltage electrical tools and subscribers' accessories	18,039,829	18,523,318
Tools and vehicles spare parts	263,348	232,213
Stationary, furniture and computers equipment	593,154	335,397
Returned materials*	<u>4,666,917</u>	<u>4,314,391</u>
	23,563,248	23,405,319
Deduct: provision for slow moving inventories*	<u>(4,316,159)</u>	<u>(3,657,208)</u>
	19,247,089	19,748,111
Add: letter of credit and tenders' expenses	<u>1,428,072</u>	<u>864,304</u>
	<u>20,675,161</u>	<u>20,612,415</u>
Strategic inventory**	9,689,126	10,854,855
Inventory	<u>10,986,035</u>	<u>9,757,560</u>
	<u>20,675,161</u>	<u>20,612,415</u>

\* The provision for slow moving inventories includes the value of all returned materials at 31 December.

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Movement on the provision for slow moving inventories is as follows:

	2024	2023
	JD	JD
At 1 January	3,657,208	3,676,566
Provision for the year	706,890	632,624
Items written-off during the year	(47,939)	(651,982)
At 31 December	<u>4,316,159</u>	<u>3,657,208</u>

\*\* Strategic inventory consists of medium and low voltage material and other parts used in the Company's projects, maintenance operations, and replacements.

**(13) Accounts Receivable**

	2024	2023
	JD	JD
Normal subscribers' receivables	165,210,171	153,496,844
Water Authority and Meyahuna receivables	110,795,252	36,183,430
Governmental departments receivables	50,172,296	16,424,886
Municipality receivables – Street lighting	19,490,436	13,246,531
Late interest receivables *	<u>25,823,027</u>	<u>11,543,776</u>
	371,491,182	230,895,467
Provision for excepted credit losses/ Allowance for doubtful debts	<u>(26,845,519)</u>	<u>(24,584,129)</u>
	<u>344,645,663</u>	<u>206,311,338</u>

\* This amount represents interest on subscribers (Government and large companies) for power electricity sold and not collected in accordance with electricity tariff. Interest is calculated on accrued amount for more than 30 days from issuing the bill at 1% monthly with cap of 9% yearly on the due amount.

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As of 31 December, the aging of unimpaired accounts receivable is as follows:

	Neither past due nor impaired	1-90 days	91 – 120 days	> 120 days	Total
	JD	JD	JD	JD	JD
2024	104,190,111	38,276,084	18,936,682	183,242,786	344,645,663
2023	82,880,676	29,238,150	4,904,223	89,288,289	206,311,338

Based on the Group's management estimations, unimpaired receivables are expected to be fully recoverable. The Group obtains cash margins against these receivables.

\*Movement on the expected credit losses/ allowance for doubtful accounts is as follows:

	2024	2023
	JD	JD
At 1 January	24,584,129	22,792,855
Provision for the year **	2,261,390	1,791,776
Written – off during the year	-	(502)
At 31 December	26,845,519	24,584,129

\*\* The Company has not applied International Financial Reporting Standard No. (9) with regard to the requirements of recording expected credit losses on the Company's receivables that are applicable starting from 1 January 2018, since the Electricity Distribution Company operates under a license issued by the Energy & Minerals Regulatory Commission (EMRC), and accordingly, the EMRC is the authority authorized to approve the operating and capital expenditure allocations for the Company, considering these expenditures are the basis for determining the electric tariff, whether the tariff for purchasing energy from the National Electric Power Company or the tariff for selling to the final consumer. Management of the Electricity Distribution Company requested the EMRC to calculate the value of the increase resulting from the application of the standard to be added to the allowance for doubtful accounts, and to consider that expense within the electric tariff accounts, but the EMRC in its letter No. (3984/2025) dated 25 March 2025 extended the Company's exemption from the application of IFRS 9 for the electricity tariff period (2024-2025), provided that the possibility of applying this standard will be reviewed after the end of the above-mentioned period.

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**(14) Other Current Assets**

	<u>2024</u>	<u>2023</u>
	JD	JD
Cheques under collection	5,607,103	4,187,683
Debit balances – Funds	4,218,645	3,979,334
Rural Fils projects	878,019	30,192
Receivables – Housing Fund	166,827	4,497
Prepaid expenses	894,198	974,163
Refundable checks	2,671,564	2,779,391
Others	6,632,286	5,514,724
	<u>21,068,642</u>	<u>17,469,984</u>
Provision for doubtful debts	<u>(2,493,581)</u>	<u>(2,384,375)</u>
	<u>18,575,061</u>	<u>15,085,609</u>

Movement on the provision for doubtful debts is as follows:

	<u>2024</u>	<u>2023</u>
	JD	JD
At 1 January	2,384,375	2,379,949
Provision for the year	109,206	4,426
At 31 December	<u>2,493,581</u>	<u>2,384,375</u>

**(15) Cash and Bank balances**

Cash and bank balances in the consolidated statement of financial position comprise of the following:

	<u>2024</u>	<u>2023</u>
	JD	JD
Cash on hand	101,604	86,880
Current accounts at banks	6,677,587	4,540,679
Short-term deposits with maturity more than 3-months to one year*	<u>30,000,000</u>	<u>35,000,000</u>
	<u>36,779,191</u>	<u>39,627,559</u>

\*This item represents deposits with a local bank in Jordanian dinars maturing over a period of more than three months and up to a year and with an interest rate between (5,5 – 6,7%) (2023: 5,65 – 7,20%).

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For the purpose of preparing the consolidated statement of cash flows, cash and cash equivalents comprise of the following:

	<u>2024</u>	<u>2023</u>
	JD	JD
Cash on hand and at banks	36,779,191	39,627,559
Short-term deposits with maturity 3-months to year	(30,000,000)	(35,000,000)
Due to banks (note 22)	<u>(26,903,867)</u>	<u>(34,538,275)</u>
	<u>(20,124,676)</u>	<u>(29,710,716)</u>

**(16) Owners Equity**

**Paid-in capital -**

The Company's authorized, subscribed and, paid-in-capital consist of 21,000,000 shares with JD 1 par value per share.

The General Assembly decided in its extraordinary meeting on 25 April 2024 to increase the Company's capital by an amount of JD 7,000,000 by capitalizing the excess amount from the balance of retained earnings so that the Company's capital becomes JD 21,000,000. The capital increase procedures at the Companies Control Department were completed on 14 July 2024.

The General Assembly of the subsidiary company (Irbid District Electricity Company) decided in its extraordinary meeting on 21 April 2024 to increase the Company's capital by JD 7,000,000 by capitalizing the excess amount from the balance of retained earnings so that the company's capital becomes JD 21,000,000 at a par value of one Jordanian Dinar per share as of 31 December 2024.

**Statutory reserve -**

As required by the Jordanian Companies Law, 10% of the annual profit before income tax is to be transferred to statutory reserve. The reserve is not available for distribution to shareholders. The Company may stop transferring to statutory reserve when its balance reaches 25% of the authorized share capital.

**Voluntary reserve -**

The accumulated amounts in this account represent cumulative appropriations not exceeding 20% of the annual profit before income tax. This reserve is available for distribution to shareholders.

**Dividends -**  
**2024-**

The General Assembly approved in its ordinary meeting held on 25 April 2024 to distribute an amount of JD 6,000,000 as dividends to shareholders for the profits of 2023 representing 43% of the Company's share capital on the meeting date.

The General Assembly of the subsidiary (Irbid District Electricity Company) approved in its ordinary meeting held on 21 April 2024 to distribute an amount of JD 5,600,000 as dividends to shareholders for the profits of 2023 representing 40% of the Company's share capital on the meeting date, and the share of non-controlling interest amounted to JD 2,494,240.

**2023-**

The General Assembly approved in its ordinary meeting held on 12 April 2023 to distribute an amount of JD 9,000,000 as dividends to shareholders for the profits of 2022 representing 75% of the Company's share capital on the meeting date.

The General Assembly of the subsidiary (Irbid District Electricity Company) approved in its ordinary meeting held on 9 April 2023 to distribute an amount of JD 7,500,000 as dividends to shareholders for the profits of 2022 representing 75% of the Company's share capital on the meeting date, and the share of non-controlling interest amounted to JD 3,340,500.

**(17) Advances from subscribers**

This item represents advances received from subscribers to construct the subscribers' contribution projects; upon completion of the project the Group settles these advances into subscribers' contribution liabilities and excess of subscribers' contributions.

**(18) Provision For End-of-service indemnity**

Movement on the provision for end-of-service indemnity is as follows:

	<u>2024</u>	<u>2023</u>
	JD	JD
At 1 January	23,920,976	22,154,565
Charged for the year (note 29)	2,233,452	3,986,558
Capitalized on projects in progress (note 5)	609,098	1,084,821
Expenses charged to salaries and wages	-	110,599
Expenses allocated to poles factory	112,561	59,022
End-of- service indemnity paid	<u>(2,534,964)</u>	<u>(3,474,589)</u>
At 31 December	<u>24,341,123</u>	<u>23,920,976</u>

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The details for the end of service indemnity provision charged for the year and capitalized to projects under progress is as follows:

	2024	2023
	JD	JD
Interest on obligations	1,143,171	2,838,552
Current service costs	1,811,940	2,402,448
	<u>2,955,111</u>	<u>5,241,000</u>

End-of-service indemnity was distributed as follows:

	2024	2023
	JD	JD
General and administrative expenses (note 29)	2,233,452	3,986,558
Capitalized on projects in progress (note 5)	609,098	1,084,821
Expenses charged to salaries and wages	-	110,599
Transferred to poles factory costs	112,561	59,022
	<u>2,955,111</u>	<u>5,241,000</u>

The principal actuarial assumptions used to determine the end-of-service indemnity provision is as follows:

	2024	2023
Discount rate	6,09%	5,7%
Mortality rate	0,14%	0,19%
Annual increase in salaries rate	5,25%	5,5%
Resignation rate	3%	2%
Group's social security contribution deducted from employee's end of service indemnity	8%	8%

The following schedule illustrates the possible changes in the current end-of-service indemnity value as of 31 December, due to changes by 1% in the discount rate, the salaries increase rate and resignation rate:

	Effect on the current value of the end of service indemnity provision	
Increase by 1% in the rate	2024	2023
	JD	JD
Discount	(2,468,146)	(3,055,828)
Increase in salaries	4,214,173	4,510,855
Resignations	986,979	1,221,769



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Decrease by 1% in the rate	Effect on the current value of the end of service indemnity provision	
	2024	2023
	JD	JD
Discount	3,124,593	3,665,561
Increase in salaries	(3,087,230)	(3,345,419)
Resignations	(986,979)	(1,221,769)

**(19) Excess Of Subscribers Contribution**

This item represents the difference between the amount received from subscribers, contributions and the actual cost incurred to complete these projects. The Group amortizes this amount at 4% annually. Movement on this item is as follows:

	2024	2023
	JD	JD
<b>Excess of subscribers' contribution -</b>		
At 1 January	24,621,089	24,621,089
At 31 December	24,621,089	24,621,089
<b>Accumulated amortization of excess of subscribers' contribution</b>		
At 1 January	20,704,893	19,897,274
Amortization for the year *	807,619	807,619
At 31 December	21,512,512	20,704,893
<b>Net book value</b>		
At 31 December	3,108,577	3,916,196
Current portion of subscription contribution	807,619	807,619
Non-current subscription contribution	2,300,958	3,108,577
	3,108,577	3,916,196

\* Excess of subscribers' contribution amortization is transferred to revenues from non-core activities.

**(20) Subscribers' deposits**

This item represents the amount received from the subscribers as cash deposits for electricity power supply based on Energy and Minerals Regulator Commission regulations.

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**(21) Loans**

This item represents long term loans granted from the following banks:

		Loan instalments					
		2024			2023		
Currency		Short term	Long term	Total	Short term	Long term	Total
		JD	JD	JD	JD	JD	JD
Housing bank	JD	6,000,000	2,000,000	8,000,000	6,000,000	6,000,000	12,000,000
Jordan Islamic Bank	JD	3,600,000	10,800,000	14,400,000	3,600,000	14,400,000	18,000,000
Short term loans	JD	103,255,592	-	103,255,592	83,433,741	-	83,433,741
		<u>112,855,592</u>	<u>12,800,000</u>	<u>125,655,592</u>	<u>93,033,741</u>	<u>20,400,000</u>	<u>113,433,741</u>

**Housing bank - JD**

On 24 November 2015, Electricity Distribution Company signed a loan agreement with the Housing Bank for Trade and Finance for an amount and ceiling of JD 40,000,000 including a grace period of one year. This loan bears an interest rate ranging from 5% to 5.4% or Prime Lending Rate (PLR) minus 3%, whichever is lower for the first five years of the loan term and PLR minus 3% and a minimum of 5.25% per annum from the sixth year of the loan term until the end of the repayment period. The loan is repayable over 20 equal semi-annual instalments. Interest is paid every six months.

The interest rate has been adjusted to 5.75% with a fixed rate for one year from 1 September 2023, and the interest rate has been adjusted to 7.75% with a fixed rate for six months from 1 September 2023, noting that it will be reinstated at an interest rate of 5.75% on 1 March 2024.

**Jordan Islamic Bank – JD**

During 2023, Irbid District Electricity Company (a subsidiary) signed a loan agreement with Jordan Islamic Bank in the amount of JD 18,000,000 with a profit rate of JD 3,150,000 and a Murabaha rate of 3.5%. The loan is repaid in 10 semi-annual instalments of JD 1,800,000 per instalment, so that the first instalment is due in May 2024 and the last instalment is due in November 2028, so the total value of the loan with Murabaha is equal to JD 21,150,000.

The annual payments and maturities for long-term loan instalments are as follows:

Year	Amount
	JD
2025	9,600,000
2026	5,600,000
2027-2028	<u>7,200,000</u>
	<u>22,400,000</u>

## **Short-term loan**

### **Jordan Islamic Bank – JD**

The Electricity Distribution Company signed an agreement for the supply of electric power (financing the prices of electric power) with Jordan Islamic Bank during 2024 and 2023 to pay part of the electricity purchase bill from the National Electric Power Company with a credit limit including profit of JD 39,850,000 (2023: JD 31,000,000) against an agreed annual profit rate of 5.5% (2023: 6.2%). The full loan amount will be repaid during 2025.

Irbid District Electricity Company (a subsidiary) signed a Power Supply Agreement (Electricity Purchase Financing) with Jordan Islamic Bank and Arab Islamic Bank to finance part of the electricity purchase invoice from the National Electric Power Company. The agreement includes credit facilities with a profit margin totaling JD 75,000,000, bearing an average interest rate of 5.03% annually (2023: 4.18%). The full loan amount is scheduled to be repaid during the year 2025.

## **(22) Due To Banks**

This item refers to the credit facilities provided to the Group by several local banks, with a maximum credit limit of JD 83,000,000 and an average annual interest rate of 7.39% (2023: the credit facilities provided to the Group by several local banks, with a maximum credit limit of JD 138,000,000 and an average annual interest rate of 6.86%).

## **(23) Accounts Payable**

	2024	2023
	JD	JD
National Electricity Power Company - energy purchased	263,841,993	132,469,056
National Electricity Power Company - interests on late payment	22,170,298	7,884,869
National Electric Power Company – network services and privatization	4,814,714	3,594,938
Rural Fils deposits	6,056,065	5,666,811
Central Electricity Generating Company	806,106	749,604
Television fees deposits	5,690,468	5,659,838
Garbage deposits	11,885,115	12,145,975
Suppliers payables	22,205,105	18,395,082
Others	6,345,452	8,129,770
	<u>343,815,316</u>	<u>194,695,943</u>

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**(24) Accrued Expenses And Other Current Liabilities**

	<u>2024</u>	<u>2023</u>
	JD	JD
Governmental and other deposits	2,345,106	2,532,876
Energy price received in advance	79,342	34,262
Notes payable	3,220,831	1,308,912
Accrued expenses	8,564,431	8,059,352
Accrued bank interest	305,274	439,327
Contractors' retentions	723,904	519,037
Dividends payable	828,075	910,921
Board of directors' remuneration	89,000	88,182
Payables – Funds	8,430,815	7,943,292
Others	327,492	302,934
	<u>24,914,270</u>	<u>22,139,095</u>

**(25) Other Provisions**

Provisions included in the consolidated statement of financial position are as follows:

	<u>2024</u>					<u>2023</u>
	Vacation	Social	Employees	Lawsuits		
	provision	services	provision	provision	Total	Total
	JD	JD	JD	JD	JD	JD
At 1 January	2,297,149	2,171	-	886,935	3,186,255	2,683,068
Charged during the year	89,120	-	1,196,855	-	1,285,975	699,292
Paid during the year	(121,220)	(1,776)	-	-	(122,996)	(196,105)
At 31 December	<u>2,265,049</u>	<u>395</u>	<u>1,196,855</u>	<u>886,935</u>	<u>4,349,234</u>	<u>3,186,255</u>

**(26) Basic and Diluted Earnings Per Share**

	<u>2024</u>	<u>2023</u>
Profit attributable to the owners of the parent (JD)	11,533,010	7,104,419
Weighted average number of shares (Share)	21,000,000	21,000,000
	<u>JD/ Fils</u>	<u>JD/ Fils</u>
Basic earnings per share attributable to owners of the parent	<u>0/549</u>	<u>0/388</u>

The basic and diluted earnings per share are equal.

**(27) Gross Profit**

Electricity power sales represent sales to all subscribers and cost of electricity power sales represents the cost of electricity power purchases from National Electricity Power Company and other renewable energy resources.

The sales tariff price is determined by the Energy & Minerals Regulatory Commission (EMRC), The sales tariff for any of the sectors during 2024 was not adjusted for the Electricity Distribution except for the introduction of a time-of-use tariff for the medium industrial sector starting from 1 July 2024. This change does not significantly impact the consumption value; rather, it represents a restructuring of the previous tariff.

Energy is purchased by the National Electric Power Company and renewable energy sources, and the purchase tariff for the electricity distribution company is determined by the Energy and Minerals Regulatory Commission. The purchase tariff was increased starting from January 1, 2024, with the cancellation of the maximum demand tariff and the fixation of prices for the daytime and nighttime tariffs. Additionally, the commission reduced the purchase tariff in December 2024.

The purchase tariff for Irbid District Electricity Company (a subsidiary) has been increased during January 2024 and has been decreased during May and December 2024.

**(28) Other Operating Revenue, net**

	2024	2023
	JD	JD
Electricity power subscription and connection fees	4,148,382	3,148,886
Meters fees	3,174,925	3,029,433
Loss from rural electrification projects	(2,726,194)	(3,089,667)
Amortization of deferred revenues after 2 July 2008	(2,986,225)	(2,566,592)
Grid service fees / renewable energy	634	723,388
Others	773,315	690,122
	<u>2,384,837</u>	<u>1,935,570</u>

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**(29) General And Administrative Expense**

	<u>2024</u>	<u>2023</u>
	JD	JD
Salaries, wages and others	15,250,984	15,776,055
Employees' benefits	4,542,013	4,657,481
End-of-service indemnity (note 18)	2,233,452	3,986,558
Subscribers' services expense	16,362,796	15,740,412
Employees' vacation provisions	89,121	211,667
Electricity, water and heating expense	451,490	493,377
Vehicles expense	2,786,577	2,368,029
Mail, phone and fax expense	173,686	295,935
Smart meters expenses	1,610,238	974,723
Hospitality and cleaning expense	466,783	434,072
Per diem and transportation expense	108,292	752,947
Expenses and daily expenses of the judicial police	273,216	174,009
Stationary and printing	290,268	384,759
Stamps	707,783	690,136
Licenses and Government fees	1,013,152	1,428,306
Remuneration and incentives for different committees	1,060,942	1,062,076
Professional fees	1,561,281	1,746,990
Security expense	1,205,001	1,143,505
Training expense	299,148	146,595
Computer expense	785,281	683,533
Insurance expense	862,867	686,590
Maintenance expense	10,305,536	10,494,609
Judicial compensation allowance	-	448,194
Commission for collecting electricity bills	849,012	662,523
Others	1,577,851	1,087,319
Transferred to non-core activities in accordance with tariff (note 31)	(798,751)	(931,561)
	<u>64,068,019</u>	<u>65,598,839</u>

**(30) Revenue from Non – Core Activities**

	<u>2024</u>	<u>2023</u>
	JD	JD
Poles factory net revenue	2,196,326	2,129,192
Amortization of deferred revenue up to 2 July 2008	807,619	807,619
Revenues from television fees collections	515,037	505,652
Revenues from garbage fees collections	2,408,944	2,358,502
Tenders' revenue	92,219	84,815
Late payment penalties revenues	329,637	554,433
Poles leases revenues	687,072	680,751
Gain on sale of damaged goods (property and equipment)	1,064,006	1,150,717
Damage compensation revenue received	226,487	192,668
Others	2,530,255	2,147,340
	<u>10,857,602</u>	<u>10,611,689</u>

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**(31) Non-Core Activities Expenses**

	2024	2023
	JD	JD
Loss on sale of property and equipment	40,609	13,491
Street lighting maintenance	39,217	118,001
Non-core activities in accordance with tariff (note 29)	798,751	931,561
Board of directors' remuneration	35,000	35,000
Board of directors' expenses	260,260	258,259
Non-core activities incentives	120,000	120,000
Depreciation of non-core activities assets (note 3)	338,642	333,793
Others	1,604,781	957,302
	<u>3,237,260</u>	<u>2,767,407</u>

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**(32) Segmentation Reports**

The main segments were classified and presented based on their substantial influence on the Group's risks and benefits. Each segment is treated as an independent unit and managed separately, aligned with the specific nature of the services provided. Measurement of these segments is performed using reports utilised by the Group's CEO and decision-makers.

	Jordan Valley & Eastern					Poles					
<b>For the year ended 31 December 2024</b>	Area	Tafyleh	Al-Karak	Ma'an	Aqaba	Factory	IDECO	Unallocated	Total	Elimination	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b><u>Revenues-</u></b>											
Electricity power sales	110,175,731	15,190,904	55,389,050	50,375,942	80,395,252	-	304,953,666	-	616,480,545	-	616,480,545
Other operating revenue	(170,302)	(236,023)	58,702	(411,432)	762,623	-	2,381,269	-	2,384,837	-	2,384,837
Other non- operating revenue	310,563	29,071	103,029	109,147	1,889,511	2,490,950	4,068,786	4,686,964	13,688,021	(3,400,384)	10,287,637
<b>Total revenue</b>	<b>110,315,992</b>	<b>14,983,952</b>	<b>55,550,781</b>	<b>50,073,657</b>	<b>83,047,386</b>	<b>2,490,950</b>	<b>311,403,721</b>	<b>4,686,964</b>	<b>632,553,403</b>	<b>(3,400,384)</b>	<b>629,153,019</b>
<b><u>Operation result -</u></b>											
Segment profit (loss)	3,672,547	134,863	2,762,668	964,499	12,751,257	2,490,950	10,101,240	(12,652,516)	20,225,508	(4,867,556)	15,357,952
<b><u>Other information -</u></b>											
Depreciation and amortization	2,061,274	907,259	1,738,828	1,290,529	1,650,567	-	13,263,858	2,592,258	23,504,573	-	23,504,573
Provision for expected credit losses and doubtful debts	-	-	-	-	213,036	-	1,544,878	612,682	2,370,596	-	2,370,596
Finance Costs and interest expense on late payment	-	-	-	-	4,100,369	-	7,373,890	11,792,533	23,266,792	-	23,266,792
Interest income and interest income on late payment	-	-	-	-	2,969,128	-	5,869,695	8,638,048	17,476,871	-	17,476,871
Group's share from associates' profit	-	-	-	-	-	-	-	73,528	73,528	-	73,528
<b><u>As of 31 December 2024</u></b>											
<b><u>Segment's assets and liability -</u></b>											
Segment assets	63,118,754	22,787,942	40,530,206	36,129,259	67,937,941	5,035,166	462,466,887	284,992,200	982,998,355	(10,810,166)	972,188,189
Segment liabilities	50,348,425	13,062,975	26,846,686	24,830,022	59,680,208	-	419,118,396	306,701,273	900,587,985	(900,070)	899,687,915
Investment in associates	-	-	-	-	-	-	336,719	350,781	687,500	568,496	1,255,996



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	Jordan Valley & Eastern					Poles					
<b>For the year ended 31 December 2023</b>	Area	Tafleh	Al-Karak	Ma'an	Aqaba	Factory	IDECO	Unallocated	Total	Elimination	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b><u>Revenues-</u></b>											
Electricity power sales	108,944,709	14,241,819	52,336,082	48,870,578	74,399,435	-	283,205,668	-	581,998,291	-	581,998,291
Other operating revenue	(61,766)	(166,710)	(97,256)	(455,227)	929,715	-	1,786,814	-	1,935,570	-	1,935,570
Other non- operating revenue	310,563	29,071	103,029	109,147	2,141,689	2,129,192	4,310,194	5,937,785	15,070,670	(4,458,981)	10,611,689
<b>Total revenue</b>	<b>109,193,506</b>	<b>14,104,180</b>	<b>52,341,855</b>	<b>48,524,498</b>	<b>77,470,839</b>	<b>2,129,192</b>	<b>289,302,676</b>	<b>5,937,785</b>	<b>599,004,531</b>	<b>(4,458,981)</b>	<b>594,545,550</b>
<b><u>Operation result -</u></b>											
Segment profit (loss)	3,207,727	(350,650)	1,927,639	1,482,147	9,845,108	2,129,192	9,208,542	(11,031,377)	16,418,328	(5,868,657)	10,549,671
<b><u>Other information -</u></b>											
Depreciation and amortization	1,881,567	821,903	1,572,614	1,169,847	1,634,477	-	12,352,376	2,459,470	21,892,254	-	21,892,254
Provision for expected credit losses and doubtful debts	-	-	-	-	216,287	-	957,883	622,032	1,796,202	-	1,796,202
Finance Costs and interest expense on late payment	-	-	-	-	1,375,570	-	7,579,584	3,956,098	12,911,252	-	12,911,252
Interest income and interest income on late payment	-	-	-	-	353,539	-	6,456,040	1,082,716	7,892,295	-	7,892,295
Group's share from associates' profit	-	-	-	-	-	-	-	131,018	131,018	-	131,018
<b><u>As of 31 December 2023</u></b>											
<b><u>Segment's assets and liability -</u></b>											
Segment assets	60,481,236	21,034,657	37,540,172	33,387,583	62,234,537	5,022,018	390,428,450	190,182,272	800,310,925	(8,842,797)	791,468,128
Segment liabilities	47,614,606	13,037,655	25,356,232	24,586,781	59,378,862	-	351,581,199	204,970,721	726,526,056	(694,490)	725,831,566
Investment in associates	-	-	-	-	-	-	336,719	350,781	687,500	494,968	1,182,468

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**(33) Related Parties Transactions**

The consolidated financial statements consist of the financial statements of the Company and the following subsidiary:

	Paid in capital JD	Principal activities	Ownership %
Irbid District Electricity Company PSC	21,000,000	Electricity power distributions	55.46

Related parties represent subsidiaries, associates, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties.

Related parties' transactions included in the consolidated statement of financial position:

**Amount due to a related party:**

	2024 JD	2023 JD
Electricity Equipment Industries Company (Associate)	88,168	537,061

The following represents transactions with related parties included in the consolidated statement of comprehensive income:

	2024 JD	2023 JD
Purchases from Electricity Equipment Industries Company (Associate)	4,209,086	4,795,054

Following is a summary of the benefits (salaries, bonuses and other benefits) of the Group's senior executive management:

	2024 JD	2023 JD
Salaries and other benefits	1,616,632	1,355,600
Board of Directors transportations and remuneration	420,216	497,259

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**(34) Partially Owned Subsidiaries**

Below are the financial statements for Irbid Electricity Distribution Company before the elimination transactions and balances between the Company's entities which includes non – controlling interest:

	<u>2024</u>	<u>2023</u>
<b>Group ownership percentage</b>	55.46%	55.46%
<b>Country of incorporation and operation</b>	Jordan	Jordan
	<u>2024</u>	<u>2023</u>
	JD	JD
<b>Cumulative non – controlling interest balance</b>	30,309,444	25,860,942
<b>Non – controlling interest share of profit</b>	3,824,942	3,445,252
<b>Summary statement of financial position:</b>		
Current assets	168,797,494	124,357,785
Non-current assets	293,669,398	266,070,665
Current liabilities	(223,415,438)	(162,568,643)
Non-current liabilities	(195,702,963)	(189,012,556)
<b>Owners' equity</b>	<u>43,348,491</u>	<u>38,847,251</u>
<b>Attributable to:</b>		
Parent shareholders	24,041,073	21,544,685
Non-controlling interests	19,307,418	17,302,566
<b>Summary of statement of comprehensive income:</b>		
Revenues	304,953,666	283,205,668
Cost of revenues	(249,422,095)	(229,113,657)
Other revenues	12,319,750	12,553,048
Other expenses	(53,395,411)	(53,014,480)
<b>Profit before tax</b>	<u>14,455,910</u>	<u>13,630,579</u>
Income tax expense	(4,354,670)	(4,422,036)
<b>Profit of the year</b>	<u>10,101,240</u>	<u>9,208,543</u>
<b>Total comprehensive income</b>	10,101,240	9,208,543
Attributable to non – controlling interests	3,824,942	3,445,252
<b>Dividends distributed to non – controlling interests</b>	<b>(2,494,240)</b>	<b>(3,340,500)</b>
<b>Summary of statement of cash flow:</b>		
Operating activities	44,860,681	2,116,529
Investing activities	(30,414,239)	(46,907,416)
Financing activities	(13,626,538)	(11,480,484)
<b>Net increase (decrease) in cash and cash equivalent</b>	<u>819,904</u>	<u>(56,271,371)</u>

**(35) CONTINGENT LIABILITIES**

**Bank guarantees and letters of credit -**

As of the date the consolidated financial statements, the Group had outstanding bank guarantees and letters of credit of JD 7,550,627 (2023: JD 3,927,887).

**Lawsuits-**

The Group is a defendant in a number of lawsuits in the ordinary course of business represents lawsuits and legal claims amounting to JD 2,853,125 (2023: JD 1,721,436). The Group's management and its legal advisor believe that the provision taken against these claims is adequate to meet any obligations that may arise and there is no need to book an additional provision.

**Irbid District Electricity Company (a subsidiary) dispute with the National Electricity Company**

National Electric Power Company (IDECO power provider) has requested Irbid District Electricity Company (a subsidiary) to pay an amount of JD 717,357. This amount represents the interest charged on late payments. Irbid District Electricity Company, along with its legal counsel, is of the opinion that they have no obligations regarding this amount, as it adheres to the electricity Tariff (Wholesale Tariff) issued by the Energy & Minerals Regulatory Commission (EMRC), which should be applicable to both parties.

**Capital Commitments –**

The cost to finish the uncompleted part of the projects in progress is estimated to be JD 29,571,671 as of 31 December 2024. (2023: JD 25,125,030).

**(36) RISK MANAGEMENT**

**Interest rate risk**

The Group is exposed to interest rate risk on its interest-bearing assets and liabilities such as loan receivable, bank deposits, due to banks and loans.

The sensitivity of the consolidated statement of comprehensive income is the effect of the assumed changes in interest rates on the Group's profit for one year, based on financial assets and liabilities bearing floating interest rates.

The following table demonstrates the sensitivity of the consolidated statement of comprehensive income to reasonably possible changes in interest rates with all other variables held constant.

	Increase in Interest Rate (Basis Points)	Effect on profit for the year JD
<b>2024 -</b>		
JD	50	(762,797)
	Increase in Interest Rate (Basis Points)	Effect on profit for the year JD
<b>2023 -</b>		
JD	50	(746,557)

The effect of decrease in interest rate is expected to be equal and opposite to the effect of the increase shown above.

### **Credit risk**

Credit risk is the risk that may result from the failure or inability of debtors and other parties to meet their obligations towards the Group.

The Group believes that it is not highly exposed to credit risk as it sets a credit limit for customers while monitoring outstanding receivables on an ongoing basis. The Group also maintains balances and deposits with leading banking institutions.

Government receivables represents 61% of total receivables as of 31 December 2024 (2023: 44%). The Group provides services to a large volume of customers.

### **Liquidity risk**

Liquidity risk represents the inability of the Group to pay its liabilities when accrued.

The Group limits its liquidity risk by ensuring bank facilities are available.

The table below summarises the maturities of the Group's (undiscounted) financial liabilities based on contractual payment dates and market interest rate.

**ELECTRICITY DISTRIBUTION COMPANY - PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2024**

<b>At 31 December 2024</b>	On demand	1 to 12 months	1 to 5 years	Total
	JD	JD	JD	JD
Due to banks	28,892,063	-	-	28,892,063
Accounts payable	-	318,822,636	-	318,822,636
Accrued and other current liabilities	-	24,914,270	-	24,914,270
Subscribers' deposits	96,591,603	-	-	96,591,603
Loans	-	119,626,928	13,568,000	133,194,928
Lease Liabilities	-	332,173	858,539	1,190,712
<b>Total</b>	<b>125,483,666</b>	<b>463,696,007</b>	<b>14,426,539</b>	<b>603,606,212</b>

  

<b>At 31 December 2023</b>	On demand	1 to 12 months	1 to 5 years	Total
	JD	JD	JD	JD
Due to banks	28,518,099	-	-	28,518,099
Accounts payable	-	194,695,943	-	194,695,943
Accrued and other current liabilities	-	22,139,095	-	22,139,095
Subscribers' deposits	90,838,273	-	-	90,838,273
Loans	-	109,450,928	23,295,000	66,822,000
Lease Liabilities	-	112,387	151,613	264,000
<b>Total</b>	<b>119,356,372</b>	<b>326,398,353</b>	<b>23,446,613</b>	<b>465,305,788</b>

### **Currency risk**

Most of the Group's transactions are in Jordanian Dinars and US Dollars. The Jordanian Dinar exchange rate is fixed against USD (US\$ 1.41 for JD 1), so the impact of currency risk is not material to the consolidated financial statements.

### **(37) FAIR VALUE OF FINANCIAL INSTRUMENTS**

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash, bank deposits and bank balances, accounts receivable and some other current assets. Financial liabilities consist of accounts payable, loans, due to banks, leases, and some other current liabilities.

The fair values of financial instruments are not materially different from their carrying values.

**(38) CAPITAL MANAGEMENT**

The primary objective of the Group's capital management is to ensure that it maintains capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the current and previous year.

Capital comprises of paid-in capital, statutory reserve, voluntary reserve and retained earnings, and is measured at JD 42,190,830 as of 31 December 2024 (2023: JD 39,775,620).

**(39) Standard Issued But Not Yet Effective**

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

**Amendments to the 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 are effective for annual periods starting on or after 1 January 2026. Early adoption is permitted, with an option to early adopt the amendments for classification of financial assets and related disclosures only. The Group is currently not intending to early adopt the Amendments.

**Contracts Referencing Nature-dependent Electricity — Amendments to IFRS 9 and IFRS 7**

In December 2024, the IASB issued amendments to IFRS 9 and IFRS 7 to address the accounting and disclosure requirements for contracts referencing nature-dependent electricity, such as wind, solar, and hydro power. These amendments aim to provide clearer guidance on the classification, measurement, and recognition of these contracts, which are inherently variable due to their dependence on natural conditions. The changes seek to improve the consistency and comparability of financial statements by clarifying whether such contracts should be treated as financial instruments or executory contracts and how they should be measured. Additionally, the amendments enhance disclosure requirements to provide greater transparency about the risks and financial impacts associated with these contracts, thereby offering users more relevant and reliable information. This initiative supports the global transition to renewable energy by addressing the unique accounting challenges posed by nature-dependent electricity contracts.

The Amendments are effective for annual periods starting on or after 1 January 2026. Early adoption is permitted, but will need to be disclosed.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

**Lack of exchangeability – Amendments to IAS 21**

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

**IFRS 18 Presentation and Disclosure in Financial Statements**

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around

classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

This standard will result in new presentation of the income statement with some new required totals, in addition to the disclosure of management-defined performance measures.



**IFRS 19 Subsidiaries without Public Accountability: Disclosures**

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

**(40) Comparative figures**

Some of the consolidated financial statement figures for the year 2023 have been reclassified to match the classification of the consolidated financial statement figures for the year 2024. The reclassification did not result in any impact on profit and equity for 2023.