

**OFFTEC HOLDING GROUP
(PUBLIC SHAREHOLDING COMPANY)**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)**

30 JUNE 2023

OFFTEC HOLDING GROUP
(Public Shareholding Company)

Interim condensed consolidated financial statements
(Unaudited)

30 June 2023

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**Report on review of the interim condensed consolidated financial statements
To the Chairman and members of the Board of Directors of Offtec Holding Group
Public Shareholding Company**

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of the OFFTEC Holding Group PLC (the "Company") and its subsidiaries (together the "Group") as at 30 June 2023, and the related interim condensed consolidated statements of income, comprehensive income for the three and six months period ended 30 June 2023 and the interim condensed consolidated statements of changes in shareholders' equity and cash flows for the six months period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.


Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of interim financial information performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurances that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

On behalf of PricewaterhouseCoopers "Jordan"


Omar Jamal Kalanzi
License No. (1015)



Amman - Hashemite Kingdom of Jordan
31 July 2023

OFFTEC HOLDING GROUP PLC
Interim condensed consolidated statement of financial position (Unaudited)
As at 30 June 2023

	Note	30 June 2023 JD (Unaudited)	31 December 2022 JD (Audited)
Assets			
Non-current assets			
Property and equipment	4	998,345	751,215
Intangible assets	5	12,499,683	12,499,683
Right of use assets		951,047	910,859
Investment properties	6	945,423	945,423
Deferred tax assets		260,242	230,105
Non-current portion of net investment In finance contracts at amortised cost	7	1,102,512	1,126,950
		<u>16,757,252</u>	<u>16,464,235</u>
Current assets			
Current portion of net investment In finance contracts at amortised cost	7	10,112,447	8,907,191
Inventory		5,691,616	6,751,284
Trade receivables	8	6,143,611	7,399,114
Other debit balances		3,374,423	1,812,755
Cash and cash equivalents	9	2,731,706	1,539,503
		<u>28,053,803</u>	<u>26,409,847</u>
Total assets		<u>44,811,055</u>	<u>42,874,082</u>
Shareholders' equity and liabilities			
Shareholders' equity			
Authorized and paid-in capital		34,850,000	34,850,000
Reverse acquisition reserve	10	(18,627,185)	(18,627,185)
Statutory reserve	11	1,767,813	1,767,813
Foreign currency translation		106,127	86,160
Retained earnings	12	777,656	1,283,502
Net shareholders' equity		<u>18,874,411</u>	<u>19,360,290</u>
Non-controlling interest		696,265	672,917
Net equity		<u>19,570,676</u>	<u>20,033,207</u>
Liabilities			
Non-current liabilities			
End of service provision		1,247,844	1,140,346
Long-term loans		802,944	1,024,666
Leases Liabilities		632,598	594,427
		<u>2,683,386</u>	<u>2,759,439</u>
Current liabilities			
Bank overdrafts		3,295,304	3,404,561
Short term loans		7,504,789	7,134,760
Leases liabilities		258,804	302,454
Trade payables		2,559,140	3,763,666
Other credit balances	13	8,297,554	4,907,341
Income tax provision	17	641,402	568,654
		<u>22,556,993</u>	<u>20,081,436</u>
Total liabilities		<u>25,240,379</u>	<u>22,840,875</u>
Equity and liabilities		<u>44,811,055</u>	<u>42,874,082</u>

General Manager

Financial Manager

The accompanying notes from 1 to 19 form an integral part of these interim condensed consolidated

OFFTEC HOLDING GROUP PLC
Interim condensed consolidated statement of income (Unaudited)
For the three and six months ended 30 June 2023

	Note	For the three months ended 30 June		For the six months ended 30 June	
		2023	2022	2023	2022
		JD (Unaudited)	JD (Unaudited)	JD (Unaudited)	JD (Unaudited)
Revenue from contracts with customers		6,688,608	6,473,170	12,552,755	10,741,989
Revenue from finance contracts		1,624,191	1,564,765	3,246,389	2,782,940
Total revenues		8,312,799	8,037,935	15,799,144	13,524,929
Cost of sales		(5,044,319)	(5,508,131)	(9,854,790)	(9,165,881)
Gross profit		3,268,480	2,529,804	5,944,354	4,359,048
Administrative expenses		(1,543,762)	(1,354,710)	(3,007,729)	(2,509,587)
Expected credit losses	7 & 8	(522,908)	(269,502)	(760,746)	(338,089)
Other expenses		(7,107)	(84,342)	(52,049)	(41,225)
Operating profit		1,194,703	821,250	2,123,830	1,470,147
Finance costs		(444,725)	(338,205)	(877,980)	(624,133)
Net profit for the period before tax		749,978	483,045	1,245,850	846,014
Income tax	17	(246,128)	(156,121)	(451,878)	(293,210)
Net profit for the period from continued operations		503,850	326,924	793,972	552,804
Net profit for the period from discontinued operations	18	-	-	-	32,223
Net profit for the period		503,850	326,924	793,972	585,027
Profit for the period attributable to:					
Shareholders		420,920	309,126	713,904	599,905
Non-controlling interest		82,930	17,798	80,068	(14,878)
		503,850	326,924	793,972	585,027
Earnings per share:					
Earnings per share from the profit for the period attributable to the Company's shareholders		Fils / Dinar	Fils / Dinar	Fils / Dinar	Fils / Dinar
Basic and diluted	16	0,012	0,008	0,020	0,015
Earnings per share from the profit for the period from continued operations attributable to the Company's shareholders		Fils / Dinar	Fils / Dinar	Fils / Dinar	Fils / Dinar
Basic and diluted	16	0,012	0,008	0,020	0,014
Earnings per share from the profit for the period from discontinued operations attributable to the Company's shareholders		Fils / Dinar	Fils / Dinar	Fils / Dinar	Fils / Dinar
Basic and diluted	16	0,000	0,000	0,000	0,001

The accompanying notes from 1 to 19 form an integral part of these interim condensed consolidated financial statements

OFFTEC HOLDING GROUP PLC**Interim condensed consolidated statement of comprehensive income (Unaudited)****For the three and six months ended 30 June 2023**

	For the three months ended 30 June		For the six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Net profit for the period	503,850	326,924	793,972	585,027
Add: other comprehensive income items				
<u>Items that can be subsequently transferred to income statement:</u>				
Foreign currency translation	5,833	(2,998)	19,967	87,267
Total comprehensive income for the period	509,683	323,926	813,939	672,294
Total comprehensive profit attributable to:				
Shareholders	426,753	306,128	733,871	687,172
Non-controlling interest	82,930	17,798	80,068	(14,878)
	509,683	323,926	813,939	672,294

The accompanying notes from 1 to 19 form an integral part of these interim condensed consolidated financial statements

OFFTEC HOLDING GROUP PLC
Interim condensed consolidated statement of changes in equity (Unaudited)
For the six months ended 30 June 2023

	Authorized and paid-in capital	Reverse acquisition reserve	Statutory reserve	Foreign currency translation differences	Retained earnings (accumulated losses)	Net shareholders' equity	Non-controlling interests	Net e
	JD	JD	JD	JD	JD	JD	JD	JD
For the six months ended 30 June 2023 (Unaudited)								
Balance as at 1 January 2023	34,850,000	(18,627,185)	1,767,813	86,160	1,283,502	19,360,290	672,917	20
Net profit for the period	-	-	-	-	713,904	713,904	80,068	
Other comprehensive income for the period	-	-	-	19,967	-	19,967	-	
Dividends distribution (note 12)	-	-	-	-	(1,219,750)	(1,219,750)	-	(1
Dividends of non-controlling interest	-	-	-	-	-	-	(56,720)	
Balance as at 30 June 2023	34,850,000	(18,627,185)	1,767,813	106,127	777,656	18,874,411	696,265	19

For the six months ended 30 June 2022 (Unaudited)

Balance as at 1 January 2022	39,569,500	(18,627,185)	1,515,325	41,942	(3,705,760)	18,793,822	374,279	19
Net profit for the period	-	-	-	-	599,905	599,905	(14,878)	
Other comprehensive income for the period	-	-	-	87,267	-	87,267	-	
Dividends of non-controlling interests	-	-	-	-	-	-	(28,360)	
Balance as at 30 June 2022	39,569,500	(18,627,185)	1,515,325	129,209	(3,105,855)	19,480,994	331,041	19

The accompanying notes from 1 to 19 form an integral part of these interim condensed consolidated financial statements

OFFTEC HOLDING GROUP PLC**Interim condensed consolidated statement of cash flows (Unaudited)
for the six months ended 30 June 2023**

	Note	for the six months ended 30 June	
		2023	2022
		JD	JD
		(Unaudited)	(Unaudited)
Operating activities			
Net profit for the period before income tax		1,245,850	846,014
Net profit for the period from discontinued operations	18	-	32,223
Adjustments for:			
Depreciations	4	186,614	171,661
Amortisation of right of use assets		181,888	156,572
Leases interest		43,896	47,142
Finance costs		834,084	577,048
Provision for end of service		111,985	849
Provision for expected credit losses	7 & 8	760,746	338,089
Provision for slow-moving inventories		27,769	8,373
Working capital changes:			
Net investment in finance contracts at amortised cost		(1,809,787)	(1,430,844)
Inventory		1,031,899	(261,354)
Trade receivables		1,123,726	92,597
Other debit balances		(1,561,668)	(927,953)
Trade payables		(1,204,526)	(797,765)
Other credit balances		2,473,139	1,114,079
Cash flows generated from (used in) operating activities before payment of end of service indemnity and income tax		3,445,615	(33,269)
End of service indemnity- paid		(4,487)	(3,474)
Income tax paid	17	(409,266)	(145,543)
Net cash flows generated from (used in) operating activities		3,031,862	(182,286)
Investing activities			
Purchase of property and equipment	4	(448,043)	(232,074)
Proceeds from sale of property and equipment		14,299	16,933
Net cash flows used in investing activities		(433,744)	(215,141)
Financing activities			
Loans granted		3,330,730	3,744,606
Loan repayments		(3,291,681)	(2,809,729)
Payment of lease liability		(227,555)	(183,787)
Payment of lease liability interests		(43,896)	(47,142)
Interest expenses paid		(834,084)	(577,048)
Payment of dividends	13	(302,676)	-
Dividends of non-controlling interests		(56,720)	(28,360)
Net cash flows (used in) generated from financing activities		(1,425,882)	98,540
Foreign currency translation		19,967	87,267
Net change in cash and cash equivalents		1,192,203	(211,620)
Cash and cash equivalents as at 1 January		1,539,503	3,001,629
Cash and cash equivalents as at 30 June	9	2,731,706	2,790,009
Non-cash transactions:			
Dividends distribution		917,074	

The accompanying notes from 1 to 19 form an integral part of these interim condensed consolidated financial statements

OFFTEC HOLDING GROUP PLC

Notes to the interim condensed consolidated financial statements (unaudited)

30 June 2023

(1) General Information

OFFTEC Holding Group is a public shareholding company limited and registered in the public shareholding companies registry on 7 December 2004 under No. 355 at the Companies Controller at the Ministry of Industry and Trade.

The Company's authorized and paid-up capital is JD 34,850,000 as at 30 June 2023 and 31 December 2022, divided into 34,850,000 shares with a nominal value of one dinar.

The Company's shares are listed in Amman Stock Exchange.

The Company's capital on 1 January 2022 amounted to JD 39,569,500. The Group's General Assembly decided in its extraordinary meeting held on 19 July 2022 to reduce the Company's capital by the full amount of the accumulated losses balance as of 31 December 2021 amounting to JD 3,705,760, and to reduce the Company's capital by JD 1,013,740 as a surplus to the Group's need and to be returned to the shareholders, so that the Company's capital became 34,850,000 shares, with a nominal value of one Jordanian dinar for each. The legal procedures for the capital reduction have been completed on 27 September 2022.

The Company's objectives are as follows:

- Managing the subsidiaries of the company or participating in the management of other companies in which it owns shares.
- Investing its money in shares, bonds and securities.
- Providing loans, guarantees and financing to its subsidiaries.
- Owning patents, trademarks, concessions and other intangible rights, exploiting them and leasing them to its subsidiaries or others.

The Group's head office is located in Amman - Jabal Amman - Third Circle.

These interim condensed consolidated financial statements were approved by the Board of Directors on 30 July 2023.

(2) Summary of significant accounting policies

2.1 Basis of preparation of the interim condensed consolidated financial statements

The accompanying interim condensed consolidated financial information for the six months ended 30 June 2023 in accordance was prepared in accordance with the IAS (34), (Interim financial reports).

The Jordanian Dinar is the presentation currency for the interim condensed consolidated financial statements, which is the Group's functional currency.

The interim condensed consolidated financial statements have been prepared under the historical cost convention.

These interim condensed consolidated financial statements do not include all information and notes required in the annual consolidated financial statements which are prepared in accordance with the IFRS, and should be read along with the Group's annual report as at 31 December 2022. The results for the six months business ended 30 June 2023 are not necessarily indicative of the results that may be expected for the year ending 31 December 2023. No provision was made for the profit of the six month period ended 30 June 2023 which is done at the end of the financial year.

2.2 Basis of consolidation of financial statements

The Group's consolidated financial statements include the financial statements of the Company and the subsidiaries controlled by the Group. Control is achieved when the Group has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The investee is controlled only when the following is achieved:

- The Group's control over the investee (existing rights that grant the Group the ability to direct the related activities of the investee).
- The Group or its rights are exposed to the variable returns arising from its involvement with the investee.
- Ability to exercise control over the investee and influence its returns.

When the Group has less than majority of the voting rights or the similar in the investee, the Group takes all relevant facts and circumstances into account to determine whether it has control over the investee, including:

- Contractual arrangements with the other holders of voting rights in the investee.
- Rights arising from other contractual arrangements.
- Current and potential voting rights of the Group.

The Group reassesses whether it controls the investee if circumstances or facts indicate a change in one or more of the three control elements.

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 a deficit in the balance of the non-controlling interests. If necessary, the financial statements of subsidiaries are adjusted to confirm their accounting policies with the Group's accounting policies. Assets, liabilities, equity, income, expenses, and transaction gains and losses are eliminated between the Group and its subsidiaries.

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

Changes in equity

The Group considers transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the non-controlling and controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve in the Group owners' equity.

When the Group ceases consolidation or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the Company is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in the statement of other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in the statement of other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced while retaining joint control or effective influence, the shares from the amounts previously recognised in the statement of other comprehensive income are reclassified to profit or loss as appropriate.

OFFTEC HOLDING GROUP PLC**Notes to the interim condensed consolidated financial statements (unaudited)****30 June 2023**

The consolidated financial statements comprise the following subsidiaries:

Name of the Company	Legal status of the Company	Country of incorporation	Paid-up capital JD	Percentage of equity %
Jordan Scientific Library Company	Limited liability company	Jordan	650,000	100
Al Wasla Finance Company	Limited liability company	Jordan	500,000	100
OFFTEC International Investment Company	Limited liability company	Jordan	30,000	100
Trust International Company for Marketing and E-commerce	Limited liability company	Jordan	250,000	100
OFFTEC Company for Office and Banking Systems	Limited liability company	Jordan	400,000	100
Cherry Pot Electronic Trading Company	Limited liability company	Jordan	250,000	100
World Axis Trading Company	Limited liability company	Jordan	100,000	100
OFFTEC Commercial Investment and Electronic Devices Trading Co. Ltd.	Limited liability company	Iraq	14,771	60
OFFTEC Iraq Investment Company	Limited liability company	Jordan	5,000	60
Space Technology General Trading Company	Limited liability company	Iraq	978	60
Palestine Office Technology Company - OFFTEC	Private Shareholding Company	Palestine	91,530	100
OFFTEC Engineering Services Company	Limited liability company	Sudan	640	100
E-Points Egyptian Company for Loyalty and Rewards*	Limited liability company	Egypt	7,610	95
E-Points	Free zone limited liability	UAE	9,660	100
Khartoum Company for Systems and Technology Co.	Limited liability company	Sudan	1,850	100

* According to the Company's Extraordinary General Assembly meeting held on the 1 February 2022, the Company was put under liquidation and a liquidator was appointed, and thus the financial statements of the E-Points Egyptian for Loyalty and Rewards Company were not consolidated because the Group lost control of the Company on 1 February 2022. The Company's revenues and expenses were included during the period ended 31 January 2022, which is the date the Group ceased controlling the subsidiary (Note 18).

* On 24 July 2022, the Group acquired all the shares of OFFTEC Engineering Services Company, thus the Company becomes wholly owned by the Group.

Shareholders that have a significant influence on the Group

The authorized and paid-up capital of the company is JD 34,850,000, divided into 34,850,000 shares, each with a nominal value of one dinar.

Shareholders that have significant influence over the Group were as follows:

	Number of shares	Percentage of ownership %
Marwan Saeed	8,485,627	24.349
Basem Saeed	5,029,901	14.433
Rima Tanous	3,522,987	10.109
Dina Saeed	3,086,316	8.856
Samir Saeed	2,510,246	7.203
Mona Saeed	2,510,246	7.203
Hanada Saeed	1,937,660	5.560

3.2 Changes in accounting policies and disclosures

(A) New and amended standards and interpretations adopted by the Group in the financial year beginning in early January 2023:

New standards, amendments and interpretations	Effective for annual periods beginning on or after
<p>IFRS 17 “Insurance Contracts” - In May 2017, IFRS 17 “Insurance Contracts” was issued, and IFRS 17 replaces IFRS 4. It requires a current measurement model where estimates are re-measured in each financial reporting period. Contracts are measured using the basis points of:</p>	1 January 2023

- Discounted probability-weighted cash flows.
- An express amendment of risks
- The contractual service margin (CSM) represents the contract's unearned revenue that is recognized as revenue during the coverage period.

The standard allows a choice between recognizing changes in discount rate either in the statement of profit or loss or directly in the statement of other comprehensive income. The choice probably reflects how insurance companies calculate their financial assets under IFRS 9.

An optional and simplified approach to allocate the liability insurance premium for the remaining coverage is permitted for short-term contracts, which are often written by non-life insurance companies.

There is a modification to the general measuring model called the “variable fee approach” for some contracts written by life insurance companies where the policyholders share in the returns of the key elements. When variable fees are applied, the entity's share of the fair value changes of the key items is included in CSM. Therefore, results for insurance companies using this model are probably to be less volatile than the general model.

The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with the estimated sharing features.

The targeted amendments made in July 2020 aim to facilitate the implementation of the standard by reducing implementation costs and facilitating it for companies to explain the results of applying IFRS 17 to investors and others. The amendments also postponed the application date of IFRS 17 to 1 January 2023.

Additional amendments made in December 2021 added a transitional option allowing an entity to apply an optional rating overlay in the comparative period(s) presented upon initial application of IFRS 17. The rating overlay applies to all financial assets, including those held in respect of non-contract related activities that fall within the scope of IFRS 17. It also allows those assets to be classified in the comparative period(s) in a manner consistent with the Company. These assets expect to be classified on initial application of IFRS 9. The classification can be applied on an instrument-by-instrument basis.

Disclosure of accounting policies: Amendments to IAS 1:

1 January 2023

The International Accounting Standards Board has amended IAS 1 to require entities to disclose material accounting policies, but not their significant accounting policies.

It also clarifies that insignificant accounting policy information does not need to be disclosed. If disclosed, it should not affect the significant accounting information. To support this amendment, the IASB also amended Practice Statement No. 2 of IFRSs “Make material judgments to provide guidance on how to apply the concept of materiality to accounting policy disclosures”.

Definition of accounting estimates – Amendments to IAS 8:

1 January 2023

The amendment to IAS 8 explains accounting policies, changes in accounting estimates and errors, and how companies shall distinguish between changes in accounting policies and changes in accounting estimates. The distinction shall be considered significant because the changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as to the current period.

Deferred tax assets and liabilities arising from a single transaction - Amendments to IAS 12

1 January 2023

The amendments to IAS 12 “Income Taxes” require companies to recognize deferred tax on transactions that, on initial recognition, result in equal amounts of deductible and taxable temporary differences. It will typically apply to transactions such as lessees lease contracts and termination liabilities and will require recognition of additional deferred tax assets and liabilities.

This amendment should be applied to transactions that occur on or after the beginning of the first comparative period presented. In addition, entities should recognize deferred tax assets (to the extent that it is probable that they can be used) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- Right of use assets and lease liabilities,
- Decommissioning, recovery, similar liabilities and corresponding amounts recognized as part of the cost of the related assets.

The cumulative effect of recognizing these amendments is recognized in retained earnings, or in another item of equity, as applicable.

IAS 12 did not previously address how to calculate the tax effects of leases in the statement of financial position and similar transactions, and different methods were considered acceptable. Some companies may have already included such transactions in line with the new requirements. These companies will not be affected by the amendments.

The application of the above standards did not have any significant impact on the interim condensed consolidated financial statements.

(B) New and amended standards and interpretations issued but are not yet effective and not early adopted:

The Group did not apply the following new standards, amendments and interpretations which have been issued but are not yet effective to date:

New standards, amendments and interpretations	Effective for annual periods beginning on or after
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Non-current liabilities with covenants- Amendments to the IAS 1- The 1 January 2024

amendments made to IAS 1, "Presentation of Financial Statements" in 2020 clarify that liabilities are classified as either current or non-current liabilities, depending on the rights at the end of the reporting period. The classification is not affected by the Company's expectations or events subsequent to the reporting date (for example, a waiver or breach of covenant). The amendments also clarify any reference to a "settlement" of liability as mentioned in the IAS 1, which was to be applied from 1 January 2022 and then the effective date was subsequently postponed to 1 January 2023, and thereafter to 1 January 2024.

In October 2022, the International Accounting Standards Board (IASB) made further amendments to IAS 1 in response to concerns raised about these changes in the classification of liabilities as current or non-current.

The new amendments clarify that loan arrangement agreements will not affect the classification of liabilities as current or non-current at the reporting date if the Company shall only comply with covenants after the reporting date. However, the Company shall comply with the covenant either before or on the reporting date, this will affect the classification as current or non-current, even if compliance with the covenant is only tested after the reporting date.

The amendments require disclosures if an entity classifies an liability as a non-current liability. Such liability is subject to the covenants that the entity shall comply with within 12 months of the reporting date. Disclosures include the following:

- The liability carrying value.
- Information about covenants.
- Facts and circumstances, if any, which indicate that the Company may have difficulty complying with the covenants.

The amendments shall be applied retrospectively in accordance with the requirements of IAS 8, "Accounting Policies and Changes in Accounting Estimates and Errors". Special transitional rules apply if the Company has early adopted the 2020 amendments relating to the classification of liabilities as current or non-current.

OFFTEC HOLDING GROUP PLC

Notes to the interim condensed consolidated financial statements (unaudited)

30 June 2023

Lease liability in sale and leaseback - Amendments to IFRS 16. In September 1 January 2024 2022, the IASB finalized narrow scope amendments to the sale and leaseback requirements in IFRS 16 "Leases" explaining how a Company accounts for sale and leaseback after the date of the transaction.

The amendments specify that when measuring a subsequent sale and leaseback lease liability, the seller - "lessee" determines "lease payments" and "reviewed lease payments" in a way that does not result in the seller - "lessee" recognizing any amount of profit or loss relating to the right-of-use held. This can particularly affect sale and leaseback transactions where the lease includes variable payments that are not based on an index or rate.

Sale or contribution of assets between an investor and its partner or joint venture - Amendments to IFRS 10 and IAS 28

The IASB made a narrow scope amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 Investments in Associates and Joint Ventures.

The amendments describe the accounting treatment of sales or contribution to assets between an investor and its associates or joint ventures. They emphasize that the accounting treatment depends on whether the non-monetary assets sold or contributed to a associate or joint venture constitute a "Business Activity" (as defined in IFRS 3 "Business Combination").

When non-monetary assets constitute a business, the investor will recognize the entire profit or loss from the sale or contribution of the assets. If the assets do not meet the definition of a business, the investor recognizes the profit or loss only to the extent of the other investor's interest in the associate or joint venture. Amendments apply prospectively.

*** In December 2015, the IASB decided to postpone the date of implementation of the amendment until the IASB completes its research project on the equity method.

Management is still in the process of evaluating the impact of these new amendments on the condensed interim financial statements, and it believes that there will be no material impact on the consolidated financial statements when they are applied.

There are no other relevant IFRS standards, amendments to the published standards, or IFRS Interpretation Committee's interpretations that have been issued but did not come into effect for the first time for the Company's financial year that began on 1 January 2023 and was expected to have significant effect on the Company's interim condensed consolidated financial statements.

(3) Critical accounting estimates and judgments

The preparation of the interim condensed consolidated financial statements and the application of accounting policies require the Group's management to make estimates and judgments that affect the amounts of financial assets and liabilities, and to disclose contingent liabilities. Also, these estimates and judgments affect revenues, expenses and provisions, and in particular, the Group's management must issue important judgments and judgments to estimate the amounts and timing of future cash flows. The aforementioned estimates are necessarily based on multiple assumptions and factors with varying degrees of estimation and uncertainty, and the actual results may differ from the estimates as a result of changes resulting from the conditions and circumstances of those estimates in the future.

In order to prepare these interim condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the main sources of uncertainty estimates were the same judgments and sources applied in the Group's audited consolidated financial statements for the year ended 31 December 2022.

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Notes to the interim condensed consolidated financial statements (unaudited)
30 June 2023

(4) Property and equipment

	Leasehold improvements	Furniture, fixture and decoration	Computers and software	Machinery, office equipment and electrical devices	Vehicles	Other assets
	JD	JD	JD	JD	JD	JD
2023 (Unaudited)						
Cost						
1 January 2023	90,685	666,244	606,538	2,828,057	447,799	8,193
Additions	1,451	48,118	11,075	373,928	13,471	-
Disposals	-	(800)	(11,206)	(907)	(10,000)	-
30 June 2023	92,136	713,562	606,407	3,201,078	451,270	8,193
Accumulated depreciation						
1 January 2023	65,094	479,505	532,273	2,399,101	413,052	7,276
Depreciation expense	4,901	39,046	20,199	114,846	7,130	492
Related to disposals	-	-	-	(781)	(7,833)	-
30 June 2023	69,995	518,551	552,472	2,513,166	412,349	7,768
Net carrying value at						
30 June 2023	22,141	195,011	53,935	687,912	38,921	425

* The value of the fully depreciated property and equipment that is still used in the Group's operations amounted to JD 3,287,509 as at 30 June 2023 (31 December 2022: JD 3,168,681)

OFFTEC HOLDING GROUP PLC

Notes to the interim condensed consolidated financial statements (unaudited)

30 June 2023

	Leasehold improvements	Furniture, fixture and decoration	Computers	Machinery and office equipment and electrical devices	Vehicles	Other assets	Total
	JD	JD	JD	JD	JD	JD	JD
2022 (Unaudited)							
Cost							
1 January 2022	90,251	599,307	591,461	2,640,451	617,878	8,193	4
Additions	434	89,800	48,636	231,205	13,251	-	-
Disposals	-	(22,863)	(33,559)	(43,599)	(183,330)	-	-
31 December 2022	90,685	666,244	606,538	2,828,057	447,799	8,193	4
Accumulated depreciation							
1 January 2022	55,040	431,760	519,661	2,229,660	520,556	6,798	3
Depreciation expense	10,054	69,881	39,432	195,696	29,882	478	-
Related to disposals	-	(22,136)	(26,820)	(26,255)	(137,386)	-	-
31 December 2022	65,094	479,505	532,273	2,399,101	413,052	7,276	3
Net carrying value at							
31 December 2022	25,591	186,739	74,265	428,956	34,747	917	

OFFTEC HOLDING GROUP PLC**Notes to the interim condensed consolidated financial statements (unaudited)****30 June 2023****(5) Intangible assets**

	30 June 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Goodwill	12,499,683	12,499,683

This item balance represents the consideration paid that exceeds the fair value of the acquired net assets of the subsidiaries.

The Company's management tested its goodwill for impairment according to the cash generating units. This test did not result in any impairment of goodwill as at the date of preparing the interim condensed consolidated financial statements.

(6) Investment properties

This item balance represents an investment in plot No. 744 with an area of 3,024 square meters in the Basin of Bela'as 16, Na'ur district. The Group's management has evaluated the investment in this plot on 7 January 2023 by independent valuers, and it was found that the average market value of the plot is estimated at JD 1,179,750.

(7) Net investment in finance contracts at amortised cost

	30 June 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Total investment in long-term finance contracts (over one year)	1,434,573	1,738,798
Total investment in short-term finance contracts	16,866,485	15,195,909
Total	18,301,058	16,934,707
Deferred revenues	(4,031,897)	(4,475,333)
Total before expected credit loss	14,269,161	12,459,374
Provision for expected credit losses for investment in finance contracts	(3,054,202)	(2,425,233)
Current value of the minimum finance contracts	11,214,959	10,034,141
Less: net investment in long-term finance contracts	(1,102,512)	(1,126,950)
Net investment in finance contracts that are due within a year	10,112,447	8,907,191

The movement in the provision for credit losses for investment in finance contracts during the period / year is as follows:

	30 June 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Balance as at 1 January	2,425,233	1,464,849
Provision for expected credit losses	628,969	960,384
Balance as at the end of the period / year	3,054,202	2,425,233

OFFTEC HOLDING GROUP PLC**Notes to the interim condensed consolidated financial statements (unaudited)****30 June 2023****(8) Trade receivables**

	30 June 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Trade receivables	7,285,857	8,295,029
Cheques under collection	132,590	269,545
	7,418,447	8,564,574
Provision for expected credit losses	(1,274,836)	(1,165,460)
	6,143,611	7,399,114

The movement in the expected credit loss allowance for accounts receivable during the period / year is as follows:

	30 June 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Balance as at 1 January	1,165,460	1,376,329
Increase in provision for expected credit losses	131,777	12,825
Bad debts	(22,401)	(223,694)
Balance as at the end of the period / year	1,274,836	1,165,460

(9) Cash and cash equivalents

	30 June 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Cash at banks	2,526,616	1,378,676
Cash on hand	205,090	160,827
	2,731,706	1,539,503

(10) Reverse acquisition reserve

As required by IFRS 3, the equity structure of the Group's consolidated financial statements (number and type of equity interests issued) should reflect the equity structure of Offtec Holding (listed in Amman Stock Exchange). Therefore, the difference between the equity of the Company and the net assets of the Jordan Scientific Library Company was recognized as a separate reserve in equity (reverse acquisition reserve amounting to JD 18,627,185) instead of deduction from the paid-up capital, in order to comply with the legal requirements for capital in the Hashemite Kingdom of Jordan.

(11) Statutory reserve

According to the Jordanian Companies Law and the Company's by-laws, the Company should transfer 10% of its annual net profit to the statutory reserve, and continue to do so each year provided that the total transferred amounts to the reserve do not exceed 25% of the Company's capital. For the purposes of this law, net profits represent profits before the income tax and fees provision. This reserve is not distributable to shareholders. No statutory reserve is deducted during the period ended 30 June 2023, as the deduction is made at the end of the year.

OFFTEC HOLDING GROUP PLC**Notes to the interim condensed consolidated financial statements (unaudited)****30 June 2023****(12) Dividends distribution**

The General Assembly of the Group decided, in its ordinary meeting held on 30 April 2023, to approve the Board of Directors decision for distribution of cash dividends to shareholders at a rate of 3.5% of the Company's authorized and paid-up capital, at a value of JD 1,219,750. The Group paid JD 302,676 of these dividends during the period ended 30 June 2023.

(13) Other credit balances

	30 June 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Advance payments received from customers	4,834,864	2,692,592
Accrued expenses	1,348,430	887,704
Shareholders' deposits*	1,172,235	255,161
Deferred revenue	342,566	253,070
Other provisions	309,359	309,359
Employees' payables	239,243	388,633
Others	50,857	120,822
	<u>8,297,554</u>	<u>4,907,341</u>

Movement of the shareholders' deposits is as follows:

	30 June	31 December
	2023	2022
	JD	JD
	(Unaudited)	(Audited)
Balance as at the end of the period / year	255,161	187,486
Accrued dividends (Note 12)	1,219,750	-
Return of the surplus in the Company's capital to the shareholders (Note 1)	-	1,013,740
Payment of dividends/capital reduction	<u>(302,676)</u>	<u>(946,065)</u>
Balance as at the end of the period / year	<u>1,172,235</u>	<u>255,161</u>

(14) Segment Reporting

The business sector represents a Group of assets and operations that jointly provide products or services subject to risks and returns that are different from those related to other business sectors and that are measured according to the reports that are used by the CEO and primary decision maker at the Group.

A geographical segment is associated with the provision of products or services in a particular economic environment that is subject to risks and rewards different from those related to segments operating in economic environments.

The details of the sectoral classification of the Group's operating segments are as follows:

As of and for the six months ended 30 June 2023 (Unaudited)

	Revenue from sale of office and bank equipment, services and accessories		Revenue from sale of software, IT services and accessories		Revenue from sale of lighting devices, services and accessories		Eliminations and adjustments		Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Total revenue	3,246,389	10,378,946	6,027,086	319,833	19,972,254	(4,173,110)			15
Less: cost of sales	(346,178)	(8,538,683)	(4,928,640)	(214,399)	(14,027,900)	4,173,110			(5)
Sectors profit	2,900,211	1,840,263	1,098,446	105,434	5,944,354	-			5
Depreciations	41,219	90,299	52,437	2,659	186,614	-			
Capital expenditure:									
Property and equipment	44,555	255,064	148,117	307	448,043	-			
Total assets	13,098,980	19,852,208	11,528,239	331,628	44,811,055	-			44
Total liabilities	11,969,189	8,238,879	4,784,345	247,966	25,240,379				25

For the three months ended 30 June 2023 (Unaudited)

	Revenue from sale of office and bank equipment, services and accessories		Revenue from sale of software, IT services and accessories		Revenue from sale of lighting devices, services and accessories		Eliminations and adjustments		Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Total revenue	1,624,191	6,765,397	2,271,134	206,659	10,867,381	-2,554,582			8
Less: cost of sales	(182,778)	(5,494,950)	(1,791,998)	(129,175)	(7,598,901)	2,554,582			(5)
Sectors profit	1,441,413	1,270,447	479,136	77,484	3,268,480	-			3
Depreciations	14,834	59,078	19,986	1,333	95,231	-			

OFFTEC HOLDING GROUP PLC
Notes to the interim condensed consolidated financial statements (unaudited)
As at 30 June 2023

For the six months ended 30 June 2022 (Unaudited)

	Revenue from sale of office and bank equipment, services and accessories		Revenue from sale of software, IT services and accessories		Revenue from sale of lighting devices, services and accessories		Total		Eliminations and adjustments		Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Total revenue	2,782,940	7,325,982	5,863,414	464,805	16,437,141	13	(12,078,093)	2,912,212	(2,912,212)	(9)	4,359,048	4
Less: cost of sales	(565,289)	(6,214,965)	(4,974,201)	(323,638)				2,912,212			171,661	-
Sectors profit	2,217,651	1,111,017	889,213	141,167				-				-
Depreciations	33,912	74,828	59,889	3,032				-				-

For the three months ended 30 June 2022 (Unaudited)

	Revenue from sale of office and bank equipment, services and accessories		Revenue from sale of software, IT services and accessories		Revenue from sale of lighting devices, services and accessories		Total		Eliminations and adjustments		Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Total revenue	1,564,765	3,917,367	3,696,683	283,826	9,462,641	8	(6,932,837)	1,424,706	(1,424,706)	(5)	2,529,804	2
Less: cost of sales	(168,147)	(3,412,245)	(3,192,615)	(159,830)				1,424,706			87,870	-
Sectors profit	1,396,618	505,122	504,068	123,996				-				-
Depreciations	17,575	34,541	34,280	1,474				-				-

31 December 2022 (Audited)

	Revenue from finance contracts	Revenue from sale of office and bank equipment, services and accessories	Revenue from sale of software, IT services and accessories	Revenue from sale of lighting devices, services and accessories	Total	Eliminations and adjustments	Total
	JD	JD	JD	JD	JD	JD	JD
Capital expenditure:							
Property and equipment	93,593	163,731	125,655	347	383,326	-	-
Total assets	11,794,555	17,398,592	13,352,490	328,445	42,874,082	-	42
Total liabilities	11,014,559	6,547,165	5,024,592	254,559	22,840,875	-	22

Distribution of sales by geographical areas

The table below shows the distribution of the Group's revenues by geographical regions as at 30 June 2023 and 2022:

	For the six months ended 30 June 2023 (Unaudited)		For the six months ended 30 June 2022 (Unaudited)	
	Inside Jordan	Outside Jordan	Inside Jordan	Outside Jordan
	JD	JD	JD	JD
Revenue	9,043,722	6,755,422	9,468,604	4,056,325
		15,799,144		
				13
	For the three months ended 30 June 2023 (Unaudited)		For the three months ended 30 June 2022 (Unaudited)	
	Inside Jordan	Outside Jordan	Inside Jordan	Outside Jordan
	JD	JD	JD	JD
Revenue	4,687,295	3,625,504	5,627,815	2,410,120
		8,312,799		
				8

OFFTEC HOLDING GROUP PLC**Notes to the interim condensed consolidated financial statements (unaudited)****As at 30 June 2023****(15) Contingent liabilities**

The Group has, at the date of the interim condensed consolidated statement of financial position, contingent liabilities represented in unutilized credit ceiling balances granted to clients and bank guarantees represented in bid entry guarantees, advances to customers, good implementation and maintenance, arising from the Company's ordinary course of business and which are not expected to result in material obligations and consist of the following:

	30 June 2023	31 December 2022
	JD (Unaudited)	JD (Audited)
Guarantees	10,270,497	8,190,451
Letters of credit	196,856	8,087
unutilised ceilings*	2,521,266	1,010,003
	<u>12,988,619</u>	<u>9,208,541</u>

* This item represents the unused credit ceiling balances granted to clients by Al Wasla Finance Company.

Legal cases:

The lawsuits raised against the Group amounted to JD 44,710. The Group's management provided for JD 24,710 as the management and its legal consultant believe that the provision booked is sufficient to meet any future obligation.

(16) Basic and diluted earnings per share from profit of the period attributable to the Company's shareholders

	For the three months ended 30 June		for the six months ended 30 June	
	2023	2022	2023	2022
	JD	JD	JD	JD
<u>Profit for the period</u>				
Earnings per share for the period	420,920	309,126	713,904	599,905
Weighted average of the number of shares	34,850,000	39,569,500	34,850,000	39,569,500
	Fils / Dinar	Fils / Dinar	Fils / Dinar	Fils / Dinar
Basic and diluted earnings per share	<u>0,012</u>	<u>0,008</u>	<u>0,020</u>	<u>0,015</u>
<u>From continued operations for the period</u>				
Earnings per share for the period	420,920	309,126	713,904	569,294
Weighted average of the number of shares	34,850,000	39,569,500	34,850,000	39,569,500
	Fils / Dinar	Fils / Dinar	Fils / Dinar	Fils / Dinar
Basic and diluted earnings per share	<u>0,012</u>	<u>0,008</u>	<u>0,020</u>	<u>0,014</u>
<u>From discontinued operations for the period</u>				
Earnings per share for the period	-	-	-	30,611
Weighted average of the number of shares	34,850,000	39,569,500	34,850,000	39,569,500
	Fils / Dinar	Fils / Dinar	Fils / Dinar	Fils / Dinar
Basic and diluted earnings per share	<u>0,000</u>	<u>0,000</u>	<u>0,000</u>	<u>0,001</u>

The basic earnings per share of the period's profit is equal to the diluted earnings, as the Group did not issue any diluted financial instruments that may have an impact on the basic earnings per share.

OFFTEC HOLDING GROUP PLC**Notes to the interim condensed consolidated financial statements (unaudited)****As at 30 June 2023****(17) Income tax**

The movement in the income tax provision is as follows:

	30 June 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Balance as at the end of the period / year	568,654	281,137
Income tax payable for the period / year*	459,729	710,257
Income tax payable for prior years	22,285	13,912
Income tax paid	(409,266)	(436,652)
Balance as at the end of the period / year	641,402	568,654

The income tax expense shown in the interim condensed consolidated statement of income represents the following:

	30 June 2023	30 June 2022
	JD	JD
	(Unaudited)	(Unaudited)
Income tax payable for the year	459,729	284,360
Income tax payable for prior years	22,285	10,684
Deferred tax assets on provisions	(30,136)	(1,834)
	451,878	293,210

* The income tax payable for the Group's business results for the period ended 30 June 2023 was calculated according to the taxable income, after making an adjustment to the accounting profit in respect of non-taxable expenses and non-taxable revenues, taking into account the different tax rates according to the company's activity and the country in which it is registered, as the calculated tax rates ranged between 11% - 28%. The management and its tax consultant believe that the booked provisions are sufficient to meet any future tax obligation as at 30 June 2023 and 31 December 2022.

World Axis Trading Company obtained a final clearance from the Income and Sales Tax Department until 31 December 2021, as for the year 2022, the income tax returns was submitted and the Income and Sales Tax Department has not reviewed the records to date.

Cherry Pot Company for Electronic Commerce Company obtained a final clearance from the Income and Sales Tax Department until 31 December 2021, except for the year 2020. As for the years 2020 and 2022, the income tax return was submitted and the Income and Sales Tax Department has not reviewed the records to date.

Jordan Scientific Library Company obtained a final clearance from the Income and Sales Tax Department until 31 December 2020. As for the years 2021 and 2022, the income tax returns were submitted and the Income and Sales Tax Department has not reviewed the records to date.

OFFTEC Holding Group Company obtained a final clearance from the Income and Sales Tax Department until 31 December 2020, except for the year 2019. As for the years 2019, 2021 and 2022, the income tax return was submitted and the Income and Sales Tax Department has not reviewed the records to date.

OFFTEC Company for Office and Banking Systems obtained a final clearance from the Income and Sales Tax Department until 31 December 2019, except for the years 2020, 2021 and 2022, where the income tax returns were submitted and the Income and Sales Tax Department has not reviewed the records to date.

Al Wasla Financ Company obtained a final clearance from the Income and Sales Tax Department until 31 December 2020. As for the years 2021 and 2022, the income tax return was submitted and the Income and Sales Tax Department has not reviewed the records to date.

OFFTEC International Investment Company obtained a final clearance from the Income and Sales Tax Department until 31 December 2020. As for the years 2021 and 2022, the income tax return was submitted and

OFFTEC HOLDING GROUP PLC**Notes to the interim condensed consolidated financial statements (unaudited)****As at 30 June 2023**

Trust International for Marketing and E-commerce Company obtained a final clearance from the Income and Sales Tax Department until 31 December 2020. As for the years 2021 and 2022, the income tax return was submitted and the Income and Sales Tax Department has not reviewed the records to date.

OFFTEC Engineering Services Company obtained a final clearance from the Income and Sales Tax Department until 31 December 2021.

OFFTEC Commercial Investment and Electronic Devices Trading Co. Ltd. obtained a final clearance from the Income and Sales Tax Department until 31 December 2021.

OFFTEC Iraq for Investment Company obtained a final clearance from the Income and Sales Tax Department until 31 December 2021, except for the year 2018. As for the years 2018 and 2022, the income tax return was submitted and the Income and Sales Tax Department has not reviewed the records to date.

Palestine Company for Office Technology - OFFTEC obtained a final clearance from the Income and Sales Tax Department until 31 December 2021. As for the year 2022, the income tax return was submitted and the Income and Sales Tax Department has not reviewed the records to date.

Space Technology General Trading Company obtained a final clearance from the Income and Sales Tax Department until 31 December 2021.

(18) Discontinued operations

All activities carried out by the Egyptian Company for Loyalty and Rewards Limited Liability – Egypt were ceased in accordance with the Company's Extraordinary General Assembly meeting held on 1 February 2022 and the decision of the Group's Board of Directors on 16 December 2021. Whereby the Company was set under liquidation and a liquidator was appointed. The financial results of Egyptian Company for Loyalty and Rewards Limited Liability – Egypt were presented in interim condensed consolidated statement of income in separate line under "Net profit for the period from discontinued operations".

The results of the Companies' business from discontinued operations are as follows:

	30 June 2023	30 June 2022
	JD	JD
	(Unaudited)	(Unaudited)
Salaries, wages and other employee benefits	-	(424)
Other income, net	-	32,704
Operating profit	-	32,280
Interest expense	-	(57)
Profit for the period	-	32,223
Profit for the period attributable to:		
Shareholders	-	30,611
Non-controlling interests	-	1,612
	-	32,223

OFFTEC HOLDING GROUP PLC**Notes to the interim condensed consolidated financial statements (unaudited)****As at 30 June 2023**

(19) Related parties transactions

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties comprise directors and senior executive management of the Company and other entities that are controlled by them or over which they exercise significant influence, whether directly or indirectly.

Transactions with related parties represent transactions carried out with the executive management of the Group. Prices and terms regarding these transactions are adopted by the Group's Board.

The following are the salaries and benefits of senior executive management:

	30 June 2023 JD	30 June 2022 JD
Salaries and bonuses	114,262	109,200

- The General Assembly of the Group decided, in its ordinary meeting held on 30 April 2023, to approve the Board of Directors decision for distribution of cash dividends to shareholders at a rate of 3.5% of the Company's authorized and paid-up capital, at a value of JD 1,219,750.