

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

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2024

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

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2024

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 5
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	6
CONSOLIDATED STATEMENT OF INCOME	7
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	8
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	9
CONSOLIDATED STATEMENT OF CASH FLOWS	10
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	11 - 62



**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF OFFTEC HOLDING GROUP
(PUBLIC SHAREHOLDING COMPANY)**

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Offtec Holding Group (the 'Company') and its subsidiaries (together the "Group") as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of income for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the Hashemite Kingdom of Jordan. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.



INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE SHAREHOLDERS OF OFFTEC HOLDING GROUP
(PUBLIC SHAREHOLDING COMPANY)

FOR THE YEAR ENDED 31 DECEMBER 2024

Our audit approach

Overview

Key audit matter	Goodwill impairment testing
------------------	-----------------------------

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

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 of the current period. 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.

Key audit matter	How we responded to key audit matter
<p>1. Goodwill impairment testing</p> <p>As on the date of the consolidated financial statements and as it appears in the consolidated statement of financial position and Note (6) to the consolidated financial statements, the Group has a goodwill balance resulting from previous acquisitions of JOD 6,792,258 as at 31 December 2024 (2023: JOD 6,792,258).</p> <ul style="list-style-type: none"> At each reporting date, the Group performs an impairment assessment for goodwill, in accordance with the requirements of International Accounting Standard No. 36, to determine whether the carrying amount of the goodwill can be recovered. The Group has performed an impairment review of goodwill on the appropriate cash generating units using the value in use model. In determining the value in use, management made various assumptions, including estimates of sales volumes, future growth rate and discount rates. <p>We have focused this matter due to the materiality of goodwill and due to the significant management judgments and assumptions involved in determining the recoverable amount.</p> <p>(See Note (6) to the consolidated financial statements).</p>	<p>We have reviewed the impairment assessment performed by management by performing the following procedures:</p> <ul style="list-style-type: none"> We reviewed and evaluated the future business plan prepared by management and the appropriateness of the assumptions used such as growth rates and the discount rate (WACC). We evaluated management assumptions in determining the cash generating units. We tested the accuracy and completeness of the information used by management in the impairment test model. We sought the help of our experts to assess the reasonableness of the basic assumptions used by the management in impairment testing and recalculation of the recoverable amount. We evaluated the accuracy and completeness of the notes included in the consolidated financial statements in accordance with the requirements of International Accounting Standard No. 36 "Impairment of Non-Financial Assets".



**INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE SHAREHOLDERS OF OFFTEC HOLDING GROUP
(PUBLIC SHAREHOLDING COMPANY)**

FOR THE YEAR ENDED 31 DECEMBER 2024

Other information

Management is responsible for the other information. The other information comprises the Directors' annual report, (but does not include the consolidated financial statements and our auditor's report thereon), which we expect to obtain after the date of our audit 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 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.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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, 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, the 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 the management either intends to liquidate the Group to cease its operations, or has no realistic alternative but to do so.

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



**INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE SHAREHOLDERS OF OFFTEC HOLDING GROUP
(PUBLIC SHAREHOLDING COMPANY)**

FOR THE YEAR ENDED 31 DECEMBER 2024

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 International Standards on Auditing (ISAs), we exercise professional judgement and maintain professional scepticism 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 the Group's 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 exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.



**INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE SHAREHOLDERS OF OFFTEC HOLDING GROUP
(PUBLIC SHAREHOLDING COMPANY)**

FOR THE YEAR ENDED 31 DECEMBER 2024

- 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 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.

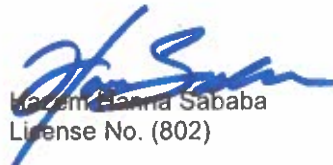
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, we have taken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

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

Report on other legal and regulatory requirements

The Group maintains proper accounting records which are consistent, in all material aspects, with the accompanying consolidated financial statements. We recommend the General Assembly to approve them.

For and on behalf of PricewaterhouseCoopers "Jordan"


Hazem Hanna Sababa
License No. (802)

Amman – Jordan
26 March 2025



OFFTEC HOLDING GROUP
(PUBLIC SHAREHOLDING COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	31 December 2024 JOD	31 December 2023 JOD
Assets			
Non-current assets			
Property and equipment	5	1,836,139	1,202,420
Intangible assets	6	6,792,258	6,792,258
Right of use of leased assets	7	864,747	778,622
Investment properties	8	945,423	945,423
Deferred tax assets	21	291,516	286,541
Non-current portion of payment solutions contracts receivables at amortised cost	9	1,726,307	1,093,493
		<u>12,456,390</u>	<u>11,098,757</u>
Current assets			
Current portion of payment solutions contracts receivables at amortised cost	9	10,856,220	12,261,089
Inventory	10	6,478,631	6,303,227
Trade receivables	11	6,215,549	7,404,057
Other debit balances	12	2,332,032	2,219,338
Cash and cash equivalents	13	3,631,959	3,034,187
		<u>29,514,391</u>	<u>31,221,898</u>
Total assets		<u>41,970,781</u>	<u>42,320,655</u>
Shareholder's Equity and liabilities			
Shareholders' equity			
Authorised, subscribed and paid in capital	14	31,239,728	34,850,000
Reverse acquisition reserve	14	(18,627,185)	(18,627,185)
Statutory reserve	14	1,992,288	1,767,813
Other reserves	14	70,600	-
Foreign currency translation		95,684	95,684
Retained earnings (accumulated losses)		1,536,892	(3,610,272)
Net shareholders' equity		<u>16,308,007</u>	<u>14,476,040</u>
Non-controlling interest	15	991,965	834,478
Net equity		<u>17,299,972</u>	<u>15,310,518</u>
Liabilities			
Non-current liabilities			
Provision for end of service	16	1,326,237	1,295,227
Long-term loans	18	900,710	1,094,917
Lease liabilities	7	548,195	483,122
		<u>2,775,142</u>	<u>2,873,266</u>
Current liabilities			
Bank overdrafts	17	2,445,117	3,103,652
Short term loans	18	9,156,368	8,734,316
Lease liabilities	7	334,320	292,335
Trade payables	19	3,777,380	4,037,418
Other credit balances	20	6,151,813	7,202,763
Income tax provision	21	30,669	766,387
		<u>21,895,667</u>	<u>24,136,871</u>
Total liabilities		<u>24,670,809</u>	<u>27,010,137</u>
Total net equity and liabilities		<u>41,970,781</u>	<u>42,320,655</u>

The accompanying notes from 1 to 29 form an integral part of these consolidated financial statements

OFFTEC HOLDING GROUP
(PUBLIC SHAREHOLDING COMPANY)
CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 JOD	2023 JOD
Revenue from contracts with customers		30,534,552	30,861,175
Revenue from payment solutions contracts		5,565,117	6,753,734
Total revenues	24	36,099,669	37,614,909
Cost of revenue	22	(24,886,709)	(25,054,207)
Gross profit		11,212,960	12,560,702
Administrative expenses	23	(6,239,969)	(5,946,073)
Expected credit losses	9, 11	(758,792)	(1,710,925)
Goodwill impairment	6	-	(5,707,425)
Other income, net		8,693	115,384
Operating profit (loss)		4,222,892	(688,337)
Finance costs	26	(1,978,145)	(1,887,077)
Net profit (loss) for the year before tax		2,244,747	(2,575,414)
Income tax	21	(299,705)	(851,969)
Profit (loss) for the year		1,945,042	(3,427,383)
Profit (loss) for the year attributable to:			
Shareholders		1,761,367	(3,674,024)
Non-controlling interest	15	183,675	246,641
		1,945,042	(3,427,383)
Earnings per share:			
Earnings per share from the net profit (loss) for the year attributable to the Company's shareholders		Fils / JOD	Fils / JOD
Basic and diluted	28	0.056	(0.118)

The accompanying notes from 1 to 29 form an integral part of these consolidated financial statements

OFFTEC HOLDING GROUP
(PUBLIC SHAREHOLDING COMPANY)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 JOD	2023 JOD
Net profit (loss) for the year		1,945,042	(3,427,383)
Add: other comprehensive income items			
<u>Items that can be subsequently transferred to the income statement:</u>			
Foreign currency translation		-	9,524
Total comprehensive profit (loss) for the year		<u>1,945,042</u>	<u>(3,417,859)</u>
Total comprehensive profit (loss) attributable to:			
Shareholders		1,761,367	(3,664,500)
Non-controlling interest	15	183,675	246,641
		<u>1,945,042</u>	<u>(3,417,859)</u>
Earnings per share:			
Earnings per share from the net profit (loss) for the year attributable to the Company's shareholders		Fils / JOD	Fils / JOD
Basic and diluted		<u>0.056</u>	<u>(0.117)</u>

The accompanying notes from 1 to 29 form an integral part of these consolidated financial statements

OFFTEC HOLDING GROUP
(PUBLIC SHAREHOLDING COMPANY)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Authorised, subscribed and paid in capital JOD	Reverse acquisition reserve JOD	Statutory reserve JOD	Other reserves JOD	Foreign currency translation JOD	Retained earnings (accumulated losses) JOD	Net shareholders' equity JOD	Non- controlling interests JOD	Net equity JOD
2024									
Balance as at 1 January	34,850,000	(18,627,185)	1,767,813	-	95,684	(3,610,272)	14,476,040	834,478	15,310,518
Net profit for the year	-	-	-	-	-	1,761,367	1,761,367	183,675	1,945,042
Amortization accumulated losses from capital (Note 14)	(3,610,272)	-	-	-	-	3,610,272	-	-	-
Increase in equity (Note 14)	-	-	-	70,600	-	-	70,600	67,400	138,000
Dividends of non-controlling interest (Note 15-1)	-	-	-	-	-	-	-	(93,588)	(93,588)
Transfer to statutory reserve	-	-	224,475	-	-	(224,475)	-	-	-
Balance as at 31 December	31,239,728	(18,627,185)	1,992,288	70,600	95,684	1,536,892	16,308,007	991,965	17,299,972
2023									
Balance as at 1 January	34,850,000	(18,627,185)	1,767,813	-	86,160	1,283,502	19,360,290	672,917	20,033,207
Net loss for the year	-	-	-	-	-	(3,674,024)	(3,674,024)	246,641	(3,427,383)
Comprehensive income for the year	-	-	-	-	9,524	-	9,524	-	9,524
Total comprehensive loss for the year	-	-	-	-	9,524	(3,674,024)	(3,664,500)	246,641	(3,417,859)
Dividends (Note 14)	-	-	-	-	-	(1,219,750)	(1,219,750)	-	(1,219,750)
Dividends of non-controlling interest (Note 15-1)	-	-	-	-	-	-	-	(85,080)	(85,080)
Balance as at 31 December	34,850,000	(18,627,185)	1,767,813	-	95,684	(3,610,272)	14,476,040	834,478	15,310,518

The retained earnings as of 31 December 2024, include deferred tax assets amounting to 291,516 JOD, which are restricted for use in accordance with the Jordan Securities Commission regulations.

The accompanying notes from 1 to 29 form an integral part of these consolidated financial statements

OFFTEC HOLDING GROUP
(PUBLIC SHAREHOLDING COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 JOD	2023 JOD
Operating activities			
Net profit (loss) for the year before income tax		2,244,747	(2,575,414)
Adjustments for:			
Depreciations	5	449,316	415,968
Finance costs	26	1,978,145	1,887,077
Amortization of right of use assets	7	352,657	369,980
Provision for expected credit losses	9, 11	758,792	1,710,925
Increase in (Reversal of) provision for slow-moving inventories	10	60,615	(62,955)
Provision for end of service	16	101,448	159,368
Gain on sale of property and equipment		(21,000)	-
Gain on disposal of lease liabilities		(11,600)	-
Goodwill impairment	6	-	5,707,425
Changes in working capital items:			
Net payment solutions contracts receivables at amortised cost		(247,840)	(4,785,984)
Inventory		(236,019)	511,012
Trade receivables		1,449,611	(250,325)
Other debit balances		(112,694)	(406,583)
Trade payables		(260,038)	273,752
Other credit balances		(1,010,973)	2,291,687
Cash flows generated from operating activities before end of service indemnity and income tax paid		5,495,167	5,245,933
End of service indemnity paid	16	(70,438)	(4,487)
Income tax paid	21	(1,040,398)	(710,673)
Net cash flows generated from operating activities		4,384,331	4,530,773
Investing activities			
Purchases of property and equipment	5	(1,083,035)	(886,325)
Proceeds from sale of property and equipment		21,000	19,152
Prepayment for right of use assets		-	(15,667)
Net cash flows used in investing activities		(1,062,035)	(882,840)
Financing activities			
Granted loans		15,161,153	14,825,742
Repayment of loans		(14,933,308)	(13,155,934)
Repayment of bank overdrafts		(658,535)	(300,909)
Lease liabilities paid		(320,124)	(343,500)
Finance costs paid	26	(1,978,145)	(1,887,077)
Dividends of non-controlling interest	15	(93,588)	(85,080)
Dividends paid	20	(39,977)	(1,216,015)
Increase in equity	14	138,000	-
Net cash flows used in financing activities		(2,724,524)	(2,162,773)
Foreign currency translation differences		-	9,524
Net change in cash and cash equivalents		597,772	1,494,684
Cash and cash equivalents at 1 January	13	3,034,187	1,539,503
Cash and cash equivalents at 31 December	13	3,631,959	3,034,187
Non-cash transactions:			
Additions of right of use assets/ Lease liabilities	7	610,089	222,076
Disposal of right of use assets	7	(171,307)	-
Disposal of lease liabilities	7	(182,907)	-
Amortization of accumulated losses from paid in capital	14	3,610,272	-

The accompanying notes from 1 to 29 form an integral part of these consolidated financial statements

(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 authorised, subscribed and paid in capital JOD 31,239,728 divided into 31,239,728 shares, each with a nominal value of one JOD.

The General Assembly of the Group, in its extraordinary meeting held on 30 April 2024, decided to reduce the company's capital by the full amount of the accumulated losses as of 31 December 2023, amounting to JOD (3,610,272). As a result, the company's authorized, subscribed, and paid in capital became 31,239,728 shares, with a nominal value of one JOD per share. The legal procedures were completed with the Companies Control Department on 8 August 2024.

The General Assembly of the Group, in its extraordinary meeting held on 31 December 2024, the General Assembly of the Group decided to reduce the company's authorized, subscribed, and paid in capital by the full amount of the reverse acquisition reserve as of 31 December 2023, amounting to JOD 18,627,185. As a result, the company's authorized, subscribed, and paid in capital became 12,612,543 shares, with a nominal value of one JOD per share. The legal procedures were completed with the Companies Control Department on 12 February 2025. However, the legal procedures with the Jordan Securities Commission have not been completed as of the date of the preparation of the financial statements.

The Company is listed on the Amman Stock Exchange.

The Company's main 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.
- Owning trademarks.

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

The consolidated financial statements were approved by the Board of Directors on 25 March 2025.

(2) MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information applied by the Group's management in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation of consolidated financial statements

The consolidated financial statements of the Group have been prepared in accordance with the IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and the Interpretations of the International Financial Reporting Interpretation Committee (IFRIC)

The consolidated financial statements of the Group have been prepared under the historical cost convention.

The JOD is the presentation currency for the consolidated financial statements and is the Group's functional currency.

The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its significant judgement in the process of applying the accounting policies of the Group. The areas involving a higher degree of judgment or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note (4).

2.2 Changes in accounting policies and disclosures

(A) New and amended standards and interpretations adopted by the Group in the financial year beginning January 2024:

Lease Liability in a Sale and Leaseback – Amendments to IFRS 16:	In September 2022, the IASB finalised narrow-scope amendments to the requirements for sale and leaseback transactions in IFRS 16 Leases which explain how an entity accounts for a sale and leaseback after the date of the transaction.	1 January 2024
Supplier finance arrangements – Amendments to IAS 7 and IFRS 7:	On 25 May 2023, the IASB issued amendments to IAS 7 and IFRS 7 to require specific disclosures about supplier finance arrangements (SFAs). The amendments respond to the investors' need for more information about SFAs to be able to assess how these arrangements affect an entity's liabilities, cash flows and liquidity risk.	1 January 2024
Classification of Liabilities as Current or Non-current – Amendments to IAS 1 Non-current Liabilities with Covenants	<p>Amendments made to IAS 1 Presentation of Financial Statements in 2020 and 2022 clarified that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).</p> <p>Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either on or before the reporting date, this needs to be considered in the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.</p>	1 January 2024

The implementation of the above standards did not have a material impact on the consolidated financial statements.

b. The Group has not yet applied the following new standards, amendments and interpretations that have been issued but are not yet effective:

Amendments to IAS 21 – Lack of Exchangeability	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.	Annual periods beginning on or after 1 January 2025
Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	On 30 May 2024, the IASB issued targeted amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities.	1 January 2026
IFRS 18, 'Presentation and Disclosure in Financial Statements'	This is the new standard on presentation and disclosure in financial statements, which replaces IAS 1, with a focus on updates to the statement of profit or loss.	1 January 2027 (early adoption is permitted)
IFRS 19, 'Subsidiaries without Public Accountability: Disclosures'	<p>This new standard works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements; and it applies instead the reduced disclosure requirements in IFRS 19. IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries.</p> <p>A subsidiary is eligible if:</p> <ul style="list-style-type: none"> • it does not have public accountability; and • it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. 	1 January 2027

The management is still in the process of evaluating the impact of these new amendments on the Group's consolidated financial statements, and it believes that there will be no significant impact on the consolidated financial statements when they are implemented.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current year starting 1 January 2024 or future reporting periods and on foreseeable future transactions.

2.3 Basis of consolidation of financial statements

The consolidated financial statements of the Group include the financial statements of the Company and its controlled subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. the 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

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

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

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

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 into 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.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Included in consolidated statement of income: 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 the Group ceases to control the subsidiary.

Changes in ownership interests

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.

OFFTEC HOLDING GROUP
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2024

This may mean that amounts previously recognised in the statement of other comprehensive income are reclassified to the consolidated statement of income.

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 consolidated statement of other comprehensive income are reclassified to the consolidated statement of income as appropriate.

The subsidiaries that have been consolidated in the consolidated financial statements is as follows:

Name of the Company	Legal status of the Company	Country of incorporation	Paid in capital	Percentage of equity
				%
OFFTEC for Office and Banking Systems*	Limited liability Private	Jordan	400,000	100
Al Wasla Payment Solutions**	shareholding	Jordan	1,200,000	95
OFFTEC International Investment	Limited liability	Jordan	30,000	100
Cherry Pot Electronic Trading	Limited liability	Jordan	250,000	100
World Axis Trading	Limited liability	Jordan	100,000	100
OFFTEC Commercial Investment and Electronic Devices Trading	Limited liability	Iraq	14,771	60
OFFTEC Iraq Investment	Limited liability	Jordan	5,000	60
Space Technology General Trading	Limited liability Private	Iraq	978	60
Palestine Office Technology– OFFTEC	Shareholding	Palestine	91,530	100
OFFTEC Engineering Services	Limited liability Free zone limited liability	Sudan	640	100
E-Points FZ-LLC	liability	UAE	9,660	100
Khartoum for Systems and Technology	Limited liability	Sudan	1,850	100
OFFTEC Arabia for Information Technology***	Limited liability	Saudi Arabia	94,461	100
Companies under liquidation:				
E-Points Egyptian for Loyalty and Rewards	Limited liability	Egypt	7,610	95

* The General Assembly of OFFTEC for Office and Banking Systems, Jordan Scientific Library, and Trust International for Marketing and E-commerce, in their meetings held on 18 April 2024, approved the merger of Jordan Scientific Library and Trust International for Marketing and E-Commerce into OFFTEC for Office and Banking Systems, with OFFTEC for Office and Banking Systems being the merging company. The legal merger procedures were completed with the Companies Control Department on 25 September 2024.

** The General Assembly of Al-Wasla for Payment Solutions, in its extraordinary meeting held on 20 May 2024, approved an increase in the company's capital by JOD 640,000, bringing the authorized, subscribed, and paid in capital to JOD 1,140,000, with a nominal value of JOD 1 per share. The increase will be achieved by increasing the shares of the current shareholder OFFTEC Holding Group through. The capital increase was carried out through the following:

- Capitalization of JOD 312,630 from the company's retained earnings.
- Capitalization of JOD 327,370 from the shareholder's current account (credit balance).

Furthermore, in its extraordinary meeting held on 1 September 2024, the General Assembly of the company approved changing the company's name to Al-Wasla for Payment Solutions instead of Al-Wasla Finance and increasing the authorized and subscribed capital by JOD 60,000, bringing the authorized and subscribed capital after the increase to JOD 1,200,000. The newly issued shares from the capital increase were Class B redeemable shares, allocated to Mr. Nabil Mahmoud Al-Nasser, with a nominal value of JOD 1 per share, plus an issuance premium of JOD 1.30 per share. The capital increase and issuance premium were financed by capitalizing Mr. Nabil Mahmoud Mohammed Al-Nasser's credit balance with the Company.

*** On 18 April 2024, the Group registered a new company in Saudi Arabia, which is fully owned by the Group.

Business combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary Company consists of the following:

- Fair value of the transferred assets,
- Obligations incurred to the previous owners of the acquired business,
- Equity shares issued by the Group,
- The fair value of any asset or liability resulting from a emergent consideration arrangement,
- The fair value of any pre-existing ownership interest in the subsidiary.

The identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, initially measured at their fair value at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the proportionate interest of the non-controlling interest in the net identifiable assets of the acquiree.

Acquisition-related costs are expensed as incurred.

The increase is recognized in:

- consideration transferred,
- the amount of any non-controlling interest in the acquiree, and
- The fair value at the acquisition date of any previous ownership interest in the acquired entity
- over the fair value of the identifiable net assets acquired as goodwill. If these amounts are less than the fair value of the net identifiable assets of the acquired business, the difference is recognized directly in profit or loss as a bargain purchase.

Where settlement of any part of the cash consideration is deferred, the amounts due in the future are discounted to their present value as on the date of the exchange. The discount rate used is the entity's incremental borrowing rate, which is the rate at which similar borrowing could be obtained from an independent financier under similar terms and conditions.

The contingent consideration is classified as either an equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured at fair value, with changes in fair value recognized in profit or loss.

If the business combination is achieved at stages, the fair value is remeasured to the carrying amount of the acquirer's previously owned interest in the acquirer as on the acquisition date. Gains or losses on remeasurement are recognized in profit or loss.

Reverse acquisition reserve

Reverse acquisition reserve relates to the reverse listing transaction that took place during the year 2007. This reserve represents the difference between the authorized and paid in capital that is required to be shown under the Jordanian Companies Law and the consolidated net assets of Jordan Scientific Library Company as on the date of the transaction. This reserve is generally shown in the capital and not as a separate reserve but is disclosed as such to meet the legal requirements in the Hashemite Kingdom of Jordan.

The General Assembly of the Group, in its extraordinary meeting held on 31 December 2024, the General Assembly of the Group decided to reduce the company's authorized, subscribed, and paid in capital by the full amount of the reverse acquisition reserve as of 31 December 2023, amounting to JOD 18,627,185. As a result, the company's authorized, subscribed, and paid in capital became 12,612,543 shares, with a nominal value of one JOD per share. The legal procedures were completed with the Companies Control Department on 12 February 2025. However, the legal procedures with the Jordan Securities Commission have not been completed as of the date of the preparation of the financial statements.

2.4 Foreign currency translation

(a) Functional and presentation currency of the consolidated financial statements

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The presentation currency for these consolidated financial statements is the JOD, which is the functional currency of the Group. Assets and liabilities for each statement of financial position items are translated at the closing rate at the end of the respective reporting period according to IFRS Accounting Standard No. (21).

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the prevailing rates at the date of each transaction. Foreign exchange gains and losses resulting from each settlement are recorded. Foreign exchange gains and losses using the exchange rates prevailing at the end of each year are generally recognized in the consolidated statement of income. Conversely, gains and losses are recognized in equity if they relate to qualified cash flow hedges and qualified net investment hedges or are attributable to part of the net investment in a foreign transaction.

Foreign exchange gains and losses relating to the borrowings are recognized in the consolidated statement of income within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of income on a net basis within other profit/(loss).

2.5 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses and cancellations (if any). Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group, and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance costs are recognized in the consolidated statement of income during the reporting period in which they are incurred.

Depreciation is calculated to allocate the cost of assets over their useful lives on a straight-line basis, when the assets are ready for their intended use. The estimated useful lives, residual values and depreciation calculation methods are reviewed at each reporting date, with the effect of any changes in estimates is accounted for on prospective basis.

The Group estimated the useful lives of each category of property and equipment as follows:

	%
Leasehold improvements	20 *
Furniture, fixture and decoration	15-25
Computers	15-35
Machinery, office equipment and electrical devices	20-30
Vehicles	20

* Or lease term whichever is shorter.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised, and the carrying amount of the replaced component is written off. Other subsequent expenditures are capitalized only when there is an increase in future economic benefits of the associated item of property, plant and equipment, and all borrowing expenditures are recognised in the consolidated statement of income as they are incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from the use or disposal of these items. Any profit or loss resulting from the de-recognition of any asset (calculated on the basis of the difference between the net sale proceeds and the carrying amount of the asset) is included in the consolidated statement of income in the year the asset is de-recognised.

The residual value of the asset is estimated by estimating the amount that the Group would currently receive by excluding the asset less the estimated disposal costs, if the asset's condition is already of life and in the expected condition at the end of its useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

2.6 **Goodwill**

Goodwill is recorded at cost which represents the increase in the acquisition or purchase cost of an investment in the associate or subsidiary over the Company's share in the fair value of the net assets of that Company at the date of acquisition. Goodwill resulting from investing in subsidiaries is recorded in a separate item as intangible assets. Goodwill resulting from investing in associates recognized as part of the investment account in the associate and the cost of goodwill is subsequently reduced by any impairment in the investment value.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Goodwill impairment is tested at the date of preparing the consolidated financial statements. Goodwill is written down if there is an indication that it is impaired and if the estimated recoverable amount of cash-generating units to which the goodwill belongs is lower than the carrying amount of the cash-generating units. Impairment is recognised in the consolidated statement of comprehensive income.

2.7 Investment properties

Investment property is a property acquired either held for rental income and/or capital appreciation, but not to be sold in the ordinary course of the Company's business, nor to be used in the production or supply of goods or services or for administrative purposes. The management uses the cost method. Investment properties are initially stated at cost and their fair values are disclosed in the notes to the consolidated financial statements, which are estimated annually by an independent real estate expert based on the market prices of those properties within an active real estate market.

2.8 Payment solutions contracts receivables

Under the payment solutions contracts, the Group finances the assets that the customer wishes to purchase, whereby the benefit is transferred to the customer in exchange for specified installments. The customer issues promissory notes as a guarantee for the financed amount, including the accrued interest.

Payment solutions contracts receivables is initially recognised at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

Payment solutions contracts payments are divided between payment solutions contracts income and the principal payment so that the finance contract income appears as a constant interest rate on the finance contract investment.

2.9 Inventories

Inventory is priced at the lower of cost or net realisable value. The cost of inventory is determined using the weighted average method. Cost includes related direct and indirect costs.

Net realisable value is the estimated selling value in the Company's ordinary course of business less expected selling expenses.

An impairment testing is conducted in the carrying value of inventory when there is evidence indicating that the carrying value cannot be recovered. In the event of such indications, the carrying value will be reduced to the value expected to be recovered. Impairment is recognised in the consolidated statement of income.

2.10 Trade receivables

Trade receivables are recorded at the transaction price in relation to the performance obligation less a provision for expected credit losses. On a prospective basis, the Group assesses the expected credit losses using the expected credit loss ("ECL") approach over the life of the assets. Provision for expected credit losses is recognized in the consolidated statement of income. When the trade receivables are uncollectable, they are written off against the provision for expected credit losses in the consolidated statement of income. When a subsequent event causes the impairment of the provision for expected credit losses, the impairment in the provision for expected credit losses is reversed through the consolidated statement of income in accordance with the logic of stage criteria specified in the Group's policy.

Trade and other receivables are recognised initially at fair value and subsequently recognised at amortised cost using the effective interest rate method.

2.11 Cash and cash equivalents

Cash and cash equivalents includes cash on hand and at banks with original maturities of three months or less.

2.12 Impairment of financial assets

The Group applies IFRS Accounting Standard 9 to measure the expected credit loss model to all financial assets measured at amortised cost.

The Group has three types of financial assets that are subject to the new expected credit loss model in accordance with IFRS Accounting Standard 9:

1. Trade receivables and other receivables
2. Payment solutions contracts receivables
3. Cash at banks

1. Trade receivables and other receivables:

The Group applies the simplified approach of IFRS Accounting Standard 9 to measure ECL. The calculation of expected credit losses depends on the probability of default, which is calculated according to credit risks and economic factors, and the percentage of loss assuming default, which depends on the collection of trade receivables based on the characteristics of similar credit risks, the number of days of late payment and the nature of client activity such as banking and government institutions, by adopting a mathematical method based on collecting the ages of debts according to their age table.

The Group uses key economic indicators in calculating expected credit loss, as follows:

- Corporates and banking and government institutions: GDP growth indicators.

Trade receivables are written off when there is no possibility of recovery. Indications that there is no reasonable expectation of recovery include, among other things, the debtor's default by agreeing to a payment plan with the Company and the default in paying contractual payments for a period of more than 360 days for companies and for a period of more than 720 days for government and banking institutions.

The Group has calculated the impact of the provision for expected credit losses on other receivable balances and has not recorded the provision for expected credit losses for it as its effect is not significant.

2. Payment solutions contracts receivables

The Group applies the simplified approach of IFRS Accounting Standard 9 to measure ECL. The calculation of expected credit losses depends on the probability of default, which is calculated according to credit risks and economic factors, and the LGD, which is based on collecting investment balances in payment solutions contracts based on the characteristics of similar credit risks and the number of days of delay in payment. Accordingly, the management has adopted a mathematical model based on these principles.

The Group uses key economic indicators in calculating expected credit losses, such as the unemployment rate, as the Group's clients for payment solutions contracts are individuals. Trade receivables are written off when there is no possibility of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the debtor defaulting on a payment plan agreement with the Company and defaulting on contractual payments for more than 360 days.

3. Cash at banks

The cash in banks is subject to impairment requirements in accordance with IFRS Accounting Standard 9. The Company calculated the impact of the expected credit losses provision on cash in banks and did not record the expected credit losses provision for it as its effect is not significant.

2.13 Provisions

Provisions are recognised when:

- The Group will have a present legal or constructive obligation as a result of past events.
- It is probable that cash flows will be required to settle this obligation.
- Can be reliably estimated.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects time value of money, where appropriate and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as part of the finance cost in the consolidated statement of profit or loss.

2.14 End of service indemnity provision

The provision for end of service indemnity for the employees of the Palestine Office Technology Company (subsidiary) is calculated according to the Palestinian Labour Law No. (7) of 2000. The Company's management believes that the provision prepared on the basis of the maturity date at the reporting date will not differ materially from the actuarial valuation, as the net effect of the discount rate and future settlements of salaries and remunerations on the present value of the remunerations obligations is not material (Note 16).

2.15 Trade payables

Trade payables are obligations to pay for goods or services acquired in the ordinary course of business. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are classified as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the received amounts (net of transaction costs) and the redemption value is recognised in the consolidated statement of income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has a conditional right to defer the settlement of the liability for at least 12 months after the date of the statement of consolidated financial position.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liabilities that has been amortised or transferred to another party and the consideration paid, including any transferred non-cash assets or liabilities assumed, is recognised in the consolidated statement of income as income or other finance costs.

17.2 Borrowing costs

Direct borrowing costs related to purchase, construction or production of an asset which requires a long period of time to become ready for its intended use or sale, they are capitalised as part of the costs of such asset. Other borrowing costs are recognised as expensed in the period in which they are incurred. Borrowing costs comprise of interests and other costs that the Group incurs concerning obtaining borrowings.

All other borrowing costs are recognized in the consolidated statement of income in the period in which they are incurred.

2.18 Revenue recognition

Revenue is the income arising in the course of the normal activities of the Group. Revenue is recognized at the transaction price. The transaction price is the amount that the Group expects to be entitled in exchange for transferring control of promised goods or services to the customer, excluding amounts collected on behalf of third parties. Transfer of control either as follows:

- Fulfilment of the performance obligation at a point in time or ;
- Fulfilment of the performance obligation over time equivalent to the stage of service termination.

Revenue is recognized net of discounts, returns, value added taxes, export fees and other similar mandatory payments.

The Group's revenue is recognized from the following key sources:

(a) Sale of office equipment and accessories

Sales are recognized when control of the goods is transferred, and when the goods are delivered to the customer, the customer has complete discretion over the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods are shipped to a specific location, and the risk of obsolescence and loss is transferred to the customer, and either the customer has accepted the goods in accordance with the contract, the terms of acceptance have expired or the Group has accepted the goods in accordance with the contract objective evidence that all acceptance criteria have been met.

(b) Sale of maintenance services under maintenance contracts

Revenue is recognized when the service is provided to the customer, the advance payment based on the signed contract is deferred as a liability until the service is provided to the customer.

(c) Rental of printers

Revenue is recognized upon providing the service to the customer according to the terms of the contract, based on the production unit (for example the number of printed pages) completed during the contract period.

(d) Payment solutions contracts revenue

Revenue from payment solutions contracts is recognized using the effective interest method.

(e) Membership and subscription revenue

Membership and subscriptions revenues are recognized when they are due according to the terms of the contract.

Revenue is measured at the fair value of the consideration received or receivable, taking into account the contractually agreed terms of payment, revenue is recognized in the consolidated statement of income to the extent that it is probable that the economic benefits will flow to the Group and revenue and costs, as appropriate, can be measured reliably.

2.19 Dividends

Dividends to the Company's shareholders is recognized as a liability in the consolidated financial statements in the period in which the distributions are approved by the General Assembly of the Company's shareholders.

Dividends liabilities are recognized against the amount of any declared dividends, which have been appropriately declared and are no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period. Dividends liabilities are recognized as a direct discount on retained earnings in the consolidated statement of changes in consolidated equity, with any unpaid amount included in other payables in the consolidated statement of financial position.

2.20 Leases

The Group recognized the right-of-use asset and the lease liability at the present value of all minimum lease payments for the remaining five years that represent the maximum contract term except for the extension option (which is not mandatory). Amortization is calculated on a straight-line basis to allocate the cost over the entire term of the right-of-use asset for 5 years. The lease liability interest is computed using the 8% interest rate as the discount rate.

Leases are recognized as right-of-use assets and corresponding liabilities at the date on which the assets are available for use by the Group. Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to the consolidated statement of income over the lease term. Amortization is computed on right-of-use assets over the shorter of the asset's useful life and the lease term, using the straight-line method.

Assets and liabilities arising from leases are measured based on the present value. Lease assets include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any accrued lease incentives.
- Variable lease payments based on index or rate, initially measured using the index or rate as at the starting date.
- Amounts expected to be paid by the Group under residual value guarantees.
- The exercise price of the call option if the Group is reasonably sure of exercising this option.
- Payments of penalties for terminating the lease, if the lease term indicates the lessee exercising this option.

Lease payments that could be paid under reasonably certain extension options are also included in the measurement of the liability.

Lease payments are discounted using the interest rate included in the lease. If the lease does not include interest rates, which is generally the case for the Group's leases, the lessee's incremental borrowing rate is used, which is the rate an individual lessee would have to pay to borrow the funds needed to obtain an asset of similar value to a right-of-use asset in a similar economic environment with similar terms, security and conditions.

Interest rates on recently financed loans that have the same repayment characteristics as lease payments can be used as a reference to determine the incremental borrowing rate for calculating the asset and liability of leases.

The lease payments are allocated between the principal of the loan and the finance cost. The finance cost is charged to the consolidated statement of income over the lease term in order to produce a constant periodic interest rate on the remaining balance of the liability for each term.

The right of use assets are asset measured at cost, which includes the following:

- The initial measurement amount of the lease liability.
- Any lease payment made on or before the contract commencement date, less any received lease incentives.
- Any direct initial costs.
- Costs of repairs to return the leased asset to its condition prior to lease.

Right-of-use assets are depreciated over the shorter of the useful life of the asset and the lease term, on a straight-line basis. If the Group is reasonably certain to exercise the purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset.

Payments relating to short-term leases for impaired assets are recognised on a straight-line basis as an expense in the consolidated statement of income. Short-term leases are leases with a term of 12 months or less without a purchase option.

2.21 Earnings per share

Basic earning per share is calculated by dividing:

- Net profit attributable to the Company's ordinary shareholders.
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares (where applicable).

Diluted earnings per share amends the figures used to determine the basic earnings per share in order to take into account the potential diluted impacts of ordinary shares.

2.22 Income tax

Tax expenses represent the amounts of tax payable and deferred tax. Tax is recognized in the consolidated statement of income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the consolidated statement of financial position date in the countries where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the recognition of goodwill. Deferred income tax is also not recognized if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, does not affect accounting profit or taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the date of the consolidated statement of financial position and are expected to apply when the deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.23 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. Reportable segments whose revenue, result or assets are ten percent or more of all the segments are reported separately.

2.24 Offsetting

Offsetting between financial assets and financial liabilities and presenting the net amount on the consolidated statement of financial position is performed only when there are legally enforceable rights to offset, the settlement is on a net basis, or the realization of the assets and satisfaction of the liabilities is simultaneous.

2.25 High Inflationary Economies

When consolidating the Group's financial statements, the assets and liabilities of foreign operations (whose functional currency is not the currency of a country with a high inflationary economy), including comparison instruments, are converted into JODs at the prevailing exchange rate on the reporting date and their income statement is converted at the average exchange rates. Exchange differences arising from the translation of foreign operations are recognized in the statement of other comprehensive income. On the partial or complete disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in the consolidated statement of income.

The financial statements of foreign operations (whose functional currency is the currency of a country with a high inflationary economy) are translated into JODs at the prevailing exchange rate on the reporting date. Before transferring the financial statements of foreign operations in a high inflationary economy, the statement of income and non-monetary items of the statement of financial position are adjusted taking into account the changes in the general purchasing power of the functional currency on the basis of inflation up to the date of the statement of financial position. Net monetary gain or loss is recognized as part of "other income (expenses)" in the consolidated statement of income.

(3) FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's risk is managed under the policies approved by the Board of Directors. Management identifies and assesses financial risks in close cooperation with the Group's operating units. The Board of Directors sets principles for comprehensive risk management, as well as policies covering specific risk areas such as currency exchange risk, interest rate risk, liquidity risk and credit risk.

(a) Market risk

- Foreign exchange risk

Most of the Group's transactions are in the JOD, US Dollar or Euro.

The Group operates internationally and is exposed to foreign exchange risk, principally the Euro and the US Dollar. Currency exchange risk arises from future commercial transactions and the assets and liabilities recognized in a currency other than the Group's functional currency.

Management mitigates foreign exchange risk by focusing most of the transactions in US Dollars. The exchange rate of the US Dollars is fixed against the Jordanian Dinar (1.41 US dollars per JOD). As for other currencies, management records the exchange differences directly in the consolidated statement of income when they are realized.

Management also sets limits on the amount of risk that can be accepted and the level of exposure by currency and in aggregate for each of the daily positions, which are monitored daily.

The table below shows the sensitivity analysis to future changes in the conversion rate of the Euro currency:

	Percentage change %	2024 JOD	2023 JOD
The financial effect of the increase in the exchange rate			
Assets	10	2,231	26,909
Liabilities	10	(2,345)	(3,231)
Net effect		(114)	23,678
The financial effect of the decrease in the exchange rate			
Assets	10	(8,527)	(23,428)
Liabilities	10	7,589	3,463
Net effect		(938)	(19,965)

For the purpose of consolidating the Group's financial statements, the Group has used the official market rates of foreign currencies as at 31 December 2024, the foreign exchange rates on that date were as follows:

- The JOD compared to Euro is 1.04 Euros per JOD.
- **Interest rate risk**

The cash flow interest rate risks arise from loans at variable rates, while fair value interest rate risks arise from loans at fixed interest rates.

Management analyses interest rate risks on a regular basis taking into consideration any rescheduling of liabilities. The Group calculates the financial impact on profits and losses of a defined interest rate increase or decrease. This analysis is performed for interest bearing assets and liabilities.

Based on this analysis, the effect on the year profit (loss) is as follows:

	Increase in interest rate %	2024 JOD	2023 JOD
Liabilities			
Net effect	1	(125,022)	(129,329)

The effect of decrease in interest rate is equal with a reversed sign.

**OFFTEC HOLDING GROUP
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2024**

(b) Liquidity risk

Liquidity risk management involves maintaining sufficient cash and availability through appropriate facilities. Management monitors rolling forecasts of the Group's cash liquidity reserve including borrowing facilities and cash and cash equivalents on the basis of estimated cash flows.

The table below analyses the Group's financial liabilities into specific categories as at the date of the consolidated statement of financial position based on the maturity date of the remaining periods. The amounts included in the table are for contractual undiscounted cash flows.

Balances due within 12 months equal their book balances.

As at 31 December 2024

	Less than 1 year JOD	Between 1 and 2 years JOD	Between 2 to 5 years JOD	Total JOD	Book value JOD
Borrowings	9,888,877	820,405	177,715	10,886,997	10,057,078
Bank overdrafts	2,640,726	-	-	2,640,726	2,445,117
Lease liabilities	361,066	214,390	161,967	737,423	882,515
Trade payables	3,777,380	-	-	3,777,380	3,777,380
Other payables	6,151,813	-	-	6,151,813	6,151,813
Total	22,819,862	1,034,795	339,682	24,194,339	23,313,903

As at 31 December 2023

	8,734,316	1,170,288	14,257	9,918,861	9,829,233
Borrowings	8,734,316	1,170,288	14,257	9,918,861	9,829,233
Bank overdrafts	3,351,944	-	-	3,351,944	3,103,652
Lease liabilities	292,335	329,810	223,903	846,048	775,457
Trade payables	4,037,418	-	-	4,037,418	4,037,418
Other payables	7,202,763	-	-	7,202,763	7,202,763
Total	23,618,776	1,500,098	238,160	25,357,034	24,786,020

(c) Credit risk

Credit risk is the risk of financial loss if any of the Group's customers fails to fulfil their contractual obligations towards the Group.

The Group is exposed to credit risk on the following financial instruments:

Category	Classification	Value	Impairment approach
Financial assets at amortised cost	- Trade receivables	6,215,549	Simplified approach
	- Payment solutions contracts receivables	12,582,527	Simplified approach
	- Cash and cash equivalents	3,631,959	General approach

Credit risk is managed under the direction of the Group's Board of Directors.

Trade receivables and payment solutions contracts receivables:

The Board of Directors receives regular reports from the credit department that manages the performance of trade receivables and payment solutions contracts receivables. The credit department has established policies and procedures to manage credit risk on trade receivables and payment solutions contracts receivables.

- The Group formulates the levels of credit risk it bears by setting limits on the amount of credit risk acceptable to the customer. Limits on the level of credit risk are regularly approved by the management. These limits are monitored on an ongoing basis and are subject to one or more frequent annual reviews.
- When credit is granted, an assessment is made of the debtor's creditworthiness and ability to pay.
- After credit is granted, the credit department, on a monthly basis, reviews the aging analysis and follows up on all outstanding payments.
- The credit department determines the appropriate receivables that must be submitted for collection, the amount of the provision that must be recorded in these receivables and the amounts that must be written off. The Board of Directors approves credit risk management procedures, the amount of provision to be recognized and the amounts to be written off.

Other financial instruments:

The Department applies the following policies and procedures:

- All bank accounts and deposits are held with reputable financial institutions with appropriate credit ratings acceptable to the Group. The Group is not exposed to concentrations of credit risk with respect to cash balances with banks.
- The Group invests only in high quality deposits.
- Where appropriate, the Board of Directors sets limits on exposure to credit risk.

Concentration of credit risk

The Group is exposed to concentrations of credit risk in respect of trade receivables. The trade receivables of government ministries represent approximately 29% of the total trade receivables as at 31 December 2024 (2023: 33%), while the trade receivables of banking institutions represent approximately 24% of the total trade receivables as at 31 December 2024 (2023: 28%) (Note 11). The management reviews concentration risk on a monthly basis and when required it performs risk management processes. As for investing in payment solutions contracts, there is no concentration of credit risks with the Group's clients.

Trade receivables

The simplified approach is used in determining the credit loss allowance for trade receivables. The provision matrix is used to determine the provision. The provision matrix is based on the number of days in the receivables are past due and is also based on the classification of the commercial sector for some clients such as banking and government institutions (Note 11).

Payment solutions contracts receivables at amortised cost:

The simplified approach is used to determine the credit loss allowance for investment balances in payment solutions contracts at amortized cost. The provision matrix is used to determine the provision. The provision matrix is based on the number of days that the receivables are past due. The management takes into account unemployment rates to calculate the expected credit losses due to the nature of the clients for these contracts, which are mostly individuals (Note 9).

Credit risk related to bank balances

The Group manages the credit risk arising from balances with banks and other financial institutions by investing funds with accredited and reputable banks and within the credit limits assigned to each bank. Credit risk management considers diversification of funds with banks or ensuring that banks are not under any financial distress.

All bank accounts and deposits are held with reputable financial institutions with appropriate credit ratings acceptable to the Group. The Group is not exposed to concentrations of credit risk with respect to cash balances with banks.

OFFTEC HOLDING GROUP
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2024

The following is a summary of the classifications of banks that the Group deals with:

Jordanian banks	Classification	Foreign banks	Classification
Arab Banking Corporation Bank	BB+	Gulf Bank	Unrated
Arab Jordan Investment Bank	B+	Arab African International Bank	B+
Bank of Jordan	BB-	Faisal Islamic Bank of Egypt	Unrated
Al-Rajhi Bank	B1	Bank of Khartoum	Unrated
Jordan Commercial Bank	BB-	Cihan Bank for Investment and Islamic Finance	B-
Arab Bank	Ba1	Mashreq Bank	Baa2
Bank Al Etihad	BB-	National Bank of Iraq	B-
Cairo Amman Bank	B2		
Capital Bank	B1		
Safwa Islamic Bank	B+		
Housing bank for trade and finance	Ba3		
Invest Bank	BB-		
Islamic International Arab bank	Ba2		
Jordan Islamic Bank	BB-		
Jordan Ahli Bank	B1		
Jordan Dubai Islamic Bank	B+		
Jordan Kuwait Bank	BB-		

3.2 Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the costs of share capital.

The Group monitors its capital by monitoring the gearing ratio. This ratio is calculated as net debt divided by total capital. The net debt is calculated by counting the total loans, which include loans and bank overdrafts, net of cash and cash equivalents, as shown in the consolidated statement of financial position. Total capital is calculated as shareholders equity plus net debt as shown in the consolidated statement of financial position. There are no debt covenants associated with these borrowings.

In order to maintain or amend capital, the Group may amend the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group seeks to maintain an indebtedness ratio between 20% - 50%.

Gearing ratio was as follows:

	2024 JOD	2023 JOD
Total borrowings	12,502,195	12,932,885
Cash and cash equivalents	(3,631,959)	(3,034,187)
Net debt	8,870,236	9,898,698
Net equity	17,299,972	15,310,518
Total share capital	26,170,208	25,209,216
Gearing ratio	34%	39%

3.3 Fair value estimation

Financial instruments comprise of financial assets and financial liabilities.

Financial assets comprise cash and cash equivalents, accounts receivable, other receivables and payment solutions contracts receivables at amortised cost. Financial liabilities comprise borrowings, bank overdrafts, lease liabilities and accounts payable and some other payables.

The fair value of financial instruments does not materially differ from their carrying amount.

3.4 Financial instruments by category

	2024 JOD	2023 JOD
Financial assets as per the consolidated statement of financial position		
Financial assets at amortised cost		
Trade receivables	6,215,549	7,404,057
Payment solutions contracts receivables at amortised cost	12,582,527	13,354,582
Other receivables (excluding prepaid expenses, advances, and income and sales tax refundable deposits)	633,642	664,138
Cash and cash equivalents	3,631,959	3,034,187
	<u>23,063,677</u>	<u>24,456,964</u>
Financial liabilities as per the consolidated statement of financial position		
Financial liabilities at amortised cost		
Borrowings and bank overdrafts	12,502,195	12,932,885
Lease liabilities	882,515	775,457
Trade payables	3,777,380	4,037,418
Other payables (excluding payments received from clients and deferred revenue)	2,611,165	2,975,373
	<u>19,773,255</u>	<u>20,721,133</u>

(4) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions that affect the amounts recognised in the consolidated financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgments, apart from those involving estimates, in the process of applying accounting policies. Judgments that have a material effect on the amounts recognised in the consolidated financial statements and estimates that could cause a significant adjustment to the carrying amounts of assets and liabilities within the next financial year include:

(a) Provision for expected credit loss:

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgments in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward looking estimates at the date of each reporting period.

The expected loss rates are based on payment data for the sales and investments in payment solutions contracts of the prior 60 months of each reporting date. Historical loss rates are adjusted to reflect current and future information on macroeconomic factors that affect customers' ability to settle payables.

Details of key assumptions and inputs in the accounting policy are disclosed (Note 2.12).

The Group uses key economic indicators in calculating expected credit loss:

- Corporate: GDP growth indicators.
- Retail: Indicators of the unemployment rate.

The details of calculating the expected credit loss allowance are demonstrated in notes 9 and 11.

(b) Provision for employees' end of service indemnity

The Group establishes a provision for end-of-service indemnity for the employees of the Palestine Office Technology Company (a subsidiary) in accordance with the Palestinian Labor Law No. (7) of 2000, and in accordance with the requirements of International Accounting Standard No. (19), "Employee benefits", the Group's management estimates the current value of its liabilities as at 31 December 2022 using the projected unit credit method related to the end of service indemnity payable to employees under the applicable Palestinian Labour Law. The expected liability at the date of leaving the service has been discounted to its net current value using a discount rate of 6.1%. Under this method, an assessment is made of the expected service life of the employees with the Group and the expected salary at the date of leaving the service. Management has assumed average premium /upgrade costs of 4.6%. The Group also performs sensitivity tests for the variables used in the calculation process, as shown in note (16) of the consolidated financial statements.

(c) Provision for slow-moving goods

The Group prepares an annual study on the life of ready goods, spare parts and maintenance supplies, and accordingly it is classified into slow moving goods and its consideration is allocated in proportion to the age of these goods, parts and supplies from the date of purchase. Due to the nature of the goods, which are not affected by the expiration dates, the management takes a full provision on the goods purchased and unsold for more than 3 years as on the date of the consolidated financial statements.

(d) Income tax

The Group is subject to income tax, which requires making judgements in determining the provision for income tax. The Group recognises income tax liabilities depending on its expectations on whether the taxation audit will result in any additional tax. If the final tax estimation is different from what was recorded, such differences will affect the current income tax in the period when recognising that such differences exist.

(e) Leases

Determining lease term: In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not (or periods following the termination options) are included only in the term of the lease if the lease is reasonably certain to be extended (or not terminated). The evaluation is reviewed in the event of a significant event or significant change in the circumstances that affect this evaluation and that are under the control of the lessee.

Discounting of lease payments: Lease payments were discounted using the additional financing rate. Management applied provisions and estimates to determine the additional financing rate at the start of the lease.

(f) Impairment of goodwill

In accordance with the requirements of International Accounting Standard No. (36), the Group is required to perform an impairment test for intangible assets that do not have a definite life at each reporting date. The recoverable amount of these assets has been determined by calculating the value in use, which requires certain assumptions to be made. The management takes into consideration some indicators of impairment, such as changes in prices, any recent technological developments that affect production efficiency, a decrease in demand, and instability in the country's political conditions and other indicators.

These calculations use the cash flows expectations based on the financial budgets approved by the management of the Group which covers a period of five years. Cash flows beyond the five-year period are extrapolated using the estimated growth rates.

OFFTEC HOLDING GROUP
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2024

Management has determined the values assigned to the key assumptions for each individual CGU as follows:

Assumption	The approach used in determining the values
Sales	Annual growth rate over the expected five-year period; based on the current directions of the Group's business activity.
Gross profit margin in the budget	Based on the previous performance and the expectations of the management regarding the future.
Other operating costs	The management forecasts these costs based on the current business structure, by adjusting the inflation increases which don't reflect any future restructuring or cost saving measures. The amounts disclosed represent the five-year average operating costs, which is the forecast period.
Annual capital expenditures	It is based on the historical experience of the management, and the planned renovation expenses.
Long term growth rate	This is the weighted average growth rate used to generate cash flows which exceed the budget period.
Discount rate	It reflects the specific risks associated with the business of the related companies and the countries in which the Group companies operate.

OFFTEC HOLDING GROUP
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2024

(5) PROPERTY AND EQUIPMENT

	Leasehold improvements JOD	Furniture, fixture and decoration JOD	Computers and accessories JOD	Machinery and office equipment and electrical devices JOD	Vehicles JOD	Total JOD
2024						
Cost						
1 January	92,452	764,855	859,678	3,336,738	451,270	5,504,993
Additions	92,369	71,076	402,124	262,866	254,600	1,083,035
Disposals	-	-	-	(852,326)	(76,052)	(928,378)
31 December	184,821	835,931	1,261,802	2,747,278	629,818	5,659,650
Accumulated depreciation						
1 January 2024	74,870	560,300	581,031	2,666,559	419,813	4,302,573
Depreciation expense**	8,026	65,729	73,742	284,320	17,499	449,316
Related to disposals	-	-	-	(852,326)	(76,052)	(928,378)
31 December	82,896	626,029	654,773	2,098,553	361,260	3,823,511
Net carrying value at						
31 December	101,925	209,902	607,029	648,725	268,558	1,836,139

* The value of the fully depreciated property and equipment that is still used in the Group's operations amounted to JOD 2,859,712 as at 31 December 2024 (31 December 2023: JOD 3,378,865).

** The details of the distribution of depreciation expense to the items of the consolidated statement of income are as follows:

	2024 JOD	2023 JOD
Item of operating expenses (Note 22-1)	301,818	284,832
Item of administrative expenses (Note 23)	147,498	131,136
	<u>449,316</u>	<u>415,968</u>

OFFTEC HOLDING GROUP
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2024

	Leasehold improvements	Furniture, fixture and decoration	Computers and accessories	Machinery and office equipment and electrical devices	Vehicles	Total
	JOD	JOD	JOD	JOD	JOD	JOD
2023						
Cost						
1 January	90,685	666,244	614,731	2,828,057	447,799	4,647,516
Additions	1,767	99,411	256,259	515,417	13,471	886,325
Disposals	-	(800)	(11,312)	(6,736)	(10,000)	(28,848)
31 December	92,452	764,855	859,678	3,336,738	451,270	5,504,993
Accumulated depreciation						
1 January 2023	65,094	479,505	539,549	2,399,101	413,052	3,896,301
Depreciation expense**	9,776	80,795	41,482	269,321	14,594	415,968
Related to disposals	-	-	-	(1,863)	(7,833)	(9,696)
31 December	74,870	560,300	581,031	2,666,559	419,813	4,302,573
Net carrying value at						
31 December	17,582	204,555	278,647	670,179	31,457	1,202,420

OFFTEC HOLDING GROUP
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2024

(6) INTANGIBLE ASSETS

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

	2024	2023
	JOD	JOD
Balance as at 1 January	6,792,258	12,499,683
Goodwill impairment*	-	(5,707,425)
Balance as at 31 December	6,792,258	6,792,258

The largest part of the goodwill as of 1 January 2023 totalling JOD 12,299,683, resulted in the year 2007 from the allocation of the purchase price resulting from the acquisition of Jordan Scientific Library Company (Merged company into OFFTEC for Office and Banking Systems) for Alwasleh payment solutions Company and Palestine Office Technology Company - OFFTEC that has been accounted for in accordance with the principle of reverse acquisition as described in Note (14).

* On 31 December 2023, the Group's management conducted an impairment test for goodwill, which resulted in an impairment loss of JOD 5,707,425.

On 31 December 2024, the Group's management performed impairment testing for the goodwill. The recoverable amount of the office and banking devices, software, information technology, and lighting devices sector was determined by calculating the value in use of the sector, which was calculated based on the projected cash flows for five years according to the cash-generating units using the discounted cash flow model based on the estimated budget for the year 2025 which was approved by the Group's management. Expected cash flows after 2029 have been calculated using a growth rate ranging between 2% and 3%.

The management believes that the growth rate is appropriate given the nature of the business and the general growth in the economic activity in the areas in which it operates. A discount rate before tax ranging from 12.30% to 13.79% has been used to discount the projected cash flows, which represents the weighted average of the Group's Weighted average cost of capital (WACC) as amended to take into consideration the risks specific to the sectors in which the Group operates. This test did not result in any impairment of goodwill as of the date of preparing the consolidated financial statements.

Calculating the value in use is impacted by the following assumptions:

- Adjusted profit (before depreciation, amortisation, interests and taxes).
- Discount rate.
- Growth rate used in calculating the projected cash flows.

OFFTEC HOLDING GROUP
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2024

(7) RIGHT OF USE ASSETS / LEASE LIABILITIES

The lease liabilities have been discounted using an average discount rate of 8% over a period of 5 years.

	2024	2023
	JOD	JOD
Right of use of leased assets		
Balance as at 1 January	2,035,606	1,797,863
Additions	610,089	237,743
Disposals	(368,208)	-
Balance as at 31 December	<u>2,277,487</u>	<u>2,035,606</u>
Accumulated amortization		
Balance as at 1 January	1,256,984	887,004
Amortization of right of use assets (Note 23)	352,657	369,980
Related to disposals	(196,901)	-
Balance as at 31 December	<u>1,412,740</u>	<u>1,256,984</u>
Carrying value		
Balance as at 31 December	<u>864,747</u>	<u>778,622</u>

	2024	2023
	JOD	JOD
Lease liabilities		
Balance as at 1 January	775,457	896,881
Additions	610,089	222,076
Interest expense (Note 26)	85,355	85,704
Lease payments including interest	(405,479)	(429,204)
Disposals	(182,907)	-
Balance as at 31 December	<u>882,515</u>	<u>775,457</u>

Lease liabilities have been presented in the consolidated statement of financial position as follows:

	2024	2023
	JOD	JOD
Current	334,320	292,335
Non-current	548,195	483,122
	<u>882,515</u>	<u>775,457</u>

Amounts recognised in the consolidated statement of comprehensive income:

	2024	2023
	JOD	JOD
Amortization of right of use assets (Note 23)	352,657	369,980
Interest expense (Note 26)	85,355	85,704
	<u>438,012</u>	<u>455,684</u>

OFFTEC HOLDING GROUP
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2024

(8) 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 17 November 2024 by independent valuers, and it was found that the average market value of the plot is estimated at JOD 1,010,000.

(9) PAYMENT SOLUTIONS CONTRACTS RECEIVABLES AT AMORTISED COST

	2024 JOD	2023 JOD
Total long-term payment solutions contracts receivables (over one year)	1,930,371	1,326,923
Total short-term payment solutions contracts receivables	16,772,887	19,187,949
Total	18,703,258	20,514,872
Deferred revenues	(2,777,350)	(3,835,020)
Total before expected credit loss	15,925,908	16,679,852
Provision for expected credit losses payment solutions contracts receivables	(3,343,381)	(3,325,270)
Net value of the minimum payment solutions contracts	12,582,527	13,354,582
Less: long-term payment solutions contracts receivables	(1,726,307)	(1,093,493)
Net payment solutions contracts receivables that are due within a year	10,856,220	12,261,089

The movement in the provision for expected credit losses for payment solutions contracts receivables during the year is as follows:

	2024 JOD	2023 JOD
Balance as at 1 January	3,325,270	2,425,233
Provision for expected credit losses for payment solutions contracts receivables	1,019,895	1,465,543
Write offs	(1,001,784)	(565,506)
Balance as at 31 December	3,343,381	3,325,270

The Group applies the simplified approach of IFRS accounting standard 9 to measure ECL which uses an expected lifetime loss provision for all investments in payment solutions contracts.

The credit loss provision for investment in payment solutions contracts is determined according to the ageing table presented in the table below.

The ageing schedule for receivables is based on the number of days in which premiums are overdue and contractual payments are defaulted.

OFFTEC HOLDING GROUP
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2024

31 December 2024	Instalments not due JOD	1-90 days JOD	91-120 days JOD	121-180 days JOD	181-360 days JOD	Over 360 days JOD	Total JOD
Expected loss rate	0.00%	7.28%	14.47%	19.09%	48.07%	96.92%	17.88%
Total payment solutions contracts receivables	10,111,676	3,637,701	616,909	947,369	975,856	2,413,747	18,703,258
Provision for expected credit losses in payment solutions contracts	-	264,781	89,245	180,860	469,078	2,339,417	3,343,381

31 December 2023	Instalments not due JOD	1-90 days JOD	91-120 days JOD	121-180 days JOD	181-360 days JOD	Over 360 days JOD	Total JOD
Expected loss rate	0.00%	6.55%	16.27%	21.84%	47.32%	94.15%	16.21%
Total payment solutions contracts receivables	10,839,047	4,729,575	545,855	865,471	1,261,340	2,273,584	20,514,872
Provision for expected credit losses in payment solutions contracts	-	310,020	88,815	189,011	596,865	2,140,559	3,325,270

OFFTEC HOLDING GROUP
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2024

(10) INVENTORY

	2024	2023
	JOD	JOD
Goods ready for sale inventory	5,087,973	5,158,235
Spare parts and maintenance supplies inventory	1,877,277	1,769,273
Goods in transit	214,246	15,969
	7,179,496	6,943,477
Provision for slow-moving goods	(700,865)	(640,250)
	6,478,631	6,303,227

The details of the provision for slow-moving goods are as follows:

	2024	2023
	JOD	JOD
Provision for slow-moving goods of finished goods	242,382	227,212
Provision for slow-moving goods of spare parts and maintenance supplies	458,483	413,038
	700,865	640,250

The movement in the provision for slow-moving goods during the year is as follows:

	2024	2023
	JOD	JOD
Balance as at 1 January	640,250	703,205
Increase in (Reversal of) provision for slow-moving goods during the year	60,615	(62,955)
Balance as at 31 December	700,865	640,250

(11) TRADE RECEIVABLES

	2024	2023
	JOD	JOD
Trade receivables	6,915,303	8,587,208
Cheques under collection	214,456	205,290
	7,129,759	8,792,498
Provision for expected credit losses	(914,210)	(1,388,441)
	6,215,549	7,404,057

The movement in the expected credit loss provision for receivables during the year is as follows:

	2024	2023
	JOD	JOD
Balance as at 1 January	1,388,441	1,165,460
(Reversal of) increase in provision for expected credit loss during the year	(261,103)	245,382
Write offs	(213,128)	(22,401)
Balance as at 31 December	914,210	1,388,441

As shown below, trade receivables of government ministries represent approximately 29% of the total trade receivables as at 31 December 2024 (2023: 33%), while the trade receivables of banking institutions represent approximately 24% of the total trade receivables as at 31 December 2024 (2023: 28%).

OFFTEC HOLDING GROUP
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2024

The Group applies the simplified approach of IFRS 9 to measure ECL. The calculation of expected credit losses depends on the probability of default, which is calculated according to credit risks and economic factors, and the LGD which is based on the grouping of trade receivables based on similar credit risk characteristics, and the number of past-due days. Accordingly the management has adopted a mathematical model based on the bases mentioned below to calculate the expected credit losses, and as shown below, the expected credit losses were measured as at 31 December 2024 and 31 December 2023.

31 December 2024		0-90 days	91-120 days	121-150 days	151-180 days	181-360 days	Total
		JOD	JOD	JOD	JOD	JOD	JOD
Expected loss rate		5.98%	7.69%	8.00%	12.45%	22.39%	12.82%
Total carrying value recorded for due invoices		2,219,548	607,334	60,916	19,516	92,079	3,308,656
Total carrying value recorded for due invoices (Government)		795,244	215,394	141,706	37,720	397,075	2,084,338
Total carrying value recorded for due invoices (Banking institutions)		1,317,265	194,123	28,055	35,267	108,930	1,736,765
Total trade receivables		4,332,057	1,016,851	230,677	92,503	598,084	7,129,759
Provision for expected credit loss		258,845	78,147	18,459	11,514	133,938	914,210
31 December 2023							
Expected loss rate		6.56%	10.17%	11.75%	14.61%	21.57%	15.79%
Total carrying value recorded for due invoices		1,615,640	446,195	114,474	156,968	233,694	3,500,391
Total carrying value recorded for due invoices (Government)		1,207,476	410,900	60,188	368,253	534,115	2,870,610
Total carrying value recorded for due invoices (Banking institutions)		1,452,887	447,223	84,361	17,724	82,747	2,421,497
Total trade receivables		4,276,003	1,304,318	259,023	542,945	850,556	8,792,498
Provision for expected credit loss		280,715	132,679	30,435	79,303	183,451	1,388,441

Trade receivables are written off when there is no possibility of recovery. Indications that there is no reasonable expectation of recovery include, among other things, the debtor's default by agreeing to a payment plan with the Group and the default in paying contractual payments for a period of more than 360 days for companies and for a period of more than 720 days for government and banking institutions.

OFFTEC HOLDING GROUP
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2024

(12) OTHER RECEIVABLES

	<u>2024</u>	<u>2023</u>
	JOD	JOD
Advances to suppliers	569,801	502,240
Restricted use assets*	516,588	454,217
Sales and income tax deposits	461,294	513,282
Prepaid expenses	346,358	323,538
Refundable deposits	320,937	216,140
Employees' receivables	44,924	35,069
Other	72,130	174,852
	<u>2,332,032</u>	<u>2,219,338</u>

* This item represents an expense exclusively designated for the purposes of employees' end of service indemnity (Note 16), as this account is settled and replenishment periodically.

(13) CASH AND CASH EQUIVALENTS

	<u>2024</u>	<u>2023</u>
	JOD	JOD
Cash at banks	3,522,624	2,901,015
Cash on hand	109,335	133,172
	<u>3,631,959</u>	<u>3,034,187</u>

The Group's management calculated the expected credit losses on the cash at banks, however, did not book the provision as the loss given default was considered to be immaterial.

(14) SHAREHOLDERS' EQUITY

Share capital

The authorised, subscribed and paid in capital of the Group is JOD 31,239,728 divided into 31,239,728 shares, each with a nominal value of one JOD.

The below table shows the shareholders with a sharholding of 5% or more:

	<u>Number of</u>	<u>Contribution rate</u>
	shares	%
Marwan Saeed	7,606,514	24.349
Basem Saeed	4,508,907	14.433
Rima Tanous	3,157,960	10.109
Dina Saeed	2,766,681	8.856
Samir Saeed	2,250,046	7.203
Mona Saeed	2,250,046	7.203
Hanada Saeed	1,736,876	5.560

Amortization of accumulated losses

The General Assembly of the Group, in its extraordinary meeting held on 30 April 2024, decided to reduce the company's capital by the full amount of the accumulated losses as of 31 December 2023, amounting to JOD (3,610,272). As a result, the company's authorized, subscribed, and paid in capital became 31,239,728 shares, with a nominal value of one JOD per share. The legal procedures were completed with the Companies Control Department on 8 August 2024.

Reverse Acquisition Reserve

As required by IFRS Accounting Standard 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 on the stock market). Therefore, the difference between the equity position of the Company and the net assets of Jordan Scientific Library Company was recognized as a separate reserve in equity (reverse acquisition reserve in the amount of JOD 18,627,185) instead of deduction from the paid in capital, in order to meet the legal requirements on capital in the Hashemite Kingdom of Jordan.

The General Assembly of the Group, in its extraordinary meeting held on 31 December 2024, the General Assembly of the Group decided to reduce the company's authorized, subscribed, and paid in capital by the full amount of the reverse acquisition reserve as of 31 December 2023, amounting to JOD 18,627,185. Consequently, the company's authorized, subscribed, and paid in capital became 12,612,543 shares, with a nominal value of one JOD per share. The legal procedures were completed with the Companies Control Department on 12 February 2025. However, the legal procedures with the Jordan Securities Commission have not been completed as of the date of the preparation of the financial statements.

Statutory Reserve

According to the Jordanian Companies Law and the Group's by-laws, the Group should deduct 10% of its annual net profit to transfer to the statutory reserve, and this deduction continues for each year, provided that the total deducted amounts for the reserve do not exceed 25% of the Group's capital. For the purposes of this Law, net profits represent profits before the income tax and fees provision deduction. This reserve is not available for distribution to shareholders.

Dividends - 2023

The Group's General Assembly decided, in its extraordinary meeting held on 30 April 2023 to approve the Board of Directors' proposal regarding the distribution of cash dividends to shareholders at the rate of 3.5% of the Company's authorised, subscribed and paid in capital, amounting to JOD 1,219,750. The Group paid JOD 1,216,015 of these profits as at 31 December 2024.

Other Reserves

The General Assembly of Al Wasla Payment Solutions Company, in its extraordinary meeting held on 1 September 2024, increased the authorized and subscribed capital of the company by an amount of 60,000 JODs, so that the authorized and subscribed capital of the company after the increase becomes 1,200,000 JOD, and that the shares of the increase in the company's capital from Class (B) redeemable shares will be issued to Mr. Nabil Al Nasser at a nominal value per share of one JOD, in addition to an issuance premium of 1.30 JODs per share, and that the increase in the company's capital and the issuance premium will be made by capitalizing the balance of the current creditor account of Mr. Nabil Mahmoud Mohammed Al Nasser with the company. This resulted in an increase in non-controlling interests by an amount of 67,400 JOD. Al Wasla Payment Solutions Company became 95% owned by Offtec Holding Group Company and 5% by Mr. Nabil Al Nasser.

OFFTEC HOLDING GROUP
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2024

(15) NON-CONTROLLING INTERESTS

The following are the details of non-controlling interest balances distributed among subsidiaries that are not wholly owned by the Group:

	2024 JOD	2023 JOD
OFFTEC Commercial Investment and Electronic Devices Trading Co. Ltd. (Note 15.2)	913,778	826,214
OFFTEC Iraq Investment Company	(7,729)	(5,582)
Space Technology General Trading Company	18,516	13,846
Alwasla Payment Solutions	67,400	-
Balance as at 31 December	<u>991,965</u>	<u>834,478</u>

The movement in the non-controlling interests during the year is as follows:

	2024 JOD	2023 JOD
Balance as at 1 January	834,478	672,917
Non-controlling interests of business results	183,675	246,641
Dividends of non-controlling interests (Note 15.1)	(93,588)	(85,080)
Addition of Non-Controlling Interest in Al Wasla Payment Solutions (Note 14)	67,400	-
Balance as at 31 December	<u>991,965</u>	<u>834,478</u>

15.1 During the year ended 31 December 2024, OFFTEC for Commercial Investment and Trading of Electronic Devices Co. Ltd. (Iraq) distributed dividends amounting to JOD 233,970 (2023: JOD 212,700), and the non-controlling interests amounted to 40% at an amount of JOD 93,588 (2023: JOD 85,080).

The Group has one subsidiary with a significant balance of non-controlling interests, which are as follows:

Name of the Company	Country of incorporation	Operating activities	Shareholding percentage of non-controlling interests	Percentage of voting rights of non-controlling interests
OFFTEC Commercial Investment and Electronic Devices Trading Co. Ltd.	Iraq	Import, marketing and maintenance of office and banking equipment	40%	40%

OFFTEC HOLDING GROUP
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2024

15.2 Statement of financial position

	OFFTEC Commercial Investment and Electronic Devices Trading Co.	
	2024	2023
	JOD	JOD
Non-current assets	287,624	298,333
Current assets	3,205,917	3,190,712
Non-current liabilities	40,996	-
Current liabilities	1,168,100	1,423,509
Total equity	2,284,445	2,065,536
Non-controlling interests of equity	913,778	826,214

15.3 Statement of income and statement of comprehensive Income

	OFFTEC Commercial Investment and Electronic Devices Trading Co.	
	2024	2023
	JOD	JOD
Revenue	7,431,736	5,168,513
Cost of sales	(4,778,019)	(3,092,625)
Gross profit	2,653,717	2,075,888
General and administrative expenses	(2,192,821)	(1,414,726)
Reversal from (increase in) expected credit losses	40,385	(14,263)
Operating profit	501,281	646,899
Finance costs	(45,324)	(45,340)
Profit for the year before tax	455,957	601,559
Income tax	(3,077)	(3,929)
Profit for the year	452,880	597,630
Non-controlling interest from the profit for the year	181,152	239,052

15.4 Statement of cash flows

	OFFTEC Commercial Investment and Electronic Devices Trading Co.	
	2024	2023
	JOD	JOD
Operating activities	205,651	452,063
Investing activities	(152,735)	(197,135)
Financing activities	(69,751)	(291,718)
Net change in cash and cash equivalents	(16,835)	(36,790)

OFFTEC HOLDING GROUP
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2024

(16) END OF SERVICE INDEMNITY PROVISION

	2024	2023
	JOD	JOD
Balance as at 1 January	1,295,227	1,140,346
Provision charged during the year (Note 23)	101,448	159,368
Paid during the year	(70,438)	(4,487)
Balance as at 31 December	1,326,237	1,295,227

In accordance with the requirements of International Accounting Standard No. (19), "Employee Benefits", the management of Palestine Office Technology Company - OFFTEC has estimated the current value of its liabilities as at 31 December 2022 using the projected unit credit method related to the end of service indemnity payable to employees under the applicable Palestinian Labour Law. The expected liability at the date of leaving the service has been discounted to its net current value using a discount rate of 6.1%. Under this method, an assessment is made of the expected service life of the employees with the Group and the expected salary at the date of leaving the service. Management has assumed average premium /upgrade costs of 4.6%. The current value of the liability as at 31 December 2022 is not materially different from the provision calculated in the above table in accordance with the Palestinian Labour Law No. 7 of 2000.

The following table shows the impact of a possible change in the significant assumptions on the provision for end of service indemnity, with all other affecting variables held constant.

	Percentage change	Increase in assumption	Decrease in assumption
Discount rate	0.5%	Decrease in provision by 6.6%	Increase in provision by 5.6%
Average salary increase	0.5%	Increase in provision by 5.1%	Decrease in provision by 4.1%

(17) BANK OVERDRAFTS

	2024	2023
	JOD	JOD
Invest Bank (a)	7,219	66,133
Arab Bank (b)	175,960	132,559
Bank Al Etihad (c)	92,700	125,791
Arab Banking Corporation (d)	401,580	809,549
Housing Bank for Trade and Finance (e)	1,343,617	1,184,543
Arab Jordan Investment Bank (f)	203,317	319,381
Bank of Palestine - Palestine (g)	206,688	451,207
Jordan Kawait Bank Master card (ceiling JOD 15,000)	14,036	14,489
	2,445,117	3,103,652

There is no debt covenants associated with these borrowings. The bank facilities of the Group and its subsidiaries are as follows:

a. Bank facilities granted by Invest Bank

During 2016, **OFFTEC for Office and Banking System** signed a facility agreement with Invest Bank, whereby the Company was granted an overdraft facility with a ceiling of JOD 250,000 at an interest rate of 11.75% (2023: 11.75%) and a fixed commission of 1% annually on the basis of the daily utilized balance. The ceiling of the overdraft facility is renewed annually, and it is guaranteed by the guarantee of the Holding Company. The balance of the utilized overdraft facility amounted to JOD 7,219 as at 31 December 2024 (2023: JOD 66,133).

b. Bank facilities granted by Arab Bank

During 2001, **OFFTEC for Office and Banking System** signed a facility agreement with Arab Bank, whereby the Company was granted an overdraft facility with a ceiling of JOD 400,000 and letter of guarantees of JOD 1,000,000 at an interest rate of 12.5% (2023: 11.75%) and a fixed commission of 1% annually on the basis of the daily utilized balance. The ceiling of the overdraft facility is renewed annually, and it is guaranteed by the guarantee of the Holding Company. The balance of the utilized overdraft facility amounted to JOD 175,960 as at 31 December 2024 (2023: JOD 132,559).

c. Bank facilities granted by Bank al Etihad

During 2006, **OFFTEC for Office and Banking System** signed a facility agreement with Bank al Etihad, whereby the Company was granted an overdraft facility with a ceiling of JOD 500,000 at an interest rate of 11.75% (2023: 11.25%) and a fixed commission of 1% annually on the basis of the daily utilized balance. The ceiling of the overdraft facility is renewed annually, and it is guaranteed by the guarantee of the Holding Company. the utilized overdraft balance was nil as at 31 December 2024. (2023: JOD 40,000)

During 2010, **OFFTEC for Office and Banking System** signed a facility agreement with Bank al Etihad, whereby the Company was granted facilities renewable annually to finance purchases with a ceiling of JOD 200,000 at an interest rate of 11.75% (2023: 11.25%) and a fixed commission of 1% annually on the basis of the daily utilized balance, and it is guaranteed by the guarantee of the Holding Company. the utilized overdraft balance was nil as at 31 December 2024 (2023: JOD 47,791).

During 2019, **Axis of the World Trading Company** signed a facility agreement with Bank al Etihad, whereby the Company was granted facilities renewable annually to finance purchases with a ceiling of JOD 300,000 at an interest rate of 12.25% (2023: 11.25%) and a fixed commission of 1% annually on the basis of the daily utilized balance, and it is guaranteed by the guarantee of the Holding Company. The utilized balance amounted to JOD 92,700 as at 31 December 2024 (2023: JOD 38,000).

d. Arab Banking Corporation

On 25 January 2021, **OFFTEC for Office and Banking System** signed a facility agreement with Arab Banking Corporation Bank, whereby the Company was granted a loan to finance purchases with a ceiling of JOD 1,000,000 at an interest rate and commission of 11.25% (2023: 11.5%) calculated on the basis of the daily utilized balance, and it is guaranteed by the guarantee of the Holding Company. During 2024. The loan balance amounted to JOD 401,580 as at 31 December 2024 (2023: JOD 809,549).

e. Bank facilities granted by the Housing Bank for Trade and Finance

On 19 February 2024, **OFFTEC Commercial Investment and Electronic Devices Trading** signed appendix of a facility agreement with Housing Bank for Trade and Finance. Under this agreement, the company was granted annually renewable facilities to finance purchases with a limit of USD 700,000 at an interest rate and fixed commission (SOFR 6 months plus a 2.5% margin, with a minimum of 5%) annually based on the utilized daily balance. The facility is secured by the guarantee of the holding company. As of 31 December 2024, the utilized balance amounted to USD 256,069 (equivalent to JOD 181,553).

On 29 December 2020, **OFFTEC Holding Group Company - Dubai Branch** signed an appendix of a facility agreement with the Housing Bank for Trade and Finance, whereby the Company was granted facilities renewable annually to finance purchases with a ceiling of USD 400,000 at fixed interest and commission rates (3 month LIBOR plus a margin of 2.5% with a minimum of 5%) annually on the basis of the daily utilized balance, which is guaranteed by the guarantee of the Holding Company. The remaining balance was fully settled during 2024, and the facility account was closed. (2023: JOD 255,486).

During 2004, **OFFTEC for Office and Banking System** signed a facility agreement with the Housing Bank for Trade and Finance, whereby the Company was granted facilities renewable annually to finance purchases with a ceiling of JOD 800,000 which was then increased to JOD 1,800,000 and overdraft with a ceiling of JOD 300,000 in addition to letter of guarantees with a ceiling of JOD 1,500,000 at an interest rate of 10.5% (2023: 11.5%) and a fixed commission of 1% annually on the basis of the daily utilized balance, and it is guaranteed by the guarantee of the Holding Company. The utilized balance amounted to JOD 1,162,064 as at 31 December 2024 (2023: JOD 929,057).

f. Bank facilities granted by Arab Jordan Investment Bank

During 1 August 2020, **OFFTEC Holding Company** signed an appendix of a facility agreement with Arab Jordan Investment Bank, whereby the Company renewed an overdraft facility with a ceiling of JOD 200,000 at a fixed interest rate and commission of 12.5% (2023: 12.25%) annually on the basis of the daily utilized balance. The ceiling of the overdraft facility is renewed annually. The balance of the utilized overdraft facility amounted to JOD 102,170 as at 31 December 2024 (2023: JOD 167,431).

On 1 August 2020, **Al Wasla Payment Solutions Company** signed a facility agreement with Arab Jordan Investment Bank, whereby the Company renewed an overdraft facility contract with a ceiling of JOD 100,000 at an interest rate and commission of 9.25% fixed annually, which was increased during the year 2024 to become 11.75% calculated on the basis of the daily exploited balance. The ceiling of the overdraft facility is renewed annually, and it is guaranteed by the guarantee of Offtec Holding Company. The balance of the utilized overdraft facility amounted to JOD 101,147 as at 31 December 2024 (2023: JOD 101,101).

On 29 August 2021, **OFFTEC Holding Company** signed a contract for loan facilities from the Arab Jordan Investment Bank, whereby the Company obtained a loan of JOD 175,000 at a fixed interest rate of 8.5% annually, calculated on the calculated and unpaid balance of the loan monthly, to be settled by equal monthly instalments, which is guaranteed by the guarantee of OFFTEC Holding Company. The remaining balance was fully settled during 2024, and the facility account was closed. (2023: JOD 50,849).

OFFTEC HOLDING GROUP
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2024

g. Facilities granted by Bank of Palestine - Palestine

During 2020, **Palestine Company for Office Technology** signed a facility agreement with Bank of Palestine, whereby the Company was granted facilities renewable annually to finance purchases with a ceiling of USD 500,000 and was increased during the year 2024 to become USD 1,800,000 at an interest rate and a fixed commission of 6.25% annually calculated on the basis of the daily utilized balance, and it is guaranteed by the guarantee of the OFFTEC Holding Company. The utilized balance amounted to USD 291,521 (equivalent to JOD 206,688) as at 31 December 2024 (2023: JOD 451,207).

(18) BANK BORROWINGS

Borrowings are classified according to their maturity dates into short and long-term borrowings, as follows:

	2024	2023
	JOD	JOD
Short term loans	9,156,368	8,734,316
Long-term loans	900,710	1,094,917
	<u>10,057,078</u>	<u>9,829,233</u>
	2024	2023
	JOD	JOD
Bank al Etihad loan (a)	4,186,972	4,281,906
Arab Jordan Investment Bank loan (b)	2,567,305	2,356,261
Jordan Kuwait Bank loan (c)	2,315,498	2,193,981
Capital Bank of Jordan (d)	987,303	997,085
	<u>10,057,078</u>	<u>9,829,233</u>

(a) Bank al Etihad loan

During 2020, **Al Wasla Payment Solutions Company** signed a revolving loan facility agreement from Bank al Etihad for the purposes of financing investment contracts, whereby the Company renewed the facility contract with a ceiling of JOD 4,000,000 at an interest rate and fixed commission of 8.25% annually and was increased during the year 2022 to become 13%, calculated and paid monthly, the loan is repaid in different instalments ranging between 12 and 36 instalments according to the investment in the payment solutions contracts, which is guaranteed by the guarantee of OFFTEC Holding Company. The balance of the utilized loan amounted to JOD 3,943,296 as at 31 December 2024 (2023: JOD 4,281,906).

During 2024, **OFFTEC for Office and Banking Systems** signed a facility agreement with Bank al Etihad, under which the company was granted financing facilities for vehicle purchases amounting to JOD 256,500 at an annual interest rate of 9.5%. The loan is to be repaid in 60 equal monthly instalments of JOD 4,275 each, with the first instalment due on 30 October 2024 and the final instalment due on 30 September 2029. The facility is secured by a guarantee from the holding company. As of 31 December 2024, the outstanding loan balance amounted to JOD 243,676.

(b) Arab Jordan Investment Bank loan

During 2020, **Al Wasla Payment Solutions Company** signed a revolving loan facility agreement from Arab Jordan Investment Bank for the purposes of financing investment contracts, whereby the Company renewed the facility contract with a ceiling of JOD 2,220,000 at an interest rate and fixed commission of 11.75% annually, calculated and paid monthly, the loan is repaid in different instalments ranging between 12 and 36 instalments according to the investment in the payment solutions contracts, which is guaranteed by the guarantee of OFFTEC Holding Company. The balance of the utilized loan amounted to JOD 2,219,030 as at 31 December 2024 (2023: JOD 2,193,758).

On October 2023, **Oftec Holding Company** signed a credit facilities contract for the purposes of developing the financing system at Al Wasla Payment Solutions Company (a subsidiary) to complete the Central Bank's requirements from the Arab Jordanian Investment Bank, under which the Company obtained facilities with a ceiling of JOD 500,000 at a fixed interest rate of 12.5% It is calculated annually on the withdrawn and unpaid balance of the loan on a monthly basis and is repaid in equal quarterly installments starting from June 30, 2024. It is guaranteed by Oftec Holding Company. The loan balance amounted to JOD 348,275 as at 31 December 2024 (2023: JOD 162,503).

(c) Jordan Kuwait Bank loan

On 23 May 2021, **Al Wasla Payment Solutions Company** signed a revolving loan facility agreement from Jordan Kuwait Bank, whereby the Company was granted under the facility contract a ceiling of JOD 2,000,000 at an interest rate and a fixed commission of 8.25% annually calculated and paid monthly and was increased during the year 2022 to become 13.5%. The loan is repaid in different instalments, ranging from one to 36 instalments, according to the investment in payment solutions contracts. This is guaranteed by the guarantee of OFFTEC Holding Company. The balance of the loan amounted to JOD 2,315,498 as at 31 December 2024 (2023: JOD 2,193,981).

(d) Capital Bank of Jordan

On 19 September 2022, **Al Wasla Payment Solutions Company** signed a revolving loan facility agreement from Capital Bank of Jordan, whereby the Company was granted under the facility contract a ceiling of JOD 1,000,000 at an interest rate and a fixed commission of 11.75% annually calculated and paid monthly. The loan is repaid in different instalments ranging from 12 to 18 instalments, according to the investment in payment solutions contracts. This is guaranteed by the guarantee of OFFTEC Holding Company. The balance of the loan amounted to JOD 987,303 as at 31 December 2024 (2023: JOD 997,085).

Net Borrowing reconciliation

The following is an analysis of net borrowing and the movement in net borrowing during the year as follows:

	2024	2023
	JOD	JOD
Cash and cash equivalents	(3,631,959)	(3,034,187)
Short term borrowing	11,601,485	11,837,968
Long term borrowing	900,710	1,094,917
Net Borrowing	8,870,236	9,898,698

OFFTEC HOLDING GROUP
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2024

	Bank borrowings			
	Cash and cash equivalents	Short term borrowing	Long term borrowing	Total
	JOD	JOD	JOD	JOD
2024				
Net Borrowings as at 1 January	(3,034,187)	11,837,968	1,094,917	9,898,698
Net cashflow	(597,772)	(236,483)	(194,207)	(1,028,462)
Net Borrowings as at 31 December	(3,631,959)	11,601,485	900,710	8,870,236

	Bank borrowings			
	Cash and cash equivalents	Short term borrowing	Long term borrowing	Total
	JOD	JOD	JOD	JOD
2023				
Net Borrowings as at 1 January	(1,539,503)	10,539,321	1,024,666	10,024,484
Net cashflow	(1,494,684)	1,298,647	70,251	(125,786)
Net Borrowings as at 31 December	(3,034,187)	11,837,968	1,094,917	9,898,698

(19) TRADE PAYABLES

	2024	2023
	JOD	JOD
Trade payables	3,704,412	3,985,450
Post-dated cheques	72,968	51,968
	<u>3,777,380</u>	<u>4,037,418</u>

The credit period on purchases of goods and services is approximately 45 days (2023: 45 days). No interest is charged on trade payables that are past due. The Group applies financial risk management policies to ensure that all amounts due are paid within the time frame of the credit period.

(20) OTHER PAYABLES

	2024	2023
	JOD	JOD
Payments received from customers	3,160,877	3,920,977
Accrued expenses	1,388,103	1,809,519
Employees' payables	631,218	535,775
Various provisions	327,569	327,569
Deferred revenue	379,771	306,413
Shareholders' deposits*	218,919	258,896
Other	45,356	43,614
	<u>6,151,813</u>	<u>7,202,763</u>

OFFTEC HOLDING GROUP
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2024

* Movement of the shareholders' deposits is as follows:

	2024 JOD	2023 JOD
Balance as at the beginning of the year	258,896	255,161
Accrued dividends (Note 14)	-	1,219,750
Payment of dividends	(39,977)	(1,216,015)
Balance as at the end of the year	<u>218,919</u>	<u>258,896</u>

(21) INCOME AND SALES TAX

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

	2024 JOD	2023 JOD
Balance as at 1 January	766,387	568,654
Income tax expense	304,680	908,406
Income tax paid	(1,040,398)	(710,673)
Balance as at 31 December	<u>30,669</u>	<u>766,387</u>

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

	2024 JOD	2023 JOD
Income tax expense for prior years *	11,969	44,418
Income tax expense for the year **	292,711	863,988
Deferred tax assets on provisions (Note 21-B)	(4,975)	(56,437)
	<u>299,705</u>	<u>851,969</u>

* The prior years income tax expense shown in the consolidated statement of income was as follows:

Company Name	Reviewed Years	2024 JOD	2023 JOD
OFFTEC Company for Office and Banking Systems	2022	11,969	-
Palestine Office	2020 & 2021	-	22,285
Technology Company - OFFTEC	2021	-	22,133
Investment Company		<u>11,969</u>	<u>44,418</u>

OFFTEC HOLDING GROUP
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2024

Reconciliation from accounting income to taxable income is summarised as follows:

	2024	2023
	JOD	JOD
Accounting profit (loss)	2,244,747	(2,575,414)
Add: non-taxable expenses	1,292,743	8,318,953
Less: non-taxable revenue	(1,721,608)	(1,159,187)
Taxable income	1,815,882	4,584,352
Income tax due	292,711	863,988
Effective tax rate	16%	19%

- * The income tax payable for the Group's business results for the year ended 31 Decembers 2024 and 31 December 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 consideration 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 9% - 28%. In the opinion of the management and the tax consultant, the provisions booked are sufficient for any tax liability as at 31 December 2024 and 31 December 2023.

World Axis Trading Company obtained a final clearance from the Income and Sales Tax Department until 31 December 2021. As for the years 2022 and 2023, the income tax return was submitted and has not been reviewed up to date.

Cherry Pot Company for Electronic Commerce Company obtained a final clearance from the Income and Sales Tax Department until 31 December 2022. As for the year 2023, the income tax return was submitted and the Income and Sales Tax Department has not reviewed the records up to date.

The **OFFTEC Holding Group Company** obtained a final clearance from the Income and Sales Tax Department until 31 December 2022. As for the year 2023, the income tax return was submitted and has not been reviewed up to date.

Al Wasla Payment Solutions Company obtained a final clearance from the Income and Sales Tax Department until 31 December 2020. As for the years 2021, 2022 and 2023, the income tax return was submitted and the Income and Sales Tax Department has not reviewed the records up to date.

The **OFFTEC Company for Office and Banking Systems** obtained a final clearance from the Income and Sales Tax Department until 31 December 2022. As for the year 2023, the income tax return was submitted and has not been reviewed up to date.

The **Offtec International Investment Company** obtained a final clearance from the Income and Sales Tax Department until 31 December 2022. As for the year 2023, the income tax return was submitted and has not been reviewed up to date.

Palestine Office Technology Company-OFFTEC Company obtained a final clearance from the Income and Sales Tax Department until 31 December 2021. As for the year 2022 and 2023, the income tax return was submitted and has not been reviewed up to date.

OFFTEC Commercial Investment and Electronic Devices Trading Co. Ltd. obtained a final clearance from the Income and Sales Tax Department until 31 December 2022. As for the year 2023, the income tax return was submitted and has not been reviewed up to date.

OFFTEC HOLDING GROUP
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2024

The **OFFTEC Iraq for Investment Company** obtained a final clearance from the Income and Sales Tax Department until 31 December 2023, except for the year 2018, where the income tax return was submitted and the Income and Sales Tax Department has not reviewed the records up to date.

Space Technology General Trading Company obtained a final clearance from the Income and Sales Tax Department until 31 December 2022. As for the year 2023, the income tax return was submitted and has not been reviewed up to date.

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

b. The movement on deferred tax assets is as follows:

	2024 JOD	2023 JOD
Balance as at 1 January	286,541	230,105
Additions	20,022	57,110
Releases	(15,047)	(674)
Balance as at 31 December	<u>291,516</u>	<u>286,541</u>

Details of deferred tax assets include the following:

	2024				
	Balance at beginning of the year JOD	Released JOD	Additions JOD	Balance at the end of the year JOD	Deferred taxes JOD
Included items					
Provision for end of service compensation	1,295,227	(70,438)	101,448	1,326,237	198,935
Provision for slow-moving goods	116,008	-	32,030	148,038	22,206
Provision for expected credit losses	499,041	(29,872)	-	469,169	70,375
Total	<u>1,910,276</u>	<u>(100,310)</u>	<u>133,478</u>	<u>1,943,444</u>	<u>291,516</u>

	2023				
	Balance at beginning of the year JOD	Released JOD	Additions JOD	Balance at the end of the year JOD	Deferred taxes JOD
Included items					
Provision for end of service compensation	1,140,346	(4,487)	159,368	1,295,227	194,284
Provision for slow-moving goods	89,058	-	26,950	116,008	17,401
Provision for expected credit losses	304,629	-	194,412	499,041	74,856
Total	<u>1,534,033</u>	<u>(4,487)</u>	<u>380,730</u>	<u>1,910,276</u>	<u>286,541</u>

Deferred tax assets were calculated using the applicable income tax rate according to the Income Tax Law of Palestine.

OFFTEC HOLDING GROUP
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2024

C. Sales Tax:

Sales tax returns for **Offtec Holding Group's - Dubai branch** were cleared until 31 December 2023. Regarding subsequent years, sales tax returns were filed as required by law and on time. However, the tax department has not reviewed the company's records as at the date of preparation of these consolidated financial statements.

Sales tax returns for **World Axis Trading Company** were cleared until 31 October 2022.

Sales tax returns for **Cherry pot E-commerce Trading Company** were cleared until 31 December 2020, according to the statute of limitations as they have exceeded the legal period for retaining records and documents according to Article 38 of the Sales Tax Law. Regarding subsequent years, sales tax returns were filed as required by law and on time. However, the tax department has not reviewed the company's records as at the date of preparation of these consolidated financial statements.

Sales tax returns for **Offtec for Office and Banking Systems Company** were cleared until 31 October 2021. Regarding the year 2022, sales tax returns were filed as required by law and on time. However, the tax department has not reviewed the company's records as at the date of preparation of these consolidated financial statements.

Sales tax returns for **Wasla Payment Solutions Company** were cleared until 31 December 2019. Regarding subsequent years, sales tax returns were filed as required by law and on time. However, the tax department has not reviewed the company's records as at the date of preparation of these consolidated financial statements.

Sales tax returns for **Palestine Office Technology - Offtec** were cleared until 31 October 2021. Regarding the year 2022, sales tax returns were filed as required by law and on time. However, the tax department has not reviewed the company's records as at the date of preparation of these financial statements.

Sales tax returns for **Offtec Commercial Investment and Electronic Devices Trading Limited** were cleared until 31 October 2022.

(22) COST OF SALES

	2024	2023
	JOD	JOD
Inventory balance as at 1 January	6,943,477	7,454,489
Purchase during the year	18,470,182	18,403,108
Inventory balance as at 31 December (Note 10)	(7,179,496)	(6,943,477)
	18,234,163	18,914,120
Operating expenses (22 -1)	6,652,546	6,140,087
	<u>24,886,709</u>	<u>25,054,207</u>

(22 - 1) Operating expenses

	2024	2023
	JOD	JOD
Salaries, wages and other employee benefits	5,563,117	4,916,985
Transportation, travel and vehicles' expenses	469,668	479,640
Depreciation of property and equipment (Note 5)	301,818	284,832
Maintenance supplies and spare parts	209,963	314,315
Insurance	81,141	114,201
Training	26,839	30,114
	<u>6,652,546</u>	<u>6,140,087</u>

OFFTEC HOLDING GROUP
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2024

(23) ADMINISTRATIVE EXPENSES

	2024	2023
	JOD	JOD
Salaries, wages and other employee benefits	3,677,107	3,699,477
Professional fees and consultation	395,970	249,624
Amortization of right of right of use (Note 7)	352,657	369,980
Governmental licenses, fees and stamps	378,341	284,133
Selling, marketing and advertising expenses	336,345	219,216
Board of Directors transportation expenses	157,882	126,614
Depreciation of property and equipment (Note 5)	147,498	131,136
Stationery and printing	146,428	153,800
Hospitality	109,084	91,933
Provision for end of service compensation (Note 16)	101,448	159,368
Water and electricity	96,444	81,404
Audit fees	75,469	55,090
Post, telephone and internet	55,081	54,675
Other	210,215	269,623
	<u>6,239,969</u>	<u>5,946,073</u>

(24) REVENUES

The Group derives its revenue by transferring control of the goods at a point in time through the following key cash-generating units:

	2024				
	Revenue from payment solutions contracts	Revenue from sales of office and bank equipment, services and accessories	Revenue from sales of software, IT, services and accessories	Revenue from sales of lighting devices, services and accessories	Total (before eliminations and amendments)
	JOD	JOD	JOD	JOD	JOD
Revenue from contracts with customers					
Revenue timing - at a point in time	-	13,750,285	18,731,125	972,081	33,453,491
Revenue timing - over time	5,565,117	5,913,710	127,196	-	11,606,023
Total	<u>5,565,117</u>	<u>19,663,995</u>	<u>18,858,321</u>	<u>972,081</u>	<u>45,059,514</u>

	2023				
	Revenue from payment solutions contracts	Revenue from sales of office and bank equipment, services and accessories	Revenue from sales of software, IT, services and accessories	Revenue from sales of lighting devices, services and accessories	Total (before eliminations and amendments)
	JOD	JOD	JOD	JOD	JOD
Revenue from contracts with customers					
Revenue timing - at a point in time	-	12,336,588	21,342,609	725,822	34,405,019
Revenue timing - over time	6,753,734	5,349,261	42,930	-	12,145,925
Total	<u>6,753,734</u>	<u>17,685,849</u>	<u>21,385,539</u>	<u>725,822</u>	<u>46,550,944</u>

(25) SEGMENT CLASSIFICATION

Operating segments are components that engage in business activities that may generate revenue or incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision maker and for which separate financial information is available. The chief decision maker is the person or group of people who allocate the necessary resources and evaluate the performance of the Group. The decision maker is identified as the Nomination Committee made up of members of the Group's Board of Directors.

(a) The description of the products and services from which each segment derives its revenue

The Group is organised on the basis of four main business segments:

- Payment solutions contracts
- Sales of office and bank equipment, services and accessories
- Sales of software, information technology, services and accessories
- Sales of lighting devices, services and accessories

(b) Factors used by management to determine the reportable segments

The Group segments are strategic business units that focus on different customers, and are managed separately because each business unit requires different marketing strategies and service levels.

The regular review of the Group's subsidiaries is delegated to the different departments of each company. The decision maker obtains the financial statements of the Group's subsidiaries and uses them to show the segments.

Management applies the key principle of IFRS Accounting Standard 8 in determining which overlapping financial information should form the basis of the operating segments and marketing strategies.

(c) Measurement of operating segments' profits or losses, assets and liabilities

The decision maker reviews the financial information prepared based on the Group's internal policies modified to meet internal reporting requirements. This financial information differs in certain respects from IFRS Accounting Standards.

- (1) Income taxes are not allocated to segments.
- (2) Non-recognition of the Group's liabilities.

The decision maker evaluates the performance of each segment based on adjusted profit (before interest, taxes, depreciation and amortization).

OFFTEC HOLDING GROUP
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2024

Information on the profits or losses and assets of the reportable segment:

	31 December 2024					
	Revenue from payment solutions contracts	Revenue from sales of office and bank equipment, services and accessories	Revenue from sales of software, IT, services and accessories	Revenue from sales of lighting devices, services and accessories	Total	Eliminations and adjustments
	JOD	JOD	JOD	JOD	JOD	JOD
Total revenue	5,565,117	19,663,994	18,858,322	972,081	45,059,514	(8,959,845)
Less: cost of sales	(1,181,160)	(16,285,853)	(15,618,594)	(760,947)	(33,846,554)	8,959,845
Sectors profit	4,383,957	3,378,141	3,239,728	211,134	11,212,960	-
Depreciations	92,871	180,640	173,238	2,567	449,316	-
Capital expenditure:						
Property and equipment	416,944	321,765	308,582	35,794	1,083,085	-
Total assets	14,242,678	13,890,045	13,320,942	517,116	41,970,781	-
Total liabilities	12,072,950	6,277,244	6,020,054	300,561	24,670,809	-

	31 December 2023					
	Revenue from payment solutions contracts	Revenue from sales of office and bank equipment, services and accessories	Revenue from sales of software, IT, services and accessories	Revenue from sales of lighting devices, services and accessories	Total	Eliminations and adjustments
	JOD	JOD	JOD	JOD	JOD	JOD
Total revenue	6,753,734	17,685,849	21,385,539	725,822	46,550,944	(8,936,035)
Less: cost of sales	(1,246,107)	(14,676,034)	(17,618,034)	(450,067)	(33,990,242)	8,936,035
Sectors profit	5,507,627	3,009,815	3,767,505	275,755	12,560,702	-
Depreciations	85,978	146,947	177,686	5,357	415,968	-
Capital expenditure:						
Property and equipment	291,765	268,992	325,262	306	886,325	-
Total assets	15,295,464	12,112,699	14,646,546	265,946	42,320,655	-
Total liabilities	14,118,946	5,779,867	6,988,957	122,367	27,010,137	-

OFFTEC HOLDING GROUP
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2024

(e) Segment liabilities

Segment liabilities are measured in the same manner as in the financial statements. These liabilities are allocated based on the segment operations.

The Group's borrowings and derivative financial instruments are not considered segment liabilities, but are managed by the Group's management.

The business segment 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 segments 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.

Distribution of revenues by geographical areas

The table below shows the distribution of the Group's sales by geographical areas as at 31 December 2024 and 2023:

	31 December 2024			31 December 2023		
	Inside Jordan	Outside Jordan	Total	Inside Jordan	Outside Jordan	Total
	JOD	JOD	JOD	JOD	JOD	JOD
Revenue	23,156,111	12,943,558	36,099,669	23,947,903	13,667,006	37,614,909

(26) FINANCE COSTS

	2024 JOD	2023 JOD
Interest expense	1,892,790	1,801,373
Leases interest (Note 7)	85,355	85,704
	<u>1,978,145</u>	<u>1,887,077</u>

(27) CONTINGENT LIABILITIES

The Group has, at the date of the consolidated interim 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 Group's ordinary course of business and which are not expected to result in material obligations and consist of the following:

	2024 JOD	2023 JOD
Bank guarantees	7,681,513	7,755,923
Letters of credit	350,498	166,664
Non-utilised credit ceilings*	<u>3,466,635</u>	<u>5,170,255</u>

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

OFFTEC HOLDING GROUP
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2024

Legal Cases:

There are lawsuits and claims filed against the Group by third parties in the amount of JOD 249,620 (2023: JOD 269,620), and the Company's management has taken a provision of JOD 245,140 (2023: JOD 245,140) to meet financial obligations that may arise from these legal cases. In the opinion of the management and the legal consultant, the provisions booked are sufficient to meet any legal obligation.

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

	<u>2024</u>	<u>2023</u>
	JOD	JOD
<u>From the profit (loss) for the year</u>		
Earnings per share from the profit (loss) for the year	1,761,367	(3,674,024)
Weighted average of the number of shares	31,239,728	31,239,728
	Fils / JOD	Fils / JOD
Basic and diluted earnings per share	<u>0.056</u>	<u>(0.118)</u>

The basic earnings per share from the profit (loss) for the year equals the diluted earnings as the Group did not issue any financial instruments that affect the basic earnings per share.

(29) RELATED PARTIES TRANSACTIONS

Related parties are generally considered to be related if the parties are under joint control or if one party has the ability to control the other or can exercise significant influence or joint control over the other party in making financial and operating decisions. In considering each potential relationship with related parties, attention is drawn to the substance of the relationship, not just 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 management.

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

	<u>2024</u>	<u>2023</u>
	JOD	JOD
Salaries and bonuses	<u>202,704</u>	<u>174,300</u>