ALIA - THE ROYAL JORDANIAN AIRLINES COMPANY (ROYAL JORDANIAN)

A PUBLIC SHAREHOLDING COMPANY

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Alia - The Royal Jordanian Airlines (Royal Jordanian)
Amman – Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Alia - The Royal Jordanian Airlines (Royal Jordanian) (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2025, its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

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 Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)*, as applicable to audits of consolidated financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the consolidated financial statements of public interest entities in Jordan. We have also 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 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 matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

1. Passengers' revenue recognition	
The disclosures for passengers' revenues are set out in note (24) to the consolidated financial statements. Passengers' revenues are recognized in the consolidated statement of financial position as deferred revenues and are recognized as revenues in the consolidated statement of comprehensive income when the services are provided. We focus on the passengers' revenues due to the following: - Passengers revenues are material, and recognizing these revenues upon the fulfillment of the performance obligation requires significant reliance on automated systems. - With regard to the frequent flyer program, points awarded to customers under these programs are recorded separately from the sales under which these points were awarded. Accordingly, a portion of the proceeds from the sale of these points is allocated to these points, and recognition of this portion as revenues is deferred until the periods in which the points are utilized.	Our audit procedures included the following: - Studying and understanding the mechanism used by management to determine the types of revenue sources. - Evaluating the accounting policies followed by the Group for revenue recognition in accordance with International Financial Reporting Standard No. (15). - Studying the Group's internal control system regarding revenue recognition, including the key internal control elements within the revenue recognition cycle. We also obtained support for our conclusions from specialists within the audit team. - Auditing refunds of passengers' tickets. - Selecting a sample before and after the end of the current year to assess whether revenues were recognized in the correct period. - Performing substantive analytical procedures using financial and non-financial information. - Testing a representative sample of journal entries.

- The fair value of the points is estimated by estimating the fair value of the returns that could be obtained from those points less the fair value of the points that are not expected to be utilized. The Group makes every effort to determine the assumptions applied to the method of calculating the number of points expected to be unused, by applying statistical techniques and relying on historical data to help determine the fair value of the points awarded.	
2. IFRS (16) "Leases"	
The disclosures for leases are set out in note (19-a) to the consolidated financial statements. IFRS (16) specifies the method for recognizing, measuring, presenting, and disclosing leases. The standard requires the lessee to recognize a right-of-use asset and an associated obligation for all leases, except for short-term leases (with a term of 12 months or less) or leases where the leased asset is of low value. The application of IFRS (16) is an important audit matter for the following reasons: - The judgment required by management in determining the key assumptions, which include identifying the contracts within the scope of IFRS (16), the term of the lease, and the discount rate used to calculate the lease obligation.	Our audit procedures included the following: - Evaluating the results of applying IFRS (16) to the Group's consolidated financial statements. - Testing management's assumptions used in preparing the impact assessment, including ensuring that the exemptions adopted by management are acceptable and consistent with IFRS (16) (such as short-term contracts and contracts where the asset is of low value). - Evaluating the consistency of the accounting principles related to leases with the definitions of IFRS (16), which include factors such as the term of the contract, the discount rate, and the measurement basis.

	- Verifying the basis used by management in determining the discount rate used to calculate the present value of future lease payments, including ensuring that there is no implicit interest rate in the leases. Therefore, we confirmed the validity and reasonableness of management's calculation of the discount rate used. - Recalculating the discount rate used to calculate the present value of future lease payments

Other information included in the Group's 2025 annual report

Other information consists of the information included in the Group's 2025 Annual Report other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2025 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 will 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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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's 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.

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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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes 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, actions taken to eliminate threats or safeguards applied.

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.

The partner in charge of the audit resulting in this auditor's report was Ahmad Mahmoud Abu Asabeh; license number 1155.

Amman – Jordan
30 March 2026

ERNST & YOUNG
Amman - Jordan

(1) GENERAL

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

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

The consolidated financial statements were authorized for issue by the Board of Directors in their meeting held on 26 March 2026.

(2) BASIS OF PREPARATION

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

The consolidated financial statements have been prepared on a historical cost basis, except for the financial assets at fair value through other comprehensive income and derivative financial instruments that have been measured at fair value at the date of the consolidated financial statements.

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

The consolidated financial statements have been prepared under going concern basis.

(3) FUNDAMENTAL ACCOUNTING CONCEPTS

The Group's accumulated losses of JD 181,728 represent 50% of the Group's paid-in capital as of 31 December 2025. In addition, the Group's current liabilities exceeded its current assets by JD 240,934 as of 31 December 2025. The Group's ability to continue depends on its ability to achieve operational and financial results in accordance with its business plan and to comply with the provisions of article (266) of the Jordanian Company's law no. (22) for the year 1997 and its amendments, which requires that the accumulated losses of a public shareholding company should not exceed 75% of its capital. otherwise, the Company shall be liquidated unless the General Assembly of the Company issues a decision on its extraordinary meeting to increase the Company's capital or to deal with the Company's losses.

Alia - The Royal Jordanian Airlines Company (Royal Jordanian)
Public Shareholding Company
Consolidated Statement of Financial Position
As at 31 December 2025
(In Thousands of Jordanian Dinars)

	Notes	2025	2024
ASSETS			
Non-current assets			
Property and equipment	8	**149,278**	142,969
Investment properties	37	**164,307**	164,307
Right-of-use assets	19-a	**667,613**	356,683
Advances on purchase of aircraft	9	**14,269**	16,906
Financial assets at fair value through other comprehensive income	10	**1,157**	1,157
Investments in associates	12	**31,847**	26,776
Restricted cash against lease contracts	19-b	**63,434**	39,982
Long-term loan granted to an associate	18-a	**4,827**	5,626
Deferred tax assets		**12,322**	12,322
Goodwill	11, 34	**3,467**	392
		1,112,521	767,120
Current assets			
Other current assets	13	**60,690**	38,556
Spare parts and supplies	14	**11,266**	8,321
Current portion of long-term loan granted to an associate	18-a	**1,135**	1,170
Accounts receivable	15	**38,947**	41,490
Cash and bank balances	16	**129,381**	97,563
		241,419	187,100
Assets held for sale	33	**-**	1,284
TOTAL ASSETS		**1,353,940**	955,504
EQUITY AND LIABILITIES			
Shareholders' equity			
Paid-in capital	17	**363,627**	363,627
Share discount	17	**(78,205)**	(78,205)
Statutory Reserve	17	**1,869**	-
Fair value reserve	10	**(787)**	(787)
Cash flow hedges		**-**	(87)
Accumulated losses		**(181,728)**	(198,548)
		104,776	86,000
Non-controlling interests		**21,644**	19,545
Net shareholders' equity		**126,420**	105,545
LIABILITIES			
Non-current liabilities			
Long-term loans	18-a	**113,146**	60,522
Long-term lease obligations	19-a	**569,330**	278,445
Long-term grants	18-b	**3,492**	5,596
Other long-term liabilities	20	**59,083**	59,663
		745,051	404,226
Current liabilities			
Bank overdraft	16	**67**	21,495
Current portion of long-term loans	18-a	**31,701**	24,674
Accrued expenses	21	**112,451**	92,095
Accounts payable and other current liabilities	22	**108,604**	104,241
Deferred revenues	23	**155,072**	131,307
Short-term lease obligations	19-a	**72,453**	68,196
Short-term grants	18-b	**2,005**	3,566
		482,353	445,574
Liabilities directly associated with assets held for sale	33	**116**	159
Total liabilities		**1,227,520**	849,959
TOTAL EQUITY AND LIABILITIES		**1,353,940**	955,504

The attached notes from 1 to 45 form part of these consolidated financial statements

Alia - The Royal Jordanian Airlines Company (Royal Jordanian)
Public Shareholding Company
Consolidated Income Statement
For the Year Ended 31 December 2025
(In Thousands of Jordanian Dinars)

	Notes	2025	2024
Continuing Operations:			
Revenues from contracts with customers	24	**829,268**	745,615
Cost of revenues	25	**(725,381)**	(660,903)
Gross profit		**103,887**	84,712
General and administrative expenses	27	**(21,799)**	(18,883)
Selling and marketing expenses	28	**(56,746)**	(50,635)
Other provisions	14,15	**(403)**	(642)
Net operating profit		**24,939**	14,552
Group's share of profits from associates	12	**9,405**	8,033
Other revenues	26	**10,218**	5,773
Gain (loss) on disposal of property and equipment		**16,472**	(113)
Provision for voluntary termination	30	**(198)**	(61)
Loss on foreign currency exchange	40	**(290)**	(2,235)
Finance costs	29	**(42,848)**	(34,006)
Gain on sale of assets held for sale	33-a	**454**	-
Interest income		**4,039**	5,046
Profit (loss) for the year from continuing operations before income tax expense		**22,191**	(3,011)
Income tax expense	32	**(676)**	(514)
Profit (loss) for the year from continuing operations		**21,515**	(3,525)
Discontinued operations:			
Profit (loss) for the year from discontinued operations after income tax expense	33	**10**	(10)
Profit (loss) for the year		**21,525**	(3,535)
Attributable to:			
Equity holders of the parent		**18,689**	(3,707)
Non-controlling interests		**2,836**	172
		21,525	(3,535)
Earnings per share from profit (loss) for the year			
Basic and diluted earnings per share attributable to equity holders of the parent	31	**0.051**	(0.010)

The attached notes from 1 to 45 form part of these consolidated financial statements

Alia - The Royal Jordanian Airlines Company (Royal Jordanian)
Public Shareholding Company
Consolidated Statement of Comprehensive Income
For the Year Ended 31 December 2025
(In Thousands of Jordanian Dinars)

	Note	**2025**	2024
Profit (loss) for the year		**21,525**	(3,535)
Other comprehensive income items that will not be reclassified to profit or loss in subsequent periods (net of tax):			
Change in fair value of financial assets at fair value through other comprehensive income	10	-	(930)
Other comprehensive income items that will be reclassified to profit or loss in subsequent periods (net of tax):			
Net profit (loss) on cash flow hedges		**87**	(26)
Total comprehensive income for the year		**21,612**	(4,491)
Attributable to:			
Equity holders of the parent		**18,776**	(4,663)
Non-controlling interests		**2,836**	172
		21,612	(4,491)

The attached notes from 1 to 45 form part of these consolidated financial statements

Alia - The Royal Jordanian Airlines Company (Royal Jordanian)
Public Shareholding Company
Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2025
(In Thousands of Jordanian Dinars)

	Shareholders' equity								
	Paid-in capital	Share discount	Statutory reserve	Fair value reserve	Cash flow hedges	Accumulated losses	Total	Non-controlling interests	Net equity
2025 -									
Balance as of 1 January	**363,627**	**(78,205)**	**-**	**(787)**	**(87)**	**(198,548)**	**86,000**	**19,545**	**105,545**
Profit for the year	-	-	-	-	-	**18,689**	**18,689**	**2,836**	**21,525**
Other comprehensive income items	-	-	-	-	**87**	-	**87**	-	**87**
Total comprehensive income for the year	-	-	-	-	**87**	**18,689**	**18,776**	**2,836**	**21,612**
Acquisition of a subsidiary (Note 11)	-	-	-	-	-	-	-	**1,455**	**1,455**
Dividends distributions *	-	-	-	-	-	-	-	**(2,192)**	**(2,192)**
Transfers to the statutory reserve	-	-	**1,869**	-	-	**(1,869)**	-	-	-
Balance as of 31 December	**363,627**	**(78,205)**	**1,869**	**(787)**	**-**	**(181,728)**	**104,776**	**21,644**	**126,420**
2024 -									
Balance as of 1 January	363,627	(78,205)	-	133	(61)	(194,831)	90,663	19,623	110,286
Loss for the year	-	-	-	-	-	(3,707)	(3,707)	172	(3,535)
Other comprehensive income items	-	-	-	(930)	(26)	-	(956)	-	(956)
Total comprehensive income for the year	-	-	-	(930)	(26)	(3,707)	(4,663)	172	(4,491)
Loss from disposal of financial assets at fair value through other comprehensive income (Note 10)	-	-	-	10	-	(10)	-	-	-
Change in non-controlling interests	-	-	-	-	-	-	-	(250)	(250)
Balance as of 31 December	363,627	(78,205)	-	(787)	(87)	(198,548)	86,000	19,545	105,545

* According to the meetings held during the year ended 31 December 2025, the Board of Directors of Jordan Aircraft Catering Company resolved to approve the distribution of dividends amounting to JD 4,228, of which JD 2,192 represents the share attributable to non-controlling interest.

The attached notes from 1 to 45 form part of these consolidated financial statements

Alia - The Royal Jordanian Airlines Company (Royal Jordanian)
Public Shareholding Company
Consolidated Statement of Cash Flows
For the Year Ended 31 December 2025
(In Thousands of Jordanian Dinars)

	Notes	2025	2024
OPERATING ACTIVITIES			
Profit (loss) for the year from continuing operations before income tax expense		**22,191**	(3,011)
Profit (loss) for the year from discontinued operations before income tax expense		**10**	(10)
		22,201	(3,021)
Adjustments:			
Depreciation of property and equipment	8	**23,935**	19,340
Depreciation of right-of-use assets	19-a	**67,176**	59,713
The Group's share of profits from associates	12	**(9,405)**	(8,033)
Finance costs	29	**42,848**	34,006
Other income – amortization of grants	26	**(3,568)**	(3,401)
Gain on terminated lease contracts		**(261)**	(192)
Provision for expected credit losses	15	**-**	121
Provision for slow moving inventory	14	**403**	521
Gain (loss) from disposal of property and equipment		**(16,472)**	113
Gain from sale of assets held for sale	33	**(454)**	-
Provision for voluntary termination	30	**198**	61
Provision for end of service indemnity	20	**711**	862
Interest income		**(4,039)**	(5,046)
Reversal of legal cases provision	26	**-**	(60)
Remeasurement gain of investment in an associate	26	**(19)**	-
Changes in working capital:			
Accounts receivable		**5,968**	194
Spare parts and supplies		**(2,389)**	(806)
Other current assets		**(23,649)**	(3,362)
Deferred revenues		**23,765**	24,819
Accounts payable and other current liabilities		**4,459**	1,724
Accrued expenses and other long-term liabilities		**16,799**	10,400
End of service indemnity payments	20	**(679)**	(817)
Voluntary termination provision payments		**(198)**	-
Legal cases provision payments		**(231)**	(150)
Income tax payments	32	**(546)**	(328)
Net cash flows from operating activities		**146,553**	126,658
INVESTING ACTIVITIES			
Purchase of property and equipment	8	**(53,003)**	(58,143)
Proceeds from disposal of property and equipment		**45,591**	229
Proceeds from disposal of assets held for sale	33-a	**1,738**	-
Interest income received		**4,737**	5,485
Change in restricted cash against lease contracts		**(23,452)**	(874)
Change in advances on purchase of aircraft		**(2,735)**	(8,628)
Short-term deposits		**(9,480)**	30,097
Loan granted to an associate		**834**	752
Cash proceeds from acquisition of a subsidiary	11	**2,625**	-
Net cash flows used in investing activities		**(33,145)**	(31,082)
FINANCING ACTIVITIES			
Repayment of loans		**(42,758)**	(24,612)
Proceeds from loans		**98,744**	-
Payments of lease obligations	19-a	**(116,717)**	(98,677)
Interest paid		**(6,719)**	(5,316)
Dividends Attributable to non-controlling interests		**(2,192)**	-
Net cash flows used in financing activities		**(69,642)**	(128,605)
Net increase (decrease) in cash and cash equivalents		**43,766**	(33,029)
Cash and cash equivalents at the beginning of the year		**19,408**	52,437
Cash and cash equivalents at the end of the year	16	**63,174**	19,408

The attached notes from 1 to 45 form part of these consolidated financial statements

(1) GENERAL

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

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

The consolidated financial statements were authorized for issue by the Board of Directors in their meeting held on 26 March 2026

(2) BASIS OF PREPARATION

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

The consolidated financial statements have been prepared on a historical cost basis, except for the financial assets at fair value through other comprehensive income and derivative financial instruments that have been measured at fair value at the date of the consolidated financial statements.

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

The consolidated financial statements have been prepared under going concern basis.

(3) FUNDAMENTAL ACCOUNTING CONCEPTS

The Group's accumulated losses of JD 181,728 represent 50% of the Group's paid-in capital as of 31 December 2025. In addition, the Group's current liabilities exceeded its current assets by JD 240,934 as of 31 December 2025. The Group's ability to continue depends on its ability to achieve operational and financial results in accordance with its business plan and to comply with the provisions of article (266) of the Jordanian Company's law no. (22) for the year 1997 and its amendments, which requires that the accumulated losses of a public shareholding company should not exceed 75% of its capital. otherwise, the Company shall be liquidated unless the General Assembly of the Company issues a decision on its extraordinary meeting to increase the Company's capital or to deal with the Company's losses.

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

Furthermore, in the context of the Company's and its main shareholder's, the Government Investments Management Company's, efforts to increase the Company's capital and rectify its financial position in accordance with the provisions of Article (266) of the Companies Law No. (22) of 1997 and its amendments, the Council of Ministers decision No. (2324) was issued at its session held on 9 February 2025, approving Royal Jordanian's capitalization of the loan granted by Capital Bank, amounting to JD 50 million, after the Ministry of Finance repaid the loan over five years at a rate of JD 10 million annually, starting in 2026, with Royal Jordanian bearing the interest on this loan. Royal Jordanian signed an addendum to the contract during April 2025, agreeing to reschedule the loan repayment to be made in five annual installments of JD 10 million each, with repayments starting on 13 July 2026, in accordance with the aforementioned Council of Ministers decision (Note 18 - a).

The Company obtained on 27 May 2025 a new syndicated bank loan amounting to JD 177 million (250 million US dollars), This loan was allocated to settle the outstanding balance of Syndicated Bank Loan (1) (Note 18 - a), in addition to financing investment projects, leasing and purchasing aircraft and engines, and settling bank facility balances.

In addition, the Company received a letter of assurance from the Ministry of Finance (representing the Government of the Hashemite Kingdom of Jordan) on 8 June 2020, indicating that the government views positively the continuation of support for the Company in the future.

(4) BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Alia - The Royal Jordanian Airlines Company (the "Company") and the following subsidiaries (collectively referred to as the "Group") as at 31 December 2025 and 2024:

Company name	Ownership percentage		Country
	2025	2024	
Tikram for Aviation Services Company	100%	100%	Jordan
Royal Wings Company – under liquidation (Note 33)	100%	100%	Jordan
Jordan Airline Training and Simulation Company	100%	100%	Jordan
Jordan Airports Company *	90%	90%	Jordan
Royal Tours for Travel and Tourism Company	80%	80%	Jordan
Jordan Aircraft Catering Company (Note 11)	51%	30%	Jordan

* Jordan Airports Company owns 100% of the shares of Al-Rawabi Jordan Investment Company, and its financial statements are consolidated with the financial statements of Jordan Airports Company.

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

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

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

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

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

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

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

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

Shareholders who have a significant influence over the Company

The Government of the Hashemite Kingdom of Jordan presented by Government Investment Management Company owns 95.32% from the Company's shares as at 31 December 2025 and 31 December 2024.

(5) 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 2024 except for the adoption of new amendments on the standards effective as of 1 January 2025 shown below:

Lack of exchangeability - Amendments to IAS 21

For annual reporting periods beginning on or after 1 January 2025, Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specifies 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 did not have a material impact on the Group's consolidated financial statements.

(6) USE OF ESTIMATES

The preparation of the 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 resultant provisions. 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.

Significant estimates are as follows:

Useful lives of property and equipment

The Group's management determines the estimated useful lives of its property and equipment for calculating depreciation based on expected usage of the asset, management reviews the residual value and useful lives annually and future depreciation charge would be adjusted prospectively where the management believes the useful lives differ from previous estimates.

Provision for expected credit losses

The Group uses a matrix to calculate the provision for expected credit losses on receivables. Provision ratios are calculated based on the ages of outstanding debts for customer segments that share common loss patterns, with these matrices adjusted for historical default rates and projected future rates.

The provision matrix is initially based on the Groups historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e. gross domestic product) are expected to deteriorate over the next year which can lead to an increase number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Groups' historical credit loss experience and forecast of economic conditions may also not be representative of the customers actual default in the future.

Provision for aircraft return conditions

The measurement of the provision for aircraft return conditions includes assumptions relating to expected costs, escalation rates, discount rates commensurate with the expected obligation maturity and long-term maintenance schedules.

An estimate is therefore made at each reporting date to ensure that the provision corresponds to the present value of the expected costs to be borne by the Group.

A significant level of judgement is exercised by management given the long-term nature and diversity of assumptions that go into the determination of the provision. A reasonably possible change in any single assumption will not result in a material change to the provision.

Revenue recognition – Frequent Flyer points for customer loyalty program

The Group estimates the fair value of points awarded under the Frequent Flyer Program by applying statistical techniques. Inputs to the models include making assumptions about expected redemption rates and customer preferences. Such estimates are subject to varying degrees of uncertainty. As at 31 December 2025, the estimated liability for unredeemed points was approximately JD 12,954 (2024: JD 11,274).

Significant Judgments and estimates related to the application of IFRS 16

The application of IFRS 16 requires the Group to make judgments and estimates that affect the measurement of right-of-use assets and liabilities. In determining the lease term, the Group consider all facts and circumstances that create an economic incentive to exercise renewal options. Assessing whether a contract includes a lease also requires judgment. Estimates are required to determine the appropriate discount rate used to measure lease liability.

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 such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and 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. Where the carrying amount of an asset 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 to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

(7) MATERIAL ACCOUNTING POLICIES

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 the consolidated income statement.

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

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized 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.

Impairment of Goodwill

The Group's management conducts a test for the value of goodwill at the date of the consolidated financial statements. The value of goodwill is reduced if there are indications that the value of goodwill has declined, if the estimated recoverable value is less than the book value. The value of the impairment is recorded in the consolidated income statement.

Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and any impairment in value. Land is not depreciated. Property and equipment are depreciated to their estimated residual values on a straight-line basis over their estimated useful lives. The depreciation rates and periods used are summarized as follows:

	Depreciation Rate (%)
Owned passenger aircraft, aircraft engines and aircraft components	5 - 5.5
Machinery and equipment	10 - 15
Simulators	15
Computers	25
Furniture and fixtures	10
Vehicles	15 - 20
Buildings	2.5 - 10

	Period
Capitalized maintenance	24 - 120 months

The gain or loss resulting from the disposal of an asset (calculated on the basis of the difference between cash receipts and the carrying amount of the disposed asset) is recognized in the consolidated income statement when the asset is disposed.

When the recoverable amount of any property or equipment falls below its net carrying amount, it is written down to its recoverable amount, and the impairment is recognized in the consolidated income statement.

The useful life and depreciation method are reviewed periodically to ensure that the depreciation method and period are appropriate for the expected economic benefits of the property and equipment.

Projects under construction
Projects under construction are shown at cost after deducting impairment provisions, if any. The cost includes the cost of construction, equipment and direct expenses. Projects under implementation are not depreciated until they are ready for use.

Investment property
Investment property represent investments in land and buildings held for the purpose of earning rentals or for capital appreciation. Real estate investments do not include land and buildings used in ordinary course of business activities or for administrative purposes.

The book value of investment properties is reviewed for impairment when events or changes in circumstances indicate that the book value may not be recoverable. When such indicators exist and when the book value exceeds the recoverable value, the value of real estate investments is reduced to their recoverable value and the impairment provision is recorded in the consolidated income statement.

Right-of-use assets
The Group recognizes 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 obligations.

The cost of right-of-use assets includes the amount of lease obligations recognized, 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 recognized right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. Right-of-use assets are subject to impairment.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease obligations

At the commencement date of the lease, the Group recognizes lease obligations 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 recognized 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 obligations 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 (less than 5,000 USD annually). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

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 Group 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 property and equipment 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.

Restricted cash against lease contracts
The Company's restricted cash against lease contracts represents amounts paid to the Group's aircraft and engines lessors as refundable amounts until the end of the lease contract by which the lessor's technical team ensures the Aircraft or engines are redelivered in a good maintained condition. In addition to heavy maintenance claims on aircraft engines.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income are recorded at fair value plus acquisition costs at the date of acquisition and subsequently measured at fair value. Changes in fair value are reported as a separate component in the consolidated statement of other comprehensive income and in the consolidated statement of changes in equity, including the change in fair value resulting from conversion differences of non-cash items of assets at foreign currencies. In case of sale of such assets or part of it, the gain or loss is recorded in the consolidated statement of comprehensive income and in the consolidated statement of changes in equity, and the valuation reserve balance for sold assets will be transferred directly to retained earnings. These assets are not subject to impairment testing and dividends received are recognized in the consolidated income statement when declared.

Investments in associates
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investments in its associates are accounted for using the equity method.

Under the equity method, the investment in an associate initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associates since the acquisition date. Goodwill relating to the associates is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The consolidated income statement reflects the Group's share of the results of operations of the associates. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income (OCI). In addition, when there has been a change recognized directly in the equity of the associates, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associates are eliminated to the extent of the interest in the associates.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated income statement within operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associates are prepared for the same reporting period and using the same accounting policies as the Group.

Spare parts and other supplies

Spare parts and supplies are shown at cost price using the weighted average method or net realizable value, whichever is lower.

Accounts receivable

Accounts receivables are stated at original invoice amount less any provision for expected credit losses. For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Cash and cash equivalents

For cash flow purpose cash and cash equivalents comprise cash balances at banks and deposits maturing within three months, less bank overdrafts.

Impairment of financial assets

The adoption of IFRS (9) has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing incurred loss approach with a forward-looking expected credit loss (ECL) approach.

IFRS (9) requires the Company to record an allowance for ECL for all debt instruments measured at amortized cost.

For all debt instruments, the Group has applied the standard's simplified approach and has calculated ECL based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Fair value measurement

Fair values of financial instruments are disclosed in notes (38) and (39).

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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

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

The Group's management determincs the policies and procedures for both recurring fair value measurement, such as unquoted available for sales financial assets, and for non-recurring measurement, such as assets held for distribution in discontinued operation.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

End of service indemnity provision
The Group provides end of service indemnity benefits to its local employees in certain outstations. Provision represents amounts payable to local employees in outstations based on the rules and regulations of those countries.

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) arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

Provision for leased aircraft return conditions
Provision for aircraft return conditions represents the estimate of the cost to meet the contractual lease end obligations on certain aircraft and engines held under lease contracts. The present value of the expected cost is recognized over the lease term considering the existing fleet plan and long-term maintenance schedules.

Loans

All loans are initially recognized at fair value of the consideration received less directly attributable transaction costs. After initial recognition, loans are subsequently measured at amortized cost using the effective interest method.

Interests on loans are recognized in the consolidated income statement in the period they occur including the grace period, if any.

Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and
all attached conditions will be complied with.

loans received from a government at a rate that appears to be below-market are considered government grants. The benefit of a below-market rate loan which is the excess of the consideration received from loan's proceeds over the initial carrying amount of the loan calculated as the net present value of the future cash flows at prevailing market interest rates is recorded as a government grant in the consolidated statement of financial position in accordance with International Accounting Standard IAS 20 - Government Grants.

Subsequently, interest will be imputed to the loan using the effective interest method. The grant is amortized in the consolidated income statement on a systematic basis that matches the related costs incurred (finance cost).

Revenue recognition

Revenue is recognized under IFRS (15) five step model approach which include determining the contract, price, performance obligation and revenue recognition based on satisfaction of performance obligation.

Passenger and cargo revenues are recognized when the transportation is provided. Passenger tickets and airway bills sales are reflected in the consolidated statement of financial position as deferred revenue until recognized as revenue.

Other revenues are recognized at the time the service is provided.

The Company operates a frequent flyer program, (Royal Club), which allows frequent travelers to accumulate mileage credits which entitle them to a choice of upgrade to business class or free travel. A portion of the fair value of the consideration received is allocated to the award credits and deferred, this is then recognized as revenue over the period that the award credits are redeemed.

Group's revenue falls under IFRS (15) "revenue from contracts with customers". The Group provides services to its customers through passenger tickets. Revenues are recognized after deduction of taxes collected on behalf of Governments.

Maintenance and repair costs
Routine maintenance and repair costs for leased and owned aircraft and flight equipment are charged to the consolidated income statement as incurred.

Aircraft, engines, and components heavy maintenance expenses are capitalized on property and equipment and are being depreciated over the period until the next scheduled heavy maintenance is due or upon the redelivery of the aircraft to the lessor whichever is shorter.

Finance costs
Finance costs are recognized as an expense when incurred. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized.

Income tax
Tax expense comprises current tax and deferred taxes.

Current tax is based on taxable profits, which may differ from accounting profits published in the consolidated financial statements. Accounting profits may include non-taxable profits or expenses which may not be tax deductible in the current but in subsequent financial years.

Current income tax is calculated in accordance with the Income Tax law applicable in the Hashemite Kingdom of Jordan.

Deferred income tax is provided using the liability method on temporary differences at the consolidated financial statements date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax is measured at the tax rates that are expected to apply to the year when the tax liability is settled, or the tax asset is realized.

The balance of deferred income tax assets is reviewed at each consolidated financial statement 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.

Foreign currencies

1) Transactions and balances

Foreign currency transactions are initially recorded by group companies in their respective currencies at the prevailing spot exchange rate on the date of the first transaction eligible for recognition.

Financial assets and liabilities denominated in foreign currencies are recognized at the prevailing spot exchange rate of the currency used at the date of the preparation of the consolidated financial statements.

All conversion differences are recognized in the consolidated income statement when cash items are paid or converted, with the exception of cash items classified as part of the Group's hedging against foreign investments. These are recognized in other comprehensive income until net investments are deducted, at which point the total amount is reclassified in the consolidated income statement. Tax and credit charges related to exchange rate differences on these financial items are also recognized in other comprehensive income.

Any non-cash items measured at historical cost in a foreign currency are recognized using the exchange rate at the date of the initial transaction. Non-cash items measured at fair value in a foreign currency are recognized using the exchange rates at which fair value is determined. Gains or losses arising from the reconversion of non-cash items are treated in accordance with the fixing of gains or losses when the fair value of an item changes (i.e., conversion differences for items whose fair value gains or losses are fixed in other comprehensive income items, or gains or losses are also fixed in other comprehensive income items, or gains or losses, respectively).

2) Group companies

On consolidation, the assets and liabilities in foreign operations are translated into Jordanian Dinar at the spot rate of exchange prevailing at the reporting date and their income statements are translated at spot exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in other comprehensive income.

Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated income statement.

Additional disclosures are provided in note (33). All other notes to the consolidated financial statements include amounts for continuing operations, unless indicated otherwise.

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

(8) PROPERTY AND EQUIPMENT

2025:	Aircraft and engines	Capitalized maintenance on aircrafts' engines, and components	Aircrafts' main components	Machinery and equipment	Simulators	Computers	Furniture and fixtures	Vehicles	Land and buildings	Projects under construction*	Total
Cost:											
Balance as of 1 January	148,165	22,940	31,227	69,123	16,532	23,243	8,677	13,632	71,890	20,522	425,951
Additions	2,765	8,235	2,818	4,842	-	837	56	474	300	32,676	53,003
Disposals	(110,971)	(8,030)	(1,135)	(304)	-	(170)	(2)	(59)	-	-	(120,671)
Transfers from projects under construction	26,878	-	-	366	11,762	45	26	-	2,201	(41,278)	-
Acquisition of a subsidiary (Note 11)	-	-	-	3,044	-	523	582	3,092	1,799	3	9,043
Balance as of 31 December	66,837	23,145	32,910	77,071	28,294	24,478	9,339	17,139	76,190	11,923	367,326
Accumulated depreciation:											
Balance as of 1 January	89,038	16,238	27,716	60,798	13,114	20,650	8,592	12,172	34,664	-	282,982
Depreciation expense for the year	3,628	11,481	2,046	2,458	747	782	48	313	2,432	-	23,935
Disposals	(87,379)	(8,030)	(1,051)	(297)	-	(169)	(2)	(59)	-	-	(96,987)
Acquisition of a subsidiary (Note 11)	-	-	-	2,471	-	465	559	2,874	1,749	-	8,118
Balance as of 31 December	5,287	19,689	28,711	65,430	13,861	21,728	9,197	15,300	38,845	-	218,048
Net book value as of 31 December	61,550	3,456	4,199	11,641	14,433	2,750	142	1,839	37,345	11,923	149,278

* This item mainly represents the costs of Marka Airport rehabilitation project, in addition to the project to upgrade the Boeing 787 fleet and the construction of a cargo warehouse. The cost of the unexecuted part of all projects is estimated at JD 44 million as of 31 December 2025. The Group's management expects these projects to be completed during the years 2026 and 2027.

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

2024	Aircraft and engines	Capitalized maintenance on aircrafts' engines, and components	Aircrafts' main components	Machinery and equipment	Simulators	Computers	Furniture and fixtures	Vehicles	Land and buildings	Projects under construction	Total
Cost:											
Balance as of 1 January	148,023	25,110	53,022	72,592	16,478	23,050	8,752	13,603	71,212	5,814	437,656
Additions *	48,920	10,446	1,375	4,427	-	502	23	240	117	15,413	81,463
Disposals	(49)	(10,049)	(75)	(7,922)	-	(373)	(98)	(211)	-	-	(18,777)
Transfers from projects under construction	-	-	-	26	54	64	-	-	561	(705)	-
Assets held for sale (Note 33)	(48,729)	(2,567)	(23,095)	-	-	-	-	-	-	-	(74,391)
Balance as of 31 December	148,165	22,940	31,227	69,123	16,532	23,243	8,677	13,632	71,890	20,522	425,951
Accumulated depreciation:											
Balance as of 1 January	136,116	17,685	49,138	66,579	12,743	20,283	8,645	12,115	31,880	-	355,184
Depreciation expense for the year	1,536	10,393	1,398	1,809	371	740	41	268	2,784	-	19,340
Disposals	(49)	(10,043)	(75)	(7,590)	-	(373)	(94)	(211)	-	-	(18,435)
Assets held for sale (Note 33)	(48,565)	(1,797)	(22,745)	-	-	-	-	-	-	-	(73,107)
Balance as of 31 December	89,038	16,238	27,716	60,798	13,114	20,650	8,592	12,172	34,664	-	282,982
Net book value as of 31 December	59,127	6,702	3,511	8,325	3,418	2,593	85	1,460	37,226	20,522	142,969

* During the year ended 31 December 2024, the Group purchased property and equipment at a cost of JD 81,463, which included cash additions amounting to JD 58,143.

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

(9) ADVANCES ON PURCHASE OF AIRCRAFT

	2025	2024
Advances on purchase of Boeing aircraft	**9,235**	9,235
Advances on purchase of Embraer aircraft	**5,034**	7,671
	14,269	16,906

(10) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

This item includes investments in equity shares of non-listed Companies. The Group holds non-controlling interests in these Companies. These investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

	2025	2024
Royal Jordanian Air Academy	**828**	828
SITA depositary certificates	**317**	317
Others	**12**	12
	1,157	1,157

Movement on fair value reserve was as follows:

	2025	2024
Balance as of 1 January	**(787)**	133
Change in fair value during the year	-	(930)
Loss from disposal of financial assets at fair value through other comprehensive income	-	10
Balance as of 31 December	**(787)**	(787)

(11) ACQUISITION OF SUBSIDIARIES

In January 2025, the Company increased its ownership interest in Jordan Aircraft Catering Company from 30% to 51% in exchange for the renewal of the passenger catering services agreement for a period of ten years, through the end of 2033. Accordingly, control was obtained in accordance with IFRS 3 – Business Combinations. Therefore, the transaction was recognized as a step acquisition in accordance with the requirements of this standard.

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

The Group remeasured its previously held interest in the equity of Jordan Aircraft Catering Company at fair value as of the acquisition date. This remeasurement resulted in a gain of JD 19, which was recognized in the consolidated income statement within the other revenues (Note 26).

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

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

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

(12) INVESTMENTS IN ASSOCIATES

	Country of incorporation	Ownership		Balance of investment	
		2025	2024	**2025**	2024
Jordan Flight Catering Company Ltd. (Note 11)	Jordan	**51%**	30%	**-**	4,334
Jordan Aircraft Maintenance Company (JORAMCO)	Jordan	**20%**	20%	**31,847**	22,442
				31,847	26,776

Movement on investments in associates was as follows:

	2025	2024
Balance as at 1 January	**26,776**	20,305
Group's share of profits for the year	**9,405**	8,033
Acquisition of a subsidiary - Jordan Flight Catering Company Ltd. (Note 11)	**(4,334)**	-
Dividends	**-**	(1,562)
Balance as at 31 December	**31,847**	26,776

The following table represents the summary of the financial statements for the Groups' associates:

	Jordan Flight Catering Company Ltd.		Jordan Aircraft Maintenance Company (JORAMCO)		Total	
	2025 *	2024	**2025**	2024	**2025**	2024
Statement of financial position						
Current assets	-	7,155	**125,702**	95,401	**125,702**	**102,556**
Non-current assets	-	3,066	**54,043**	47,706	**54,043**	**50,772**
Current liabilities	-	(4,910)	**(28,393)**	(37,436)	**(28,393)**	**(42,346)**
Non-current liabilities	-	(2,577)	**(19,035)**	(20,379)	**(19,035)**	**(22,956)**
Net assets	-	2,734	**132,317**	85,292	**132,317**	**88,026**
Group's ownership percentage	**51%**	30%	**20%**	%20		
Investment in associates	-	820	**26,463**	17,058	**26,463**	**17,878**

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

	Jordan Flight Catering Company Ltd.		Jordan Aircraft Maintenance Company (JORAMCO)		Total	
	2025	2024	**2025**	2024	**2025**	2024
Statement of comprehensive income						
Revenues	-	22,774	**149,807**	134,918	**149,807**	157,692
Cost of revenues	-	(16,947)	**(73,249)**	(73,951)	**(73,249)**	(90,898)
Other income and expenses	-	(689)	**(29,532)**	(28,509)	**(29,532)**	(29,198)
Profit before income tax	-	5,138	**47,026**	32,458	**47,026**	37,596
Income tax	-	-	-	-	-	-
Profit for the year	-	5,138	**47,026**	32,458	**47,026**	37,596
Group's share of profits for the year	-	1,541	**9,405**	6,492	**9,405**	8,033

* The Company increased its ownership interest in Jordan Aircraft Catering Company in January 2025 from 30% to 51%, in exchange for signing a passenger catering services agreement for a period of ten years through the end of 2033. Accordingly, the investment was classified as an investment in a subsidiary, and intercompany transactions between the Group and the subsidiary were eliminated for the year ended 31 December 2025 (Note 11).

As of 31 December 2025, the associate companies have contingent liabilities of JD 1,080 (31 December 2024: JD 4,286) in respect of letter of guarantees and letter of credits.

(13) OTHER CURRENT ASSETS

	2025	2024
Maintenance and aircraft sale claims receivable	**28,902**	13,012
Refundable deposits	**7,998**	7,887
Prepaid expenses	**7,346**	4,758
Credit notes from aircraft manufacturers	**5,532**	2,103
Accrued revenues	**5,370**	5,164
Advances to suppliers	**4,993**	4,965
Employees' receivables	**235**	228
Financial derivatives (Note 39)	-	111
Others	**314**	328
	60,690	38,556

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

(14) SPARE PARTS AND SUPPLIES

	2025	2024
Spare parts and supplies	**23,384**	20,028
Provision for slow moving inventory	**(12,118)**	(11,707)
	11,266	8,321

Movement on provision for slow moving inventory was as follows:

	2025	2024
Balance as at 1 January	**11,707**	11,186
Provision for the year	**403**	521
Acquisition of subsidiaries	**8**	-
Balance as at 31 December	**12,118**	11,707

(15) ACCOUNTS RECEIVABLE

	2025	2024
Accounts receivable	**55,192**	57,583
Provision for expected credit losses	**(16,245)**	(16,093)
	38,947	41,490

Movement on provision for expected credit losses was as follows:

	2025	2024
Balance as at 1 January	**16,093**	15,972
Provision for the year	-	121
Acquisition of a subsidiary	**152**	-
Balance as at 31 December	**16,245**	16,093

As at 31 December, the aging of unimpaired trade receivables was as follows:

		Past due but not impaired					
	Neither past due nor impaired	1-30 days	31-60 days	61-90 days	91-180 days	181-360 days	Total
2025	**3,089**	**23,593**	**5,348**	**1,035**	**2,371**	**3,511**	**38,947**
2024	7,496	20,586	3,770	2,079	1,771	5,788	41,490

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

Based on the Group's management estimates, the unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. The Group obtains bank guarantees as collateral from the majority of its general sales agents. The Group does not obtain collateral over other receivables; therefore, they are unsecured.

(16) CASH AND BANK BALANCES

	2025	2024
Cash and bank balances	**39,009**	20,584
Short-term deposits *	**8,720**	6,659
Cash in transit **	**15,512**	13,660
Cash and cash equivalents	**63,241**	40,903
Short-term deposits mature after 3 months ***	**66,140**	56,660
Total cash and bank balances	**129,381**	97,563

* This item represents deposits in Jordanian Banks in Jordanian Dinars of JD 7,992 with an interest rate ranging between 4.5% and 5.25% in addition to a deposit in USD of USD 1,027 thousand equivalent to JD 728 with an interest rate of 2% as of 31 December 2025 and are due within three months (31 December 2024: deposits in Jordanian Banks in Jordanian Dinars of JD 6,293 with an interest rate of 5.87% and 6.15% In addition to a deposit in USD amounting to USD 516 thousand, equivalent to JD 366 thousand, with an interest rate of 2% and maturing within a period of three months).

** This item includes cash received on tickets sales and airwaybills sales through IATA accredited agents during December that were deposited in the Group's bank accounts during January 2026.

*** This item represents deposit in Banks in Jordanian Dinar of JD 65,315 with an interest rate ranging between 4.75% and 5.8%, in addition to a deposit of 150 million Algerian Dinar equivalent to JD 825 with an interest rate of 3.18% as of 31 December 2025 and are due after more than three months (31 December 2024: deposits in banks in Jordanian Dinars of JD 55,469 with an average interest rate ranging between 6.15 % and 6.75%, in addition to a deposit of 150 million Algerian Dinar equivalent to JD 780 with an interest rate of 3.18% and a deposit amounting to USD 580, equivalent to JD 411, with an interest rate of 3.5% and are due after more than three months).

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

	2025	2024
Cash and cash equivalents	**63,241**	40,903
Less: bank overdraft *	**(67)**	(21,495)
	63,174	19,408

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

* This item represents the amount utilized from the bank overdraft credit facilities as of 31 December 2025 and 2024 from Arab bank with a ceiling of JD 40 million with an interest rate of 7,35%, and for the subsidiary (Jordan Airline Training and Simulation Company) from Arab Bank with a ceiling of JD 200 with an interest rate of 9.25%.

(17) SHAREHOLDERS' EQUITY

	2025	2024
Paid-in capital -		
Authorized capital - Par value of one Jordanian Dinar per share	**363,627**	363,627
Paid-in capital	**363,627**	363,627

Share discount
Share discount amounted to JD 78.2 million as of 31 December 2025 and 2024. The accumulated balance in this account represents the difference between the issuing price and the par value of the shares issued.

Statutory reserve
As required by Jordanian Company Law, 10% of the profit before income tax is transferred to statutory reserve. This reserve is not available for distribution to the shareholders and should not exceed 25% of the Company's paid-in capital.

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

(18) BANK LOANS AND GOVERNMENT GRANTS

(18 - a) BANK LOANS

Loans of Alia – The Royal Jordanian Airlines:

	Interest rate	Number of installments	Installment payment schedule	Installment amount	Last installment due date	Current portion of long-term loans	Long-term loans	Total
Syndicated loan (1)	CME Term SOFR for one month + 2.65% minimum of 4.5%	42	Monthly	1,390	5 May 2026	-	-	-
Syndicated loan (2)	CME Term SOFR for one month + 2.75%, minimum of 4.5%	61	Monthly	1,290	31 July 2030	15,485	55,496	70,981
Halo International loan	CME Term SOFR for three months + 3.5%	40	Quarterly	426	12 June 2035	1,229	15,210	16,439
Capital Bank Loan	2.5%	5	Yearly	10,000	13 July 2030	10,000	40,000	50,000
Social Security loan "Himaya" program	1%	43	Monthly	521	31 December 2026	5,164	-	5,164
Total as of 31 December 2025						**31,878**	**110,706**	**142,584**
Total as of 31 December 2024						26,132	58,921	85,053

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

Subsidiaries' loans:

	Interest rate	Number of installments	Installment payment schedule	Installment amount	Last installment due date	Current portion of long-term loans	Long-term loans	Total
Rawabi Jordan Investment Company								
Loan granted to Jordan Aircraft Maintenance Company (associate Company)								
Jordan Kuwait Bank	CME Term SOFR for six months + 2.5%	15	Yearly	1,135	3 March 2031	1,135	4,827	5,962
Jordan Airline Training and Simulation Company								
Arab Bank (1)	CME Term SOFR for one month + 2.5%	48	Monthly	59	31 December 2027	472	235	707
Arab Bank (2)	3.5%	24	Monthly	19	2 March 2026	76	-	76
Arab Bank (3)	3%	60	Monthly	50	17 February 2031	500	2,500	3,000
Total as of 31 December 2025						**2,183**	**7,562**	**9,745**
Total as of 31 December 2024						2,108	7,197	9,305
Total Loans						34,061	118,268	152,329
Less: Government grants (Note 18- b)						(2,005)	(3,492)	(5,497)
Less: Direct costs related to loans						(355)	(1,630)	(1,985)
Net loans as of 31 December 2025						31,701	113,146	144,847
Net loans as of 31 December 2024						24,674	60,522	85,196

Syndicated loan (1)
The Company settled the remaining principal balance of the loan on 30 June 2025 using the proceeds from the syndicated loan (2)

Syndicated loan (2)
On May 27, 2025, the Company signed a syndicated loan agreement amounting to JD 177,305 (USD 250 million) at an interest of one-month CME Term SOFR, plus 2.75%, with a minimum rate of 4.5%. An amount of JD 78,723 (USD 111 million) from the loan facility was utilized during the year 2025. The withdrawn amount is repayable over 61 installments. The first installment, amounting to JD 1,290 (USD 1,819 thousand), fell due on 25 July 2025 and the last installment, amounting to JD 1,300 (USD 1,833 thousand) will fall due on 31 July 2030.

The loan agreement requires the Company to comply with certain financial covenants, which are measured and tested based on the audited financial statements at the end of each fiscal year. The Company has met the financial ratios as of 31 December 2025.

According to the loan agreement, the Company is obliged to transfer the proceeds from its sales from travel agents in 16 stations that are collected through IATA to the Company's account at Arab Bank as a collateral.

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

The Council of Ministers decision no. (2324) was issued in its meeting held on 9 February 2025, approving the Company's capitalization of the loan granted by Capital bank of Jordan, amounting to JD 50 million. According to this decision, the Ministry of Finance will repay the loan on behalf of Royal Jordanian Airlines over five years through five equal annual installments of JD 10 million, starting in 2026. The amounts repaid will be considered advances in respect of capital increase, with Royal Jordanian bearing the interest on this loan.

Furthermore, the Company signed an addendum to the contract during April 2025, rescheduling the loan repayment to be made in five annual installments of JD 10 million each, starting on 13 July 2026, in accordance with the aforementioned Council of Ministers decision.

The loan was granted from Capital bank through the Central Bank of Jordan's program to support companies that have been affected by COVID-19 at a below-market interest rate.

The benefit of a below-market rate loan has been recognized as a government grant in accordance with International Accounting Standard IAS 20 - Government Grants (Note 18 - b).

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

Social Security loan "Himaya" program

The benefit of a below-market rate loan has been recognized as a government grant in accordance with International Accounting Standard IAS 20 - Government Grants (Note 18 - b).

Halo International Loan

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

Jordan Airline Training and Simulation Company Loan – Arab Bank (3)

On 17 March 2025, the subsidiary signed a loan agreement with Arab Bank for an amount of JD 3,000 at an interest rate of 3%. The loan is repayable over 60 monthly installments of JD 50 each. The first installment fell due on 17 March 2026, and the last installment will fall due on 17 February 2031.

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

Year	JD
2027	26,642
2028	26,971
2029	27,572
2030	21,760
2031 and after	10,201
	113,146

(18 - b) GOVERNMENT GRANTS

	2025			2024		
	Capital Bank's loan	Social security "Himaya" program's loan	Total	Capital Bank's loan	Social security "Himaya" program's loan	Total
Balance as at 1 January	**8,686**	**476**	**9,162**	4,852	1,107	5,959
Recognized during the year	**(97)**	-	**(97)**	6,604	-	6,604
Released to the consolidated income statement (Note 26)	**(3,196)**	**(372)**	**(3,568)**	(2,770)	(631)	(3,401)
Balance as at 31 December	**5,393**	**104**	**5,497**	8,686	476	9,162
Non-current	**3,492**	-	**3,492**	5,492	104	5,596
Current	**1,901**	**104**	**2,005**	3,194	372	3,566
	5,393	**104**	**5,497**	8,686	476	9,162

(19) Leases

(19 – a) RIGHT-OF-USE ASSETS AND LEASE OBLIGATIONS

The Group has lease contracts for various items, including aircraft, aircraft engines, offices, and buildings.

Lease terms are as follows:

	Years
Aircraft	5 – 16
Aircraft engines	12
Offices	2 – 13

There are several lease contracts that include extension, termination options and variable lease payments.

The Group also has certain leases of offices with lease term of 12 months or less and leases for assets of low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

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

Set out below are the carrying amounts of right-of-use assets and lease obligations recognized and the movement during the years 2025 and 2024:

	Right-of-use assets					
	Aircraft *	**Engines ****	**Buildings and simulator equipment**	**Offices**	**Total**	**Lease obligations *****
2025 -						
Balance as at 1 January	**326,070**	**16,328**	**546**	**13,739**	**356,683**	**346,641**
Additions	**384,156**	**10,235**	-	**1,470**	**395,861**	**394,844**
Lease modifications	**(15,879)**	-	**(61)**	**212**	**(15,728)**	**(15,728)**
Acquisition of a subsidiary (Note 11)	-	-	-	**2,142**	**2,142**	**2,577**
Terminated contracts	-	-	-	**(1,243)**	**(1,243)**	**(1,504)**
Incentives for aircraft purchase and rental contracts	**(2,926)**	-	-	-	**(2,926)**	-
Depreciation	**(61,693)**	**(1,999)**	**(90)**	**(3,394)**	**(67,176)**	-
Finance costs (Note 29)	-	-	-	-	-	**31,670**
Lease payments	-	-	-	-	-	**(116,717)**
Balance as at 31 December	**629,728**	**24,564**	**395**	**12,926**	**667,613**	**641,783**
2024 -						
Balance as at 1 January	290,182	18,257	635	19,626	328,700	326,042
Additions	78,762	-	-	529	79,291	79,291
Lease modifications	19,031	-	-	(91)	18,940	18,940
Terminated contracts	-	-	-	(3,221)	(3,221)	(3,413)
Incentives for aircraft purchase and rental contracts	(7,314)	-	-	-	(7,314)	-
Depreciation	(54,591)	(1,929)	(89)	(3,104)	(59,713)	-
Finance costs (Note 29)	-	-	-	-	-	24,458
Lease payments	-	-	-	-	-	(98,677)
Balance as at 31 December	326,070	16,328	546	13,739	356,683	346,641

* The Company has mortgaged two Boeing 787 and an Embraer E2 aircraft against the finance lease agreements of these aircrafts.

** The company sold and leased back two engines for Embraer and Airbus aircraft. The sale and leaseback transaction resulted in a gain of JD 2,402. This profit was recognized within the gain (loss) on disposal of property and equipment.

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

*** Lease obligations details are as follows:

31 December 2025			31 December 2024		
Short-term	**Long-term**	**Total**	Short-term	Long-term	Total
72,453	**569,330**	**641,783**	68,196	278,445	346,641

(19 – b) RESTRICTED CASH AGAINST LEASE CONTRACTS

The Company's restricted cash against lease contracts represents amounts paid to the Company's aircraft and engines lessors as refundable amounts until the end of the lease contract by which the lessor's technical team ensures the aircraft or engines are redelivered in a good condition and as per the agreed conditions in addition to deposits related to heavy maintenance for aircraft engines.

(20) OTHER LONG-TERM LIABILITIES

	2025	2024
Long-term accrued expenses related to lease contracts	**58,334**	59,120
Provision for end of service indemnity	**749**	543
	59,083	59,663

Movement on provision for employees' end of service indemnity was as follows:

	2025	2024
Balance as at 1 January	**543**	498
Provision for the year	**711**	862
Payments during the year	**(679)**	(817)
Acquisition of a subsidiary	**174**	-
Balance as at 31 December	**749**	543

(21) ACCRUED EXPENSES

	2025	2024
Accrued expenses related to operating activities	**77,349**	66,306
Accrued expenses related to lease contracts	**35,102**	25,789
	112,451	92,095

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

(22) ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

	2025	2024
Taxes and passenger fees	**64,444**	58,657
Spare parts suppliers and accounts payable	**20,763**	16,813
Discounts on aircraft and engines (unutilized balance)	**5,241**	9,870
Fuel suppliers	**3,079**	4,060
Ministry of Finance	**2,420**	2,384
Employees provident fund (Note 35)	**1,779**	3,152
Income tax provision (Note 32)	**530**	385
Others	**10,348**	8,920
	108,604	104,241

(23) DEFERRED REVENUES

	2025	2024
Unutilized passenger tickets, air waybills and other service sales	**155,072**	131,307

(24) REVENUES FROM CONTRACTS WITH CUSTOMERS

	2025	2024
Scheduled Services		
Passengers	**690,453**	617,932
Cargo	**37,996**	35,034
Excess baggage	**12,097**	8,577
Airmail	**5,741**	5,603
Total scheduled services (Note 36)	**746,287**	667,146
Cargo warehouse revenues	**18,233**	21,598
Commercial revenues from arriving and departing aircraft of other companies	**17,770**	15,501
Royal tours revenues (Tours operating revenues)	**7,343**	6,710
Ancillary revenue	**7,269**	5,534
First class services revenues	**6,987**	6,836
Revenues from technical and maintenance services provided to other companies	**4,772**	4,190
Chartered flights (Note 36)	**4,341**	5,066
Revenue from airport operator	**3,983**	3,707
Frequent flyer revenues	**3,719**	3,035
Revenues from NDC (Galileo)	**3,290**	3,079
Training revenues	**1,020**	730
Passenger catering revenues	**955**	-
Other revenues	**3,299**	2,483
	829,268	745,615

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

(25) COST OF REVENUES

	2025	2024
Flying operations costs		
Aircraft Fuel	**190,767**	202,198
Other flying operations costs	**90,858**	79,012
Total flying operations costs	**281,625**	281,210
Repair and maintenance	**122,643**	106,498
Passenger services	**110,944**	93,615
Stations and ground services	**88,800**	78,540
Depreciation of property and equipment and Right-of-use assets (Aircraft, engines, aircraft components and capitalized maintenance)	**81,319**	70,263
Ground handling unit	**26,553**	23,923
Aircraft rental expenses	**13,497**	6,854
	725,381	660,903

Employees benefits expenses included in cost of revenues are as follows:

	2025	2024
Salaries and wages	**54,350**	48,836
Company's contribution in social security	**6,940**	6,132
Overtime	**3,579**	2,431
Medical expenses	**2,498**	2,305
Provident fund contribution	**3,133**	3,039
End of service indemnity	**411**	494
Other benefits	**3,610**	1,949
	74,521	65,186

(26) OTHER REVENUES

	2025	2024
Income from receiving aircraft and engine	**6,068**	2,009
Amortization of government grants (Note 18-b)	**3,568**	3,401
Remeasurement gain of investment in an associate (Note 11)	**19**	-
Reversal of legal cases provision	-	60
Other income	**563**	303
	10,218	5,773

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

(27) GENERAL AND ADMINISTRATIVE EXPENSES

	2025	2024
Salaries and wages	**7,685**	7,033
Computer expenses	**2,802**	2,494
Depreciation	**2,436**	2,433
Legal expenses	**1,157**	934
Offices expenses	**1,082**	751
Company's contribution in social security	**1,021**	866
Other employees' benefits	**599**	420
Travel and transportation	**288**	120
Water, electricity and heating	**576**	586
Subscriptions	**513**	340
Professional and consultation expenses	**698**	663
Medical expenses	**465**	320
Life insurance	**258**	223
Provident fund contribution	**355**	341
Training	**244**	155
Governmental fees	**119**	129
Overtime	**93**	59
Communication expense	**79**	62
End of service indemnity	**63**	104
Rent	**22**	16
Others	**1,244**	834
	21,799	18,883

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

(28) SELLING AND MARKETING EXPENSES

	2025	2024
Commissions	**26,935**	24,655
Salaries and wages	**11,917**	10,023
Marketing and advertisement	**4,037**	3,364
Computer expenses	**2,296**	1,953
Company's contribution in social security	**1,837**	1,566
Subscriptions	**1,534**	1,404
Other employees' benefits	**979**	1,204
Depreciation	**830**	871
Medical expenses	**672**	623
Travel and transportation	**636**	169
Communication expenses	**575**	539
Rent	**522**	674
Offices expenses	**387**	343
Provident Fund contribution	**327**	303
End of service indemnity	**237**	264
Legal expenses	**303**	232
Overtime	**197**	151
Water, electricity and heating	**159**	157
Life insurance	**122**	93
Consulting expenses	**101**	93
Training	**51**	32
Others	**2,092**	1,922
	56,746	50,635

(29) FINANCE COSTS

	2025	2024
Finance costs on lease contracts (Note 19-a)	**31,670**	24,458
Interest on loans	**9,431**	7,933
Other interest and bank charges	**1,747**	1,615
	42,848	34,006

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

(30) PROVISION FOR VOLUNTARY TERMINATION

The Company started a termination process of contracts for local employees in some outstations according to the business needs and based on the rules and regulations of those countries. Accordingly, the Company has recorded and paid a provision amounted to JD 198 during the year ended 31 December 2025 (31 December 2024: JD 61).

(31) BASIC AND DILUTED EARNINGS PER SHARE FROM PROFIT (LOSS) FOR THE YEAR

	2025	2024
Profit (loss) for the year attributed to the equity holders of the parent ('000)	**18,689**	(3,707)
Weighted average number of shares ('000)	**363,627**	363,627
Basic and diluted earnings per share (JD)	**0.051**	(0,010)

(32) INCOME TAX

Tax status:

Alia – The Royal Jordanian Airlines Company:
No provision for income tax was calculated by the Company for the year ended 31 December 2025 and 2024 due to the presence of acceptable carried forward tax losses in accordance with the Income Tax Law No. (34) of 2014 and its amendments

Alia – The Royal Jordanian Airlines Company filed its tax returns for the years 2023 and 2024 within the statutory period. The Company has reached a final settlement with the Income and Sales Tax Department up to the year 2022. The Income and Sales Tax Department did not review the Company's accounting records for the year 2023 and 2024 up to the date of these consolidated financial statements.

Royal Wings Company – under liquidation:
No provision for income tax was calculated by the Company for the year ended 31 December 2025 and 2024 due to the excess of deductible expenses over taxable income in accordance with the Income Tax Law No. (34) of 2014 and its amendments.

Royal Wings Company filed its tax returns for the years 2023 and 2024 within the statutory period. Royal Wings Company reached a final settlement with the Income and Sales Tax Department up to the year 2023. The Income and Sales Tax Department did not review the Company's accounting records for the year 2024 up to the date of these consolidated financial statements.

Royal Tours For Travel and Tourism Company:
The provision for income tax was calculated by the Company for the year ended 31 December 2025 and 2024 in accordance with the Income Tax Law No. (34) of 2014 and its amendments.

Royal Tours for Travel and Tourism Company filed its tax returns for the years from 2021 until 2024 within the statutory period. Royal Tours for Travel and Tourism Company reached a final settlement with the Income and Sales Tax Department for the years 2020 and 2024. The Income and Sales Tax Department did not review the Company's accounting records for the years from 2021 to 2023 up to the date of these consolidated financial statements.

Tikram for Airport Services Company:
No provision for income tax was calculated by the Company for the year ended 31 December 2025 due to the presence of acceptable carried forward tax losses in accordance with the Income Tax Law No. (34) of 2014 and its amendments. The provision for income tax was calculated by the Company for the year ended 31 December 2024 in accordance with the Income Tax Law No. (34) of 2014 and its amendments.

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

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

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

Jordan Airports Company:
The provision for income tax was calculated by the Company for the year ended 31 December 2025 and 2024 in accordance with the Income Tax Law No. (34) of 2014 and its amendments.

Jordan Airports Company filed its tax return until 2024 within the statutory period. Jordan Airports Company reached a final settlement with the Income and Sales Tax Department up to the year 2024.

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

Jordan Aircraft Catering Company:

The company is exempt from income tax in accordance with Prime Ministerial Decision No. (5713) dated 30 July 2019, which exempts the Company's main operations in the free zone from income tax pursuant to Income Tax Law No. (34) of 2014 and its amendments. The Company has calculated an income tax provision for the years ended 31 December 2025 and 2024 for one of its revenue streams, which is subject to income tax. The Company submitted its tax returns up to the year 2024 within the statutory period. The Company has reached a final settlement with the Income and Sales Tax Department up to the end of 2024.

Reconciliation between accounting profit and taxable profit is as follows:

	2025	2024
Accounting profit (loss) from continuing and discontinued operations before income tax expense	**22,201**	(3,021)
Non-taxable profits	**(27,276)**	(12,037)
Non-deductible expenses	**3,044**	4,885
Taxable loss	**(2,031)**	(10,173)
Income tax expense	**676**	514

Income tax provision:

Movement on income tax provision is as follows:

	2025	2024
Balance as of 1 January	**385**	199
Income tax expense for the year	**676**	514
Acquisition of a subsidiary	**15**	-
Income tax paid during the year	**(546)**	(328)
Balance as of 31 December	**530**	385

The following are the details of the income tax expense on the profits of the subsidiaries for the year ended 31 December 2025 and 2024:

	2025	2024
Jordan Airport Company	**580**	471
Royal Tours for Travel and Tourism Company	**87**	22
Jordan Aircraft Catering Company	**9**	-
Tikram for Aviation Services Company	-	21
	676	514

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

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

(33) DISCONTINUED OPERATIONS

A) Sale of cargo aircraft Airbus 310

On 28 April 2024, the Company's Board of Directors decided to approve the sale of the Airbus A310 cargo aircraft. Accordingly, the aircraft was classified as assets held for sale in the consolidated financial statements as of 31 December 2024, in accordance with IFRS (5) Non-current Assets Held for Sale and Discontinued Operations.

The carrying amount of the cargo aircraft was JD 1,284 as of 31 December 2024. Two aircraft engines were sold in 2025 for an amount of JD 1,738, resulting in a gain of JD 454 from the sale transaction.

B) Royal Wings Company liquidation

The Company's Board of Directors resolved on 24 January 2023 to liquidate Royal Wings Company (a wholly owned subsidiary). Accordingly, Royal Wings Company's assets and liabilities were classified as held for sale in the consolidated financial statements as of 31 December 2025 and 2024 in accordance with IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations.

The results of Royal Wings Company for the years 2025 and 2024 are presented as follow:

	2025	2024
Revenues	-	-
Cost of revenues	-	-
Gross loss	-	-
General and administrative expenses	-	(10)
Other revenues, net	**10**	-
Profit (loss) before income tax expense from discontinued operations	**10**	(10)
Income tax	-	-
Profit (loss) after income tax expense from discontinued operations	**10**	(10)

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

The details of the assets and liabilities of Royal Wings Company's classified as assets and liabilities held for sale as of 31 December 2025 and 2024 are as follows:

	2025	2024
ASSETS		
Cash and bank balances	-	-
Assets classified as held for sale	-	-
LIABILITIES		
Accounts payable and other current liabilities	72	73
Accrued expenses	44	86
Liabilities associated with assets classified as held for sale	116	159
Net liabilities associated with assets classified as held for sale	(116)	(159)

(34) GOODWILL

	2025	2024
Balance as of 1 January	392	392
Additions (Note 11)	3,075	-
Balance as of 31 December	3,467	392

(35) RELATED PARTY BALANCES TRANSACTIONS

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

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

	2025		2024	
	Accounts receivable	Accounts payable	Accounts receivable	Accounts payable
Government of Jordan	13,930	591	7,175	425
Employees' Provident Fund (Note 22)	-	1,779	-	3,152
Social Security Corporation	5	6,128	-	13,396
Jordan Aircraft Maintenance Company (JORAMCO)	5,962	546	-	7,362
Jordan Flight Catering Company Ltd.	-	-	-	1,660
	19,897	9,044	7,175	25,995

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

Following is a summary of the transactions with associate Companies included in the consolidated income statement:

	2025	2024
Jordan Aircraft Maintenance Company (JORAMCO):		
Scheduled services revenues	**368**	**333**
Repair and maintenance expenses	**(5,298)**	**(2,483)**
Jordan Flight Catering Company Ltd.*:		
Passenger services expenses	-	**(21,023)**

* The Company increased its ownership interest in Jordan Aircraft Catering Company in January 2025 from 30% to 51%, in exchange for signing a passenger catering services agreement for a period of ten years through the end of 2033. Accordingly, the investment was classified as an investment in a subsidiary, and intercompany transactions between the Group and the subsidiary were eliminated for the year ended 31 December 2025 (Note 11).

Following is a summary of the transactions with the Government of the Hashemite Kingdom of Jordan included in the consolidated income statement:

	2025	2024
Scheduled services revenues – passengers	**9,463**	9,898
Scheduled services revenues – cargo	**1,099**	1,555
Chartered aircraft leasing – cargo	**822**	-
	11,384	11,453

The Company's contribution to the employees' provident fund amounted to JD 3,815 and JD 3,683 for the years ended 31 December 2025 and 2024, respectively.

Compensation of key management personnel

The following is a summary of the benefits (salary and other benefits) of the Group's top executive management:

	2025	2024
Salaries and other benefits	**1,191**	1,086
Board of Directors remuneration	**53**	49

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

(36) GEOGRAPHICAL DISTRIBUTION OF REVENUES

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

	2025				2024			
	Scheduled services	**Chartered Flights Passengers**	**Chartered Flights Cargo**	**Total**	Scheduled services	Chartered Flights Passengers	Chartered Flights Cargo	Total
Levant	**106,389**	**54**	**1,664**	**108,107**	82,563	184	2,033	84,780
Europe	**218,657**	**760**	**1,339**	**220,756**	197,610	716	1,385	199,711
Arab Gulf	**146,272**	**152**	**-**	**146,424**	144,099	46	-	144,145
America	**235,435**	**-**	**-**	**235,435**	213,813	222	-	214,035
Asia	**13,188**	**113**	**53**	**13,354**	16,084	429	-	16,513
Africa	**26,346**	**149**	**57**	**26,552**	12,977	51	-	13,028
Total Revenues	**746,287**	**1,228**	**3,113**	**750,628**	667,146	1,648	3,418	672,212

(37) INVESTMENT PROPERTIES

This item includes land and buildings around Queen Alia International Airport valued at JD 83,870 and land and buildings around Amman International Airport valued at JD 80,437 as of 31 December 2025 and 2024. The Group had these properties appraised by an independent real estate appraiser on 31 December 2025. In the opinion of the Group's management and the independent appraiser, the fair value of these investment properties does not materially differ from their carrying amounts.

(38) FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash and bank balances, accounts receivable, financial assets at fair value through other comprehensive income, granted loan to an associate and some other current assets. Financial liabilities consist of accounts payable, bank loans, lease obligation, bank overdraft and some other current liabilities.

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

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

(39) FAIR VALUE HIERARCHY

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: 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.

31 December 2025	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets:				
Financial assets at fair value through other comprehensive income	-	-	**1,157**	**1,157**
31 December 2024				
Financial assets:				
Financial assets at fair value through other comprehensive income	-	-	1,157	1,157
Financial derivatives (Note 13)	111	-	-	111
	111	-	1,157	1,268

(40) RISK MANAGEMENT

Interest rate risk

The Group is exposed to interest rate risk on its interest-bearing financial assets and liabilities such as bank deposits and loans.

The sensitivity of the consolidated income statement is the effect of the assumed changes in interest rates on the Group's profit (loss) for one year, based on the floating rate financial assets and financial liabilities held at 31 December 2025 and 2024.

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

The following table demonstrates the sensitivity of the consolidated income statement to reasonably possible changes in interest rates as of 31 December 2025 and 2024, with all other variables held constant.

	Increase in interest rate (points)	Effect on profit
2025 -		
Currency		
USD	**50**	**(781)**
JD	**50**	**72**
2024 -		
Currency		
USD	50	(394)
JD	50	(105)

If the interest rate decreases by 50 basis points, it will have the same financial impact as outlined above but in the opposite direction.

Credit risk
Credit risk is the risk that may arise from the default or inability of debtors and other parties to meet their obligations to the group.

The group believes it is not significantly exposed to credit risk, as it sets credit limits for its clients and continuously monitors outstanding receivables. The Group also obtains bank guarantees as collateral from the majority of its general sales agents. Furthermore, the Group maintains balances and deposits with reputable banking institutions.

The Group provides its services to a large number of customers. No single customer accounts for more than 10% of outstanding accounts receivable at 31 December 2025 and 2024.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

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

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

The table below summarises the maturities of the Group's financial liabilities (undiscounted) as at 31 December 2025 and 2024, based on contractual payment dates and current market interest rates.

	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
31 December 2025					
Accounts payable and other current liabilities	**108,604**	-	-	-	**108,604**
Bank overdraft	**73**	-	-	-	**73**
Loans	**4,889**	**35,013**	**112,939**	**10,642**	**163,483**
Lease obligations	**15,963**	**64,830**	**299,451**	**275,213**	**655,457**
Accrued expenses	**112,451**	-	-	-	**112,451**
Other long-term liabilities	-	-	**33,607**	**25,476**	**59,083**
Total	**241,980**	**99,843**	**445,997**	**311,331**	**1,099,151**
31 December 2024					
Accounts payable and other current liabilities	104,241	-	-	-	104,241
Bank overdraft	22,402	-	-	-	22,402
Loans	4,723	24,351	98,724	1,164	128,962
Lease obligations	18,330	53,972	191,888	95,274	359,464
Accrued expenses	92,095	-	-	-	92,095
Other long-term liabilities	-	-	37,416	22,247	59,663
Total	241,791	78,323	328,028	118,685	766,827

Currency risk

Foreign currency risk is the risk arising from fluctuations in the fair value of future cash flows due to changes in foreign exchange rates.

The table below indicates the Group's foreign currency exposure at 31 December 2025 and 2024, as a result of its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the JD currency rate against the foreign currencies, with all other variables held constant, on the consolidated statement of income.

	Increase in foreign currency rate to the JD currency	*Effect on profit*
2025 -	**(%)**	
Currency		
Euro	**5**	**517**
GBP	**5**	**55**
2024 -		
Currency		
Euro	5	331
GBP	5	(178)

If the currency price decreases by 5%, it will have the same financial impact as stated above but in the opposite direction.

The Jordanian Dinar exchange rate is fixed against the U.S. Dollars (USD 1.41 for JD 1).

Losses on foreign currency exchange amounted to JD 290 for the year ended 31 December 2025 (2024: JD 2,235).

(41) CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy 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.

Capital comprises of paid-in capital, share discount, statutory reserve and accumulated losses and is measured at JD 105,563 as at 31 December 2025 (31 December 2024: JD 86,874).

(42) CONTINGENCIES AND COMMITMENTS

Letters of credit and guarantees
As of 31 December 2025, the Group had contingent liabilities in the form of letters of credit of JD 38,485 and letters of guarantees of JD 4,765 (31 December 2024: letters of credit of JD 30,320 and letters of guarantees of JD 3,634).

Claims against the Group
The Group is a defendant in a number of lawsuits amounting to JD 5,942 (2024: JD 7,678) representing legal actions and claims related to its ordinary course of business. Related risks have been analyzed as to the likelihood of occurrence, although the outcome of these matters cannot always be ascertained with precision. In the opinion of the Group and their legal counsels, the provision recognized as of 31 December 2025 is sufficient to cover any contingent liabilities and claims that may arise from these lawsuits.

Capital commitments
As of 31 December 2025, the Group had capital commitments of USD 1,140,600,685 (31 December 2024: USD 1,170,007,630), equivalent to JD 808,937 (31 December 2024: JD 829,793) relating to finance lease agreements signed for seven new aircraft.

(43) STANDARDS 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 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.

The Group is currently working to identify all impacts the amendments will have on the primary consolidated financial statements and notes to the consolidated financial statements.

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.

As the Company's equity instruments are publicly traded, it is not eligible to elect to apply IFRS 19.

Translation to a Hyperinflationary Presentation Currency – Amendments to IAS 21
In November 2025, the Board issued Translation to a Hyperinflationary Presentation Currency – Amendments to IAS 21. The amendments require translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate.

If an entity's functional currency is the currency of a non-hyperinflationary economy, but its presentation currency is the currency of a hyperinflationary economy, its results and financial position are translated into the presentation currency by translating all amounts (i.e., assets, liabilities, equity items, income and expenses) and all comparatives at the closing rate at the date of the most recent statement of financial position.

An entity whose functional currency and presentation currency are the currency of a hyperinflationary economy, restates the comparative amounts of a foreign operation, whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of IAS 29, to the foreign operation's comparative figures.

The amendments also introduce certain additional disclosure requirements.

The amendments apply for annual reporting periods beginning on or after 1 January 2027 and earlier application is permitted.

(44) COMPARATIVE FIGURES

Certain figures in the consolidated financial statements for the year ended 31 December 2024, have been reclassified to conform to the classification of the consolidated financial statements for the year ended 31 December 2025. The reclassification had no effect on the loss and equity for the year ended 31 December 2024.

(45) SUBSEQUENT EVENTS

At the end of February 2026, the Middle East region witnessed a military escalation, leading to instability and heightened security tensions, which impacted air traffic in the region. In light of these circumstances, the Company was forced to suspend some flights and make temporary adjustments to others, in addition to rerouting some flights due to the closure of airspace in some neighboring countries. This resulted in increased flight duration, higher fuel consumption, and increased operating costs due to the use of longer alternative routes, coupled with the global rise in fuel prices amid escalating geopolitical tensions in the region.

Management continues to closely monitor developments and is in the process of completing its assessment of the impact of these conditions on the Group's operating activities and financial results.