

ANNUAL REPORT 2021



ROYAL JORDANIAN

الملكية الأردنية



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His Majesty King Abdullah II Ibn Al Hussein



**His Royal Highness Crown
Prince Al Hussein Bin Abdullah II**

Our Vision, Mission, and Values

Vision...

To be the airline of choice, connecting Jordan and the Levant with the world.

Mission...

To ensure that our customers always recommend our airline, because we consistently provide:

- The highest levels of safety, security, and reliability.
- A seamless travel experience with exceptional customer care.
- Value for money through maintaining cost efficiency.

To ensure that our people are motivated and work productively as a team, because we offer:

- A healthy and stimulating work environment with open dialogue and participation.
- Competitive employment benefits and rewards.
- Opportunities for training and career development.
- Energetic and decisive leadership.

To ensure that our shareholders invest in the company, because we deliver:

- Promising future.
- Sustainable growth.
- The highest levels of corporate integrity and responsibility.

To ensure that our country is proud of us, because we:

- Represent the best of Jordanian hospitality and culture.
- Promote Jordan as a destination and a gateway to the Middle East, for both business and leisure travelers.
- Support local communities and charities.

Values...

- We strive for excellence and those who succeed in our company will be team players.
- We enjoy working and succeeding through effective communication and believe we can achieve more by working together as one team.
- We respect people's opinions and learn from our differences.

Objectivity...

- We make decisions based on solid facts and robust business cases, not on emotions or opinions.
- We always provide data to make our point and convince our colleagues.

Reliability...

- We constantly endeavor to provide customers with their needs.
- We guarantee strict compliance with the company's internal policies and external regulatory requirements.

Commitment...

- We are dedicated to delivering the best to our stakeholders.
- We set and achieve high-performance standards.
- We take responsibility for our actions and our work.
- We listen and respond to both our internal and external customers' needs.

Care...

- We are always understanding and helpful towards our customers.
- We always try to be supportive and accommodating to our colleagues.
- We aim to deliver standards to others that we wish for ourselves.

Trustworthiness...

- We are always honest and transparent with our customers, partners, and employees.
- We nurture trust and respect in our working environment, and promote an atmosphere of open communication.

Board of Directors

H.E. Eng. Said Samih Darwazah

Chairman of the Board, representing Government Investments Management Company



H.E. Eng. Samer Abdelsalam Majali

Vice Chairman/Board Designee - CEO, representing Government Investments Management Company (from 30-3-2021)



H.E. Eng. Bassem Khalil Al-Salem

Member, representing Government Investments Management Company



H.E Ms. Kholoud Mohammad Saqqaf

Member, representing Government Investments Management Company (from 30-3-2021)



H.E Eng. Khairi Yaser Amro

Member, representing Government Investments Management Company (from 30-3-2021 until 11-10-2021)



H.E. Dr. Abdelhakim Mousa Shibli

Member, representing Government Investments Management Company (until 29-3-2021)

Member, representing Social Security Corporation (from 30-3-2021)



H.E. Mr. "Mohammad Ali" Issam Bdair

Member, representing Mint Trading Middle East Limited



H.E Mr. Omar Munther Fahoum

Member, representing Government Investments Management Company (from 30-3-2021)



H.E Mr. Rajaie Kamal Dajani

Member, representing Government Investments Management Company (from 30-3-2021)



H.E. Mr. Omar Zuhair Malhas

Member, representing Government Investments Management Company (until 29-3-2021)



H.E. Dr. Emad Naeem Hejazeen

Member, representing Government Investments Management Company (until 29-3-2021)



H.E. Ms. Rand Ghazi Hannun

Member, representing Government Investments Management Company (until 29-3-2021)



H.E. Mr. Malek Salameh Habashneh

Member, representing Government Investments Management Company (until 29-3-2021)



H.E. Mr. Saoud Ahmad Nsairat

Member, representing Social Security Corporation (until 29-3-2021)



Auditors

Ernst & Young

Legal Advisor

Sanad Law Group in association with Eversheds Sutherland (International) LLP

Speech of the Chairman and Vice Chairman following the Annual Report 2021

Dear shareholders,

On behalf of our fellow board members, we wish to extend our appreciation to everyone owning shares in Royal Jordanian Airlines, the proud national carrier of Jordan. We value the importance you attach to investing in one of Jordan's key economic pillars, a national company that plays a significant role in connecting Jordan to the world. Despite the challenges faced by our industry globally, we are confident that there is a bright future ahead for RJ.

We are all aware that RJ's position as a leading national air carrier makes it one of the cornerstones of the national economy and a key contributor to Jordan's progress. Beyond that, Royal Jordanian is also the backbone of the local air transportation sector, due to its regional and global reputation, its connectivity and global operations, its modern aircraft fleet that serves a network spanning four continents, and its high safety standards, in addition to its skilled and well-trained staff, who have gained a sterling reputation and continue to be one of the company's most important assets.

The airline performed relatively well in 2021, despite the great challenges faced due to the COVID-19 pandemic, which resulted in major travel restrictions, affected load factors and ticket fares, and ultimately had an immense impact on the air transport industry in general.

Mid-2021, the company's management devised and began to implement a strategy carefully designed to address these issues. This strategy, together with the company's clear and robust business plan for the next five years, played a significant role in placing RJ back on the right path. Through restructuring and empowerment, the company strives to restore its position and achieve positive financial and operational results in the interest of its shareholders. RJ's business plan for the coming five years is built around the following pillars: reducing operational costs, revisiting the route network, modernizing the fleet, and improving the services offered to passengers. The management's vision is to make RJ a leading carrier in the Levant, and to project an image of Jordan around the world that will further encourage inbound tourism to the country.

In 2021, the company was able to reduce its net losses after tax to JD74.3 million, 54% less than the JD161.1 million loss in 2020. The total revenues generated by RJ in 2021 are a positive indicator of a return to form. Operating revenues went up from JD213 million in 2020 to JD357 million in 2021, an improvement of 68%. This figure is reason for all of us to be optimistic, and proves that we have the potential to attain remarkable results, which we will no doubt realize through innovative sales promotions and offers that are sure to boost our ancillary revenues.

RJ aircraft carried 1.6 million passengers in 2021, compared to 752,000 carried in the previous year. To better serve these passengers, Royal Jordanian introduced several improvements to its air products and services, including enhanced economy class meals, upgraded onboard entertainment services, improvements to the Crown Lounge, and—last but not least—better on-time flight performance.

To improve RJ's financial situation, the company has been working diligently to control its operational costs, reducing them wherever possible, while maintaining the high level of service it provides to customers. RJ successfully reduced all operational expenditures,

reviewing its contracts with service providers in Jordan and at outstations, renegotiating aircraft lease contracts, and continuing to apply the defense orders and protection programs provided by the Social Security Corporation regarding employees' salaries. Because of this, revenue costs increased by only 33%, from JD279 million in 2020 to JD370 million in 2021.

We would like to refer now to the accumulated operational losses suffered in 2021, as specified in the financial statements. Operational losses fell to JD12.7 million last year, down from JD66.4 million in 2020, which had accumulated over previous years due to high fuel prices, strong competition between regional airlines, and the unstable security situation in the region, which resulted in a decrease in inbound flights and lower ticket prices.

RJ is constantly reviewing its route network based on economic feasibility studies and in accordance with the company's aim of providing the best possible services to its customers. Although the pandemic persists, RJ is committed to fully resuming its operations, and to increasing flight frequencies to currently serviced destinations. In the coming year, RJ intends to resume its flights to Najaf, Copenhagen, Geneva, and Zurich. The company will also fly to new destinations in promising markets, and intends to raise the number of destinations served from 35 to 60 over the next five years.

The company is planning to upgrade its short- and medium-haul aircraft fleet by replacing 17 currently operating aircraft with new ones, and adding 13 further aircraft. RJ is currently negotiating the replacement plan with major aircraft manufacturers Boeing, Airbus, and Embraer. This modernization process marks a positive turning point for RJ.

In the field of air freight, the company has developed an ambitious strategy to overcome challenges, with a focus on growth, sustainability, and the automation of operations. The cargo sector will be supplied with new freighters selected according to the new fleet. The company has also acted to find a dynamic solutions and achieve a more profitable cargo business, whether on passenger aircraft or freighters. Moreover, the cargo sector is committed to meeting and serving the needs of the local and global markets via Amman, in cooperation with, and with the support of, our clients and qualified cadres.

On behalf of our board members, we would like to reiterate our thanks and gratitude for your understanding of the nature and volume of challenges that we are facing today. We are all determined to work with our full capabilities and potential to overcome this and help RJ progress.

We wish our company success and pledge our commitment to serving Royal Jordanian and its passengers in the best possible manner, so that we can maintain our role as the national air carrier of Jordan, under the guidance and leadership of His Majesty King Abdullah II.



Said Darwazah



Samer Majali



Board of Directors Report



+41.87%

-32.76%

+24.80%

0%

Board of Directors Report

Company Objectives and Primary Activities

RJ Group works towards achieving the objectives for which it was founded, important among which are: carrying out regular and chartered air transportation of passengers, mail and freight within the Kingdom and abroad, in addition to providing aircraft handling services.

Geographical Reach and Number of Employees

Royal Jordanian's headquarters are located in Amman. Primary operations and flights take off from Queen Alia International Airport (QAIA). There are sales offices in 35 cities around the world and general sales agents in 46 other cities.

The company's direct employees numbered 3,209 as of December 31, 2021; 246 of these employees work at its outstations abroad, 26 are employed by Royal Tours, and 202 are employed by Tikram.

Capital Investments

The value of Royal Jordanian's property and equipment amounted to JD60 million in 2021, compared to JD73.9 million at the end of 2020, a decrease of JD13.9 million; this is the result of a general depreciation of JD21.4 million, in addition to the purchase of equipment and property at a value of JD7.5 million, including cash additions at a value of JD6.8 million.

Subsidiaries:

Royal Wings

Royal Wings was established in Jordan in 1975 as a limited liability company. It has no branches and is wholly owned by Royal Jordanian. Royal Wings has become the main operator of chartered flights. It also acts as an agent for chartered flights (i.e. it arranges alternative chartered aircraft when its aircraft is not available).

It also leases its aircraft to the mother company when necessary. Its capital amounts to JD5 million and it owns one Airbus A320.

The Board of Directors of the parent company decided at its meeting on September 27, 2018, to suspend the company's activities and liquidate its assets unless it is sold to a third party.

Royal Tours

Royal Tours was established in 1979 with the aim of providing complementary services to RJ's offerings, in order to help RJ market its flights to tourism attractions around the world. Royal Tours books tickets and arranges trips to tourist groups to various tourism sites and countries in the region and worldwide, always looking for new options for tourists.

Today, Royal Tours is the company of choice for the stopover program "Zuwar" which provides services for transiting visitors and is responsible for the execution of the Ministry of Tourism's CityTour program.

Tikram

Tikram was established in 2014 as a joint venture between Royal Jordanian Airlines and Worldwide Flight Services (WFS). In March 2017, Tikram became fully owned by RJ with a capital of JD 764,804. Tikram's scope comes in line with RJ's strategy to expand vertically by identifying new and attractive business opportunities associated with air travel.

Tikram is the exclusive meet and greet service provider at QAIA. Its diverse, state-of-the-art services include: immigration and security fast-track, porter services and luggage wrapping, hosting passengers in the departure lounge (RJ's Crown Lounge) and oriental-style arrival lounge, limousine service to transport travellers from anywhere in the Kingdom to the airport and vice versa, and an in-terminal shuttle service; in addition to the Aqaba Lounge service for welcoming VIP visitors.

Tikram's 24/7 counters serve VIPs, families and groups, including airlines, hotel guests, corporate entities, travel agencies and tour operators, as well as embassy staff. RJ has chosen to call this company "Tikram" which means "with pleasure" in Arabic; it symbolizes the true hospitality and warmth Jordan is known for around the world.

Board of Directors: Active Members

Board Member	Position	Board Member Since	Nationality	Qualifications
H.E. Eng. Said Samih Darwazah	Chairman, Rep Government Investments Management Co.	21.6.2016	Jordanian	MA Business Administration
H.E. Eng. Samer Abdelsalam Majali	Vice Chairman / Board Designee - CEO, Rep Government Investments Management Co.	30.3.2021	Jordanian	MA Air Transport Management
H.E. Bassem Khalil Al-Salem	Member, Rep Government Investments Management Co.	17.4.2016	Jordanian	BSc Chemical Engineering
H.E. Ms. Kholoud Mohammad Saqqaf	Member, Rep Government Investments Management Co.	30.3.2021	Jordanian	MA Economics
H.E. Dr. Abdelhakim Mousa Shibli*	Member, Rep Social Security Corporation	8.5.2018	Jordanian	PHD Economics
H.E. Mr. "Mohammad Ali" Issam Bdair	Member, Rep Mint Trading Middle East Ltd.	27.3.2008	Jordanian	MA Engineering Management
H.E. Mr. Omar Munther Fahoum	Member, Rep Government Investments Management Co.	30.3.2021	Jordanian	BA Accounting
H.E. Mr. Rajaie Kamal Dajani	Member, Rep Government Investments Management Co.	30.3.2021	Jordanian	MA International Law

* Dr. Abdelhakim Shibli became a representative of the Social Security Corporation on 30.3.2021, before that date he was a representative of the Government Investments Management Company.

H.E. Eng. Said Samih Darwazah | Chairman of the Board

Said Darwazah has chaired the Royal Jordanian Board of Directors since June 21, 2016, after he was appointed a representative of the Government Shareholdings' Management Company in RJ's Board of Directors on June 19, 2016.

Said Darwazah is currently the Executive Chairman of Hikma Pharmaceuticals PLC.

Between 2003 and 2006, he was the Minister of Health, Jordan.

He is also the Chairman of the Board of the Queen Rania Foundation, which focuses primarily on providing youth with learning opportunities and equipping them with the necessary tools for success such as ICT in education and online learning opportunities.

He is a board member of the Central Bank of Jordan and a member of the Board of Trustees at Babson College in the USA, and the American University of Beirut (AUB), where he also co-founded the Samih Darwazah Center for Innovation Management and Entrepreneurship.

Said Darwazah has a Bachelor's degree in industrial engineering from Purdue University in the USA and an MBA from INSEAD, France.

H. E. Eng. Samer Abdelsalam Majali | Vice Chairman / Board Designee - CEO

Eng. Samer Majali has a wealth of experience from managing and operating many airlines in the region. He re-joined Royal Jordanian Airlines as of March 30, 2021 when he was elected Vice Chairman of the Board of Directors, and became the board designee CEO.

Mr. Majali has extensive experience in the air transport and commercial aviation industry, where his latest tenure was in 2019 when he founded Plane Vision for Corporate Strategy & Organization Advisory in Bahrain. The same year, he held the position of Senior Advisor at Alton Aviation Consultancy in New York and Dublin.

Mr. Majali was appointed as the CEO of Saudi Gulf Airlines between 2013 and 2019, a company formed in 2013 by Abdel Hadi Abdullah Al-Qahtani & Sons Group, also in 2013, he was appointed as the Senior Advisor to Chairman of Oman Air (Omani Minister of Finance). Before that he ran Gulf Air as its CEO between 2009 and 2012.

Mr. Majali began his career with Royal Jordanian in 1979 and was promoted to hold senior executive positions in the company in Flight Operations, Corporate Planning, Information Technology, Passenger Services, Engineering and Maintenance until he became President / CEO between 2001–2009. During his tenure he was credited for transforming RJ into one of the most successful airlines in the region, and advancing its position in the global air transport industry.

Mr. Majali is a former board member of IATA's Governors, former Chairman of IATA's Board of Governors in 2008, former member of the Board of Central Bank of Jordan between 2011-2020, and a board member of various high-profile aviation organizations and business councils.

Mr. Majali earned a M.Sc. degree in Air Transport Management from Cranfield Institute of Technology, UK in 1983, and Bachelor's degree in Aeronautical Engineering and Design, Loughborough University of Technology, UK in 1979.

H.E. Eng. Bassem Khalil AlSalem | Member

Bassem Khalil Al-Salem was appointed Chairman of the Board of Directors for Capital Bank Group in April 2010, which encompasses Capital Bank, National Bank of Iraq, and Capital Investments.

He is also one of the founders of Capital Bank. Al-Salem also serves as Chairman of the Board of King's Academy, in addition to being a Board member in various private and public corporations, including the General Mining Corporation.

Al-Salem was also appointed as Chairman of the Association of Banks in Jordan in April 2021, and previously assumed several positions in the Government of Jordan, including a two-term tenure as both the Minister of Labor and Minister of Finance between 2005 and 2009.

He previously served as the Chairman of the Association of Banks in Jordan (2012-2015), Board Member of the Social Security Corporation (2005-2009), as well as a member of the Jordanian Senate (2010-2011).

H.E Ms. Kholoud Mohammad Saqqaf | Member

Ms. Kholoud Mohammed Al-Saqqaf holds a master's degree in economics and has more than 25 years of experience in banking, finance and financial control. Currently, she serves as Chief Executive Officer/ Vice Chairman on the Board of the Social Security Investment Fund (SSIF).

Ms. Saqqaf began her career at the Jordan Phosphate Mines Company's Research & Development Department for five years. She then moved to the Central Bank of Jordan where she held several positions during the periods 1993 – 2004, and 2006 -2012 including Executive Manager of the Banking Supervision Department and Deputy Governor of the Central Bank of Jordan; as the first Arab woman to occupy such a regulatory position.

Ms. Saqqaf has a strong background in Corporate Governance, Internal Control and Islamic Banking, she prepared Corporate Governance guidelines, including preparation of the Bank Directors' Handbook of Corporate Governance 2004, as well as establishing Internal Control regulations addressed to banks operating in Jordan.

In addition to the above, Ms. Saqqaf gained experience in the insurance industry when she served as the Director of the Research Department at the Insurance Commission of Jordan during the period 2004-2006. Ms. Saqqaf joined Arab Bank in 2012 as Executive Vice President, Country Manager of Jordan & Palestine, she was then appointed as Executive Vice President, Group Risk Management in November 2013 until October 2018 when she joined SSIF.

Ms. Saqqaf has been on the board of several institutions and financial companies, such as the Central Bank of Jordan (Vice Chairperson), Jordan Mortgage Refinance Company (Chairperson) and a Board of Director member in Social Security Corporation, Insurance Commission, Arab National Leasing Company and on the National Committee for Anti-Money Laundering and Counter Terrorist Financing. Moreover, she served as Vice Chairman on the board of the first Jordanian Credit Bureau Company CRIF-Jordan, Ethmar Islamic Microfinance Company and Business Development Centre.

Amongst her current memberships are the SSIF Investment Board, the Social Security Corporation, Royal Jordanian Airlines Company and the Center for Strategic Studies. She also serves as the President of the Board of the International Women's Forum – Jordan Chapter.

H.E. Dr. Abdelhakim Mousa Shibli | Member

Abdelhakim Shibli holds a Ph.D. in Economics specializing in macroeconomics and fiscal policy, from Leeds University Business School, UK.

Shibli started his professional career at the Central Bank of Jordan as an economist between 1991-2004. In 2002, he worked also as a part-time lecturer in the Faculty of Business Administration at the University of Jordan, Department of Economics. Shibli then moved to the Ministry of Planning and International Cooperation between 2004 - 2007 as an economic advisor to oversee a comprehensive risk analysis system that anticipates future economic risk and recommends mitigation policies. He was seconded to work at the Prime Ministry for the period 2007 to 2010, as an economist at the Millennium Challenge Unit, then moved to the Ministry of Finance to chair the Directorate of Studies and Economic Policies between 2010-2018.

His appointment as the Secretary General of the Ministry of Finance was upon Royal Decree on 30/4/2018. Before that, he took part in several governmental committees, worked as core economic team at the Ministry of Finance and on IMF program, the World Bank and the Arab Monetary Fund. He worked in the economic and financial policy formulation and the implementation of important national and international programs such as the Economic and Social Reform initiative, the Financial Reform Program, the Modernization of Financial Management and the Revision Program with the IMF.

Dr. Shibli represented the Ministry of Finance in several institutions and companies in which the Government of Jordan have shares as a board member and member at official committees.

H.E. Mr. Mohammad Ali Bdeir | Member

With a background in management, Mr. Bdeir was appointed to Royal Jordanian's Board of Directors in 2008. He is the current General Manager of Best Dimension Investment Co., and a Director of the General Mining Co., and a former board member of the Jordan Investment Board.

He received a Bachelor's degree in Industrial Engineering from Purdue University (USA), and a Master's degree in Engineering Management from the American University of Beirut.

H. E. Mr. Omar Munther Fahoum | Member

Has 30 years of experience as a partner with Deloitte, the last 20 of which as the CEO of the regional firm. Strategic planning and leadership were key focuses and tenets of the role. This included crafting multi-year strategic plans and ensuring their execution. He also headed the Executive Committee which is comprised of the five business leaders (Audit, Tax, Consulting, Financial and Risk Advisory) as well as leaders of the enabling areas (HR, Finance, Risk & Compliance, legal and IT). During that period, he led the transformation of the firm from an "audit centric" business into a multi-disciplinary professional firm with a balanced portfolio of businesses all while growing revenues by 15 times and headcount from 500 to 5,500.

Fahoum was promoted to lead the firm's department in Saudi Arabia in 1995 and was the regional firms' valuation services leader. In 1998, he assumed the position of Operations Director in Saudi Arabia, rising to the position of CEO of the Middle East from 2001–2020, in addition to his election as a member of the Board of Directors of the Deloitte Touche Tohmatsu during 2007– 2011 and 2017–2019.

Mr. Fahoum co-founded the Jordan and Bahrain chapters of the Young Presidents Organization (YPO), a global leadership community of chief executives with more than 29,000 members in more than 130 countries. He was a member of the MENA Regional Board of Directors at the Injaz Al-Arab Foundation, which is part of JA Worldwide (Junior Achievement), a global non-profit youth organization founded in 1919. Injaz Al-Arab aims to inspire and prepare youth in the Middle East and North Africa regions to succeed in the global economy. He is a founding chair of the 30% Club MENA Foundation, whose volunteer members aim to promote the role of women and their representation on boards and senior leadership levels.

He also serves as the Chairman of the Board of Directors of the Amman Academy, a family-owned school running a full IB program. Fahoum holds a Bachelor's degree in Accounting from the University of Texas (Austin), and is a certified public accountant (CPA) licensed in the US and Jordan.

H. E. Mr. Rajaie Kamal Dajani | Member

Member of the Jordanian Bar Association and of the International Chamber of Commerce, Jordan. Specialized in civil and commercial law relating primarily to foreign investment, banking, electricity, insurance, international trade, construction, joint ventures, general corporate matters, and drafting contracts. International and local arbitrator.

He participates in several boards, serving as Chairman of the Board of Directors of the Arab Orphan Committee, member of Zaha Mango Center, in addition to his previous memberships on the Board of Directors of Alnasr Alarabi Insurance company, Al Estishari Hospital Company, Jordan Post, and Arab Palestine Investment Bank.

Mr. Dajani participated as a member of the Royal Committee for Developing the Judiciary and Enhancing the Rule of Law 2016–2017, and was an attributor in the World Bank's International Centre for Settlement of Investment Disputes/.

Dajani holds a Master's degree in Commercial Law from the University of London.

Board of Directors: 2021 Resigning Members

Board Member	Position	Member Until	Nationality	Qualifications
H.E. Eng. Khairi Yaser Amro	Member, Rep Government Investments Management Co.	11.10.2021	Jordanian	MA Business Administration
H.E. Mr. Omar Zuhair Malhas	Member, Rep Government Investments Management Co.	29.3.2021	Jordanian	MA Business Administration
H.E. Dr. Emad Naeem Hejazeen	Member, Rep Government Investments Management Co.	29.3.2021	Jordanian	PHD in Tourism and Local Communities
H.E. Ms. Rand Ghazi Hannun	Member, Rep Government Investments Management Co.	29.3.2021	Jordanian	MA International Law
H.E. Mr. Malek Salameh Habashneh	Member, Rep Government Investments Management Co.	29.3.2021	Jordanian	MA in Management & Military Sciences
H.E. Mr. Saoud Ahmad Nsairat	Member, Rep Social Security Corporation	29.3.2021	Jordanian	MA in Management & Military Sciences

H.E. Eng. Khairi Yaser Amro | Member

Eng. Khairi Amro held several positions at Arab Bank, Singapore. He was Assistant Vice President, Institutions and Companies 1989–1990, Investment Manager 1991–1993, and Director of the Investment Management Group 1993–1997. He was then appointed head of the Investment Management Group, Head of Investment Department and Head of Investment Strategy Committee in the Arab Bank Group during the years 1997–2003.

Eng. Amro was appointed Director of MerchantBridge & Co. from September 2003 to August 2004, and was Executive Director of Wealth Management - Morgan Stanley from September 2004 to October 2013. He worked as managing partner of Alcazar Capital from November 2013 till September 2015, in addition to being a Managing Director of Credit Suisse AG from October 2015 until February 2019. Eng. Amro served as a Board Member of the British Arab Bankers Association for 11 years.

Eng. Amro has an MBA from Columbia University and a Bachelor's degree in Civil Engineering from Cornell University both in New York.

H.E Mr. Omar Zuhair Malhas| Member

H.E. Malhas was appointed as Minister of Finance from 2015 to 2018.

He has a diverse banking experience of more than thirty years with distinguished accomplishments in all fields of work, where he began his career in 1984 at the Housing Bank for Trade and Finance, and worked as a deputy general manager for Doha Bank in 1999, and chief director at the American Alliance Capital Corporation - Bahrain Office in 2000, and Director of the Treasury and Investment Department of the Housing Bank for Trade and Finance in 2002. He was the head of the banking group in the Housing Bank for Trade and Finance in 2009 until he was appointed as the General Manager of the bank from 2010 to 2015.

Malhas holds an MBA degree in International Finance and Banking from the University of Birmingham in UK and a Bachelor's of Business Administration in Economics from the University of Louisiana in the USA.

H.E. Dr. Emad Naeem Hejazeen | Member

Dr. Hejazeen holds a Ph.D. from Germany and was the recipient of a scholarship from the German KAAD Fellowship Program for Doctoral Studies. In addition to receiving several international awards in recognition of his outstanding achievements, he was awarded the Eichstätt Bank Prize for Best Doctoral Research at the Catholic University of Eichstätt-Ingolstadt, Germany in 2006. In addition, he was awarded the Best Study Presented to the Federal Union of the German Tourism Industry at the International Tourism Fair (ITB) in Berlin in 2007.

Dr. Hejazeen has held several positions in Jordan, starting his career in 1987 at the Aqaba Railway Corporation until 1990. He then worked as Head of Publications at the Public Relations Department at Mutah University between 1995 and 2002. From 2004 to 2006 he held the position of consultant in the Tourism Organization for Development and Investment (Gato) - Munich. Between 2007-2009, Dr. Hejazeen became Head of the Department of Archeology and Tourism and Assistant Dean of the Faculty of Social Sciences at Mutah University. In 2009 he held the position of Commissioner for Petra Archaeological Reserve and Urban Heritage Affairs, after which he became Deputy Chairman of the Board of Commissioners until 2017. Dr. Hejazeen also served as Deputy Chairman of the Board of Commissioners and Investment Commissioner at the Aqaba Special Economic Zone Authority (ASEZA) between 2017 and 2019. Dr. Hejazeen is now Secretary-General of the Jordanian Ministry of Tourism and Antiquities.

H.E. Ms. Rand Ghazi Hannun | Member

Ms. Hannoun holds a Bachelor's degree in Law from the University of Jordan and a Master's degree in Law/International Business Law from King's College, University of London, and has been a member of the Jordanian Bar Association since 1998.

She is a partner in Al-Nabulsi and Associates (Lawyers and Legal Consultants), and previously held the position of Director of the Legal Department / Legal Adviser to the Jordanian Taameer Company. She also worked within the Al-Sanad Law Office as a senior lawyer, and also as a lawyer within the Legal Business Consortium Office. Ms. Hannoun also held the position of Board Member in World Services Group, a company incorporated in the United States of America with the main objective of providing a world-class platform for professionals and for their clients to obtain the best quality and affordable services in the field of law, banking investments and accounting services.

Ms. Hannoun has worked on a number of initiatives for economic development, including the accession of the Hashemite Kingdom of Jordan to the World Trade Organization, and the transformation of the city of Aqaba into a special economic zone, in addition to providing legal support to the Development Zones Authority before its merger with the Investment Authority.

H.E. Mr. Malek Salameh Habashneh | Member

Holds Bachelor's and Master's degrees in Management and Military Sciences, and participated in several courses in the UK and the USA.

He joined the Royal Jordanian Air Force in 1974 as a fighter pilot, and has held various positions as a flight instructor in the UK and Iraq.

He worked in leadership positions during his service in the Royal Jordanian Air Force, including as the commander of an air base, assistant military attaché in the UK, director of training and director of operations in the Royal Air Force, and assistant commander of the Air Force for operations and training. He held the position of Commander of the Royal Jordanian Air Force from 2010 until 2013.

H.E.Mr. Saoud Ahmad Nsairat | Member

Mr. Nsairat employed his business experience and training when serving as Minister of Transport in several governments from 10/25/2004 to 11/22/2007, to issue the new aviation law through the Jordanian parliament, and supervise the expansion of Queen Alia International Airport, where he was the owner of the idea and head of the project steering committee from 2005 until the referral of the project and the start of the expansion implementation in 2007.

During his professional career, he held several positions, the most important of which were: the Commander of the Royal Air Force (1999–2002), the Chairman of the Board of Civil Aviation Authority (1999–2004), and Chairman of the Board of Directors of the Land Transport Regulatory Authority (1999–2004), the Maritime Authority (2004–2007), the Jordanian Hejaz Railway (2004–2007) and the Aqaba Railway Corporation (2004–2007). He was a member of the Board of Directors of Royal Jordanian Airlines (1999–2004) and Chairman of the Board of Directors of the Dead Sea Development Company (2009–2010), Chairman of the Board of Directors of Integrated Multi Transport Company since 2014 to date, and Chairman of the Board of Directors of the King Abdullah II Center for Design and Development (2018–2019).

Mr. Nsairat holds a Master's degree in Management and Military Sciences, and has been honored to serve in the Royal Air Force for 36 years (1968–2002), working in the leadership of the army as Vice-Chairman for the Joint Chiefs of Staff of the Armed Forces (2002–2004) and retired with the rank of Lieutenant General.

Senior Executive Management Team

Name	Position	Date Appointed	Date of Birth	Qualifications	Specialty	Graduation
Eng. Samer Majali	Vice Chairman/ Board Designee-CEO	30.03.2021	14.09.1957	M.Sc.	Air Transport Management	1983
Mr. Feras Qarrain	Executive Chief Finance & Resources Officer	07.10.2019	14.11.1969	BA	Accounting	1991
Mr. Karime Makhoulf	Chief Commercial Officer	14.06.2021	10.11.1973	Diploma	Aviation	1996
Captain Ghassan Obeidat	Chief Technical Officer	01.09.2019	13.04.1976	Diploma	Commercial Pilot	1996
Ms. Amal Hattar	Chief Finance Officer	01.09.2019	20.08.1980	BA	Accounting	2002
Ms. Suha Al Arda	Chief Treasury Officer	01.09.2019	26.02.1979	MBA	Finance	2007
Dr. Fawzi Mulki	Chief Services Officer	01.09.2019	27.03.1981	PHD	Informatics	2009

Eng. Samer Majali

- Designated RJ CEO as of 30/3/2021 in addition to assuming the role of Vice Chairman.
- Founded Plane Vision in 2019, a Corporate Strategy & Organization Advisory in Bahrain.
- Held the position of Senior Advisor at Alton Aviation Consultancy in New York and Dublin in 2019.
- CEO of Saudi Gulf Airlines between 2013 and 2019.
- Appointed as Senior Advisor to the Chairman of Oman Air (the Omani Minister of Finance) from 2013 to 2014.
- CEO of Gulf Air between 2009 and 2012.
- Held the position of President and CEO of Royal Jordanian between 2001 and 2009.
- Occupied top executive positions across Flight Operations, Corporate Planning, Information Technology, Passenger Services, Engineering & Maintenance during his 30 years' journey at Royal Jordanian.
- Former Chairman of IATA's Board of Governors.
- Former member of the Board of the Central Bank of Jordan and board member of various high profile aviation organizations and business councils.
- Holds a Master's degree in Air Transport Management from Cranfield Institute of Technology, UK and Bachelor's degree in Aeronautical Engineering and Design from Loughborough University of Technology, UK.

Mr. Feras Qarrain

- Mr. Qarrain Joined Royal Jordanian in October 2019 as Executive Vice President/Finance & Resources, and as per the latest Corporate Structure, he was named Executive Chief Finance & Resources Officer.
- He occupied the position of Chief Financial Officer in Royal Jordanian from October 2015 until June 2018.
- Former Deputy GM for Finance in several companies, including Abdali Investment and Development, Al- Rajihi Cement Holding and Zara Holding.
- Former GM in Al-Rajihi Cement Holding
- Former Chief Auditor in Ernst & Young and in Arthur Anderson.
- Holds a Bachelor's degree in Accounting from the University of Jordan.
- Mr. Qarrain is a CPA (Certified Public Accountant).

Mr. Karime Makhoulf

- Mr. Makhoulf Joined Royal Jordanian as Vice President/ Commercial in June 2021, and according to the Corporate Structure, he was named Chief Commercial Officer in July 2021.
- Former CCO for several airlines: Saudi Gulf, Gulf Air, Malev Hungarian and SkyEurope between 2006 and 2020.
- Member of the founding team of Germanwings (a subsidiary of Lufthansa) where he acted as Head of Revenue Management.
- He assumed different roles in Lufthansa since 1997.
- Mr. Makhoulf holds a diploma in Aviation from Lufthansa.

Captain Ghassan Obeidat

- Captain Obeidat was appointed as Vice President/ Operations in September 2019, and according to the Corporate Structure, he was named Chief Technical Officer in July 2021.
- He assumed the position of Head of Flight Operations in May 2015 and Head of Crew Training & Standards in May 2013.
- He was assigned as the Project Manager for the Boeing 787 fleet project, in 2014 the first aircraft was successfully introduced to the RJ fleet.
- He assumed managerial roles in the Flight Operations department in addition to his main duty as Captain on RJ's fleets.
- Has more than 20 years of experience in RJ.

Ms. Amal Hattar

- Ms. Hattar was appointed as Vice President/ Finance in September 2019, and according to the Corporate Structure, she was named Chief Finance Officer in July 2021.
- She assumed the position of Head of Revenue Accounting & Outstations since January 2013.
- She was appointed as Management Accounts Director in January 2012.
- She joined the Finance Department in 2004 and escalated in her career ever since.
- Has more than 16 years of experience in RJ.
- Ms. Hattar holds a Bachelor's degree in Accounting from the University of Jordan.

Ms. Suha Al Arda

- Ms. Al Arda was appointed as Vice President/ Treasury & Management Accounts in September 2019, and according to the Corporate Structure, she was named Chief Treasury Officer in July 2021.
- She assumed the position of Head of Treasury since January 2016.
- She joined the Finance Department in 2007 as a Financial Analyst and escalated in her career ever since.
- Has more than 13 years of experience in RJ.
- Ms. Al Arda holds an MBA – Finance from New York Institute of Technology.

Dr. Fawzi Mulki

- Dr. Mulki was appointed as Vice President/Services & Product in September 2019, and according to the Corporate Structure, he was named Chief Services Officer in July 2021.
- He assumed the position of Head of Airport & Cargo Services in June 2017 and the position of Executive Assistant to the CEO for the Strategy Management Office in November 2015.
- He joined RJ as Director Business Development in September 2012.
- He previously held several positions in the Royal Hashemite Court, the Ministry of Information and Communications Technology and Arab Potash.
- Dr. Mulki holds a PhD in Informatics - Information, Government and Democratic Societies from the State University of New York.

Members of the Senior Executive Management Team who left the company during 2021:

Name	Position	Nationality	Qualifications	Specialty
Ms. Basma Majali (until 6.07.2021)	Vice President/ Commercial	Jordanian	MBA	Aviation Management

Ms. Basma Majali

- Ms. Majali was appointed as Vice President/ Commercial in September 2019 until July 2021 after which she held the position of Senior Advisor/Special Projects until 28/10/2021.
- She assumed the position of Head of Network Management & Alliances since Dec 2012.
- She joined the Network Management & Alliances Department in 2002 and escalated in her career ever since.
- Has more than 25 years of experience in RJ.
- Ms. Majali holds an MBA in Aviation Management from Maastricht School of Management.

Major Shareholders

The followings are the names of the major shareholders who own 5% or more of the company's capital, in descending order with their number of shares at the end of 2021 compared to 2020:

No	Shareholder	Geographical Location	No. of Shares at 31.12.2020	%	No. of Shares at 31.12.2021	%
1	Government Investments Management Company*	Jordan	225,265,260	82.03	275,265,260	84.80
2	Social Security Corporation	Jordan	14,640,534	5.33	14,640,534	4.51
3	Mint Trading Middle East Ltd.	UK	13,701,823	4.99	13,701,823	4.22

*After the Council of Ministers issued a decision approving the completion of the company's capital increase of JD50 million, an amount of JD25 million was paid on 31/12/2020, and the increase process was completed by paying the remaining amount of JD25 million on 30/6/2021, where the capital increase procedures were completed at the Jordan Securities Commission and the Securities Depository Center, and the capital increase was registered at the Companies Control Department on December 30, 2021.

RJ's Competitive Positioning

RJ is the national carrier of Jordan. The Airline operates regular flights from Jordan to (48) destinations around the world as follows:

- **Levant:** Beirut, Cairo, Aqaba, Al-Sulaymaniyah, Baghdad, Basra, Erbil, Tel Aviv and Najaf*, with a commitment to restart operating to Damascus, Aleppo and Mosul as soon as security conditions allow.
- **Arabian Gulf:** Abu Dhabi, Dammam, Doha, Dubai, Jeddah, Kuwait, Riyadh and Medina. RJ will resume operations to Sanaa and Aden as soon as conditions allow.
- **Africa:** Tunis, Algiers* with a commitment to resume operations to Misurata, Tripoli and Benghazi as soon as security conditions allow.
- **Europe:** Amsterdam, Athens, Barcelona, Paris, Rome, Istanbul, Larnaca, London, Madrid, Frankfurt and Berlin. Flights to Copenhagen*, Geneva*, Moscow* and Zurich* are planned to be re-started in 2022. Vienna* and Munich*.
- **Far East:** Bangkok* and Hong Kong* are planned to be re-started in 2022, and Kuala Lumpur*.
- **North America:** New York, Chicago, Detroit, and Montreal.

*Suspended in 2021 due to COVID19 pandemic

RJ faces direct competition from other airlines on (25) destinations out of (48) destinations.

2020 has been the worst year in the history of the aviation industry since most countries around the globe closed their borders and limited travel due to the COVID-19 pandemic.

In 2021 RJ has resumed operations to most destinations due to the recovery in market demand. Since then, RJ is monitoring markets and market developments to grab any opportunity for resuming operations or increasing weekly frequencies.

On April 1, 2007 Royal Jordanian joined the Oneworld Airline Alliance which brings together some of the world's largest airlines. RJ was the first Arab airline to join this global alliance, and was selected because of the excellent reputation it enjoys and the competitive services it provides for its passengers on all its trips. The advantage of being a member in this alliance is that it offers RJ's passengers easy access to around 1,000 cities around the world which are served by the alliance members. Besides RJ, the following carriers are members in Oneworld: American Airlines, British Airways, Cathay Pacific, Finnair, Iberia, Japan Airlines, Malaysian Airlines, Qantas, Qatar Airways, Siberia Airlines, Sri Lankan Airlines, Royal Air Maroc and Alaska Airlines which joined in March 2021.

Additionally, RJ has entered in commercial agreements with a number of international airlines to operate on a codeshare basis, whereby RJ is the marketing carrier that puts its code on other airlines' flights. These codeshare agreements are developed to expand the airline's network and reach points where RJ does not operate directly. This includes non-stop flights that serve RJ's passengers from Amman to Abu Dhabi, Bucharest, Bahrain, Beirut, Casablanca, Doha, Istanbul, Muscat, and Rome.

Suppliers and Customers

The company deals with a wide group of local and foreign suppliers who provide various goods and services. The company does not depend on particular suppliers, whether local or international, who provide 10% or more of the company's purchases, with the exception of its aircraft fuel supply from Jordanian Petroleum Products Marketing Company. On the other hand, the company deals with a wide range of clients, local and foreign, and provides them with flight services. RJ does not depend on particular clients, whether local or foreign, who constitute 10% or more of its total sales.

Government Protections and Privileges

The Council of Ministers resolved in its session no.(4608) held on 28/11/2019 to approve the followings:

1. Exempting the contracts of purchase, sale, lease and finance of aircraft and their engines and the contracts associated therewith- which were or are being concluded by Royal Jordanian and companies of a special purpose (established with a view to those aircrafts and engines to be acquired and rented by Royal Jordanian in accordance with financing lease contracts) from General Sales Tax and from the stamp duties due upon them including engines and leased aircrafts imported to the Kingdom until 31\12\2023.
2. Exempting machinery and equipment serving aircrafts and passengers in the Jordanian airports (except for spare parts) from customs duties, sales tax and any other fees until 31\12\2023 provided that machinery and equipment are used exclusively for the benefit of Royal Jordanian within the airport to service the passengers and aircrafts, and assigning and transferring the company's defective and unusable machinery and equipment that belongs to Royal Jordanian for the benefit of the Treasury.

- There are no patents or concession rights obtained by the Company.

Effects of Decisions made by the Government, International Organizations or Other Entities on the Work or Products of the Company or its Competitive Power

The Comprehensive Agreement with the European Union:

The Government of Jordan concluded a Comprehensive Agreement with the European Union on 15/12/2010 which mainly provides for unrestricted open spaces between the Kingdom of Jordan and the states of the Union according to the third and fourth freedoms alongside the Kingdom adopting legislations similar to European legislations in the field of civil aviation and air transport. Actually, this Agreement subjects Royal Jordanian Airlines to unbalanced competition with European airlines which enjoy flexibility in flights operation from any point in Europe to Jordan which Royal Jordanian will not be able to do, and also due to the lack of suitable time slots in major European cities, most importantly Heathrow Airport in London.

The Council of Ministers resolved in its session held on 28/12/2017 to approve allocation of the tax amount due upon Ryanair, the largest low-cost airline in Europe, in return for the promotion of the Hashemite Kingdom of Jordan on the website of the company and to encourage and incentivize it to operate flights from and to the Kingdom by means of concluding an agreement between the Jordan Tourism Board and a company that provides marketing services for Ryanair on condition that Ryanair does not have an air route identical to one of the routes of Royal Jordanian. In addition to supporting other low-cost companies

and incentivizing them to operate to and from the Kingdom in 2022. The above-mentioned decision had a significant financial impact on the performance and results of Royal Jordanian, especially for the European network in 2021.

Application of International Quality Standards

Among the basic responsibilities of RJ's Corporate Quality Management Department-CQM is to ensure effective and efficient implementation of the quality management system within Royal Jordanian's operational departments, and part of that is applying its internal quality assurance program, which aims at providing confidence that quality and safety requirements and standards are being fulfilled.

RJ's Quality Assurance program comprises of administrative and procedural activities which are implemented within the quality system so that internal and external requirements for goals and activities are continuously monitored. Error prevention is conferred by systematic measurements, comparison with a standard, monitoring of processes and an associated feedback loop.

The Quality Assurance program provides close monitoring of our compliance with RJ's stated operational standards and procedures, which inevitably conform to the standard specifications of CARC, and to the international specifications and instructions issued by:

CARC	Civil Aviation Regulatory Commission
IATA	International Air Transport Association
ISAGO	IOSA Safety audit for Ground Operations
IOSA	IATA Operational Safety Audit
EASA	European Aviation Safety Agency
SAFA	Safety Assessment of Foreign Aircraft
F.A.A.	Federal Aviation Administration (U.S.A.)
C.A.R.	Canadian Aviation Regulations
oneworld	An International alliance of airlines

After studying the general requirements and safety requirements, CQM prepare with the approval of RJ's higher management an internal and external audit and inspection program, that includes all external service providers, suppliers, internal processes within operational and maintenance departments, ending with the final service provided to our customers.

During this Audit and Inspection program, CQM examine and evaluate manuals, records, documents, standard processes and procedures, inputs and outputs, to make sure they comply with national and international standards, rules and regulations using checklists created by quality auditors.

The Corporate Quality Department is also responsible for centralizing the overall systems and procedures documentation function across the board to ensure effectiveness and consistency, by resolving conflicts in the common procedures identified in RJ operational manuals, and compliance with RJ's internal regulations as well as the regulations of national and international regulatory bodies and authorities.

In addition to everything mentioned above, our trained and qualified teams do the following:

- Plan actions to improve the quality at the company through designing an annual, monthly and daily program for checking the work in accordance with accredited specifications.
- Control the daily fieldwork, especially in operational departments.
- Ensure the quality and safety of work, workers and equipment.
- Supervise staff training courses, making sure they comply with approved quality procedures.
- Follow up on proposed amendments, assist in proposing solutions for any problems by analyzing root causes and following up on corrective measures with relevant departments.
- Coordinate training courses held in internal and external audits.
- Arrange periodic meetings with everyone concerned, in all RJ departments, to discuss recommendations and assignments, before and after internal and external audits.
- Prepare periodic reports on the section's tasks and submit them to the senior management.

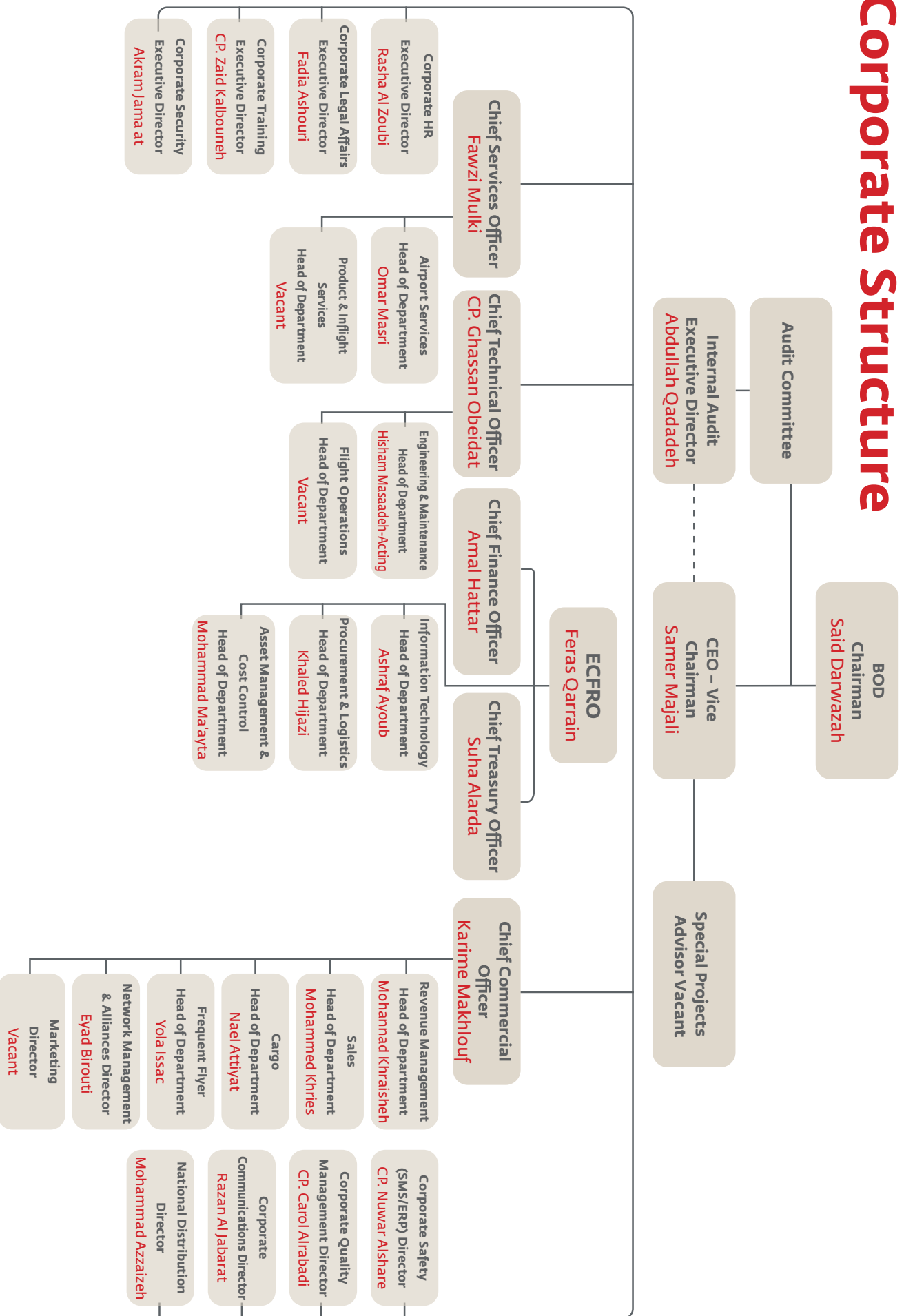
Main achievements of the Corporate Quality Department in 2021

- Completing the CQM internal audit cycle, by performing onsite audits, as permitted by precautionary COVID-19 measures.
- Submitting a new issue of the RJ Quality Manual to CARC for final approval, based on the RJ standard format and layout.
- Producing a new issue of the RJ SOPs under COVID-19 manual for the corporate level and ensuring that no contradictions arise in operations.
- Continuing with the standardization of work procedures followed by different departments within the company.
- Follow up and support for the aircraft disinfection program.
- Producing a new Issue of the CQM Internal Procedures Manual.
- Collaborating with HR medical services, and producing a RJ manual for drug and alcohol testing.
- Maintaining RJ IOSA certification by performing a remote audit.
- Maintaining RJ ISAGO certification by performing a remote and onsite audit.
- Launching an RJ documentation system project to produce internal procedures manuals for non-operational departments at the Head Office.
- Launching the RJ manuals standardization project for all RJ departments, to ensure compliance with the standard format and layout.
- Expanding the program scope for internal and external audit and inspection, to include CAMO audits and inspections, product audits, and FAMO audits.
- Renewal of Royal Jordanian AOC.

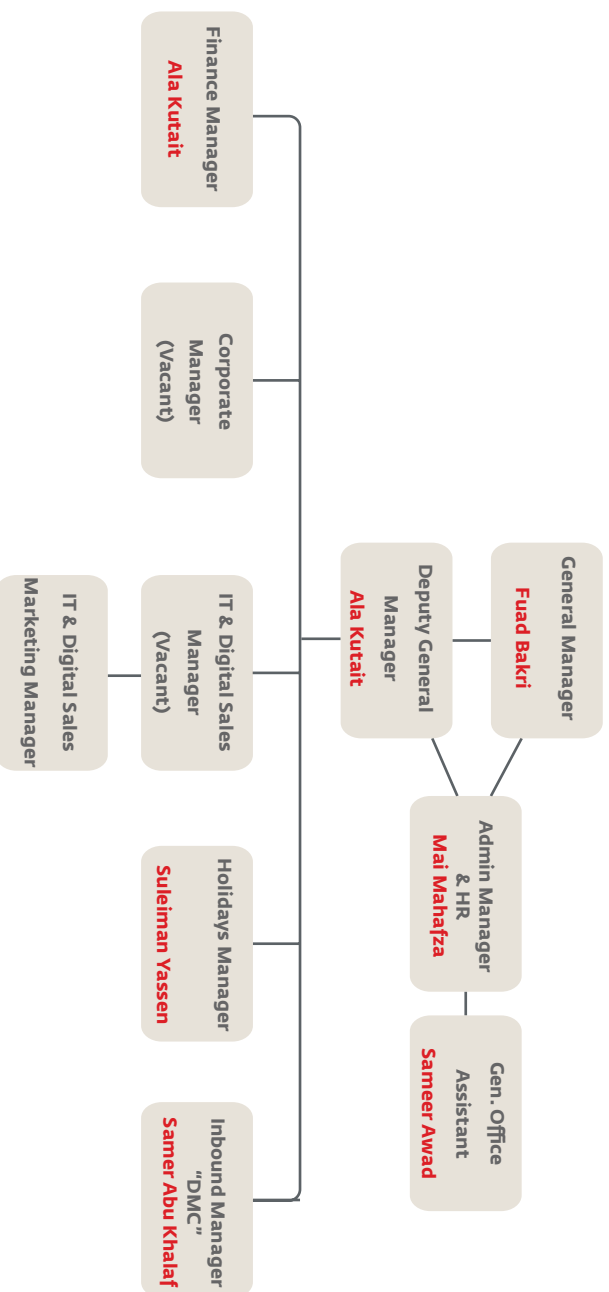
Main Corporate Quality goals for the year 2022

- Following up on continuous improvements and the implementation of work processes and procedures through internal and external audits.
- Satisfying our stakeholders' requirements and needs (Board of Directors, President/CEO, CARC, etc.) by performing quality checks to ensure RJ's internal policies and procedures are met.
- Renewal of external certification earned by RJ, such as AOC and IOSA.
- Continue with external, outstation and GSP audits using both onsite and desktop auditing methods.
- Producing a controlled and coordinated IT system that ensures a standardized documentation product throughout the organization. All documents conform to a unified corporate standard, thus ensuring wide consistency in documentation philosophy, format and presentation of content.
- Expanding the scope of the quality assurance program to include the occupational health and safety program and fatigue management program.
- Completing the RJ documentation system project by issuing internal procedures manuals for all operational and support departments and unifying the format and layout for RJ manuals.

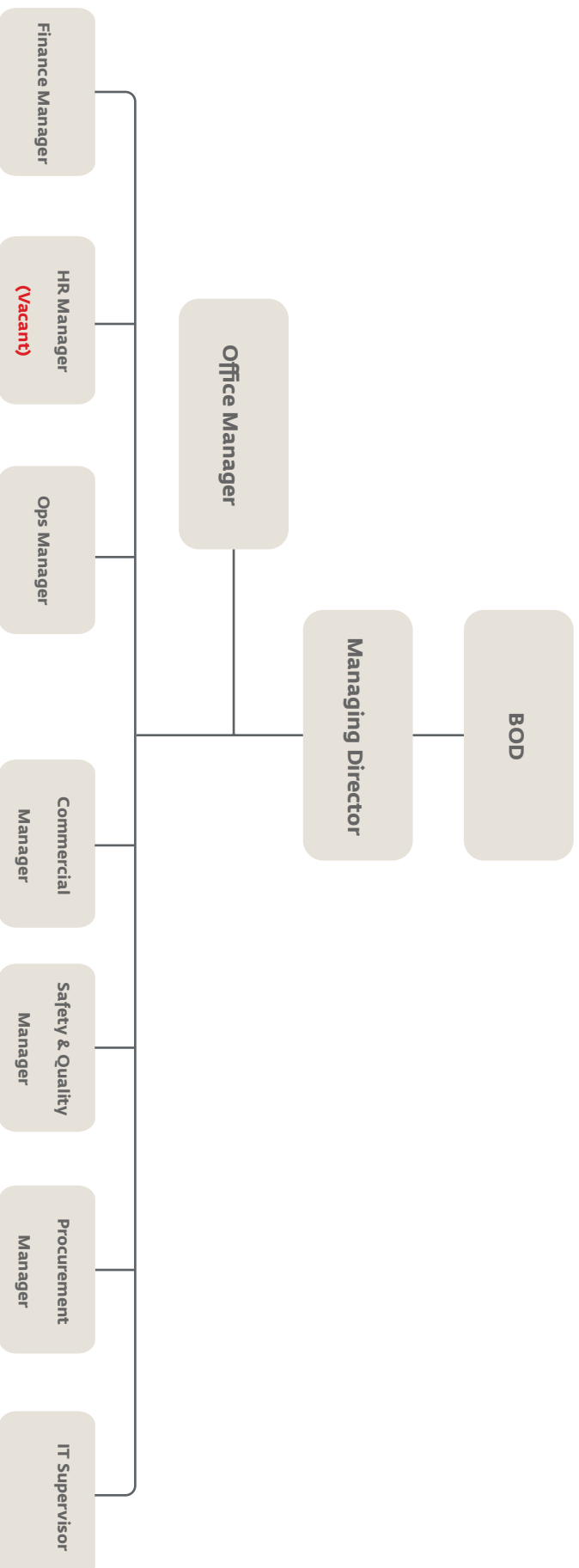
Royal Jordanian Corporate Structure



Royal Tours Corporate Structure



Tikram Corporate Structure



Staff Numbers and Academic Qualifications

Below is a table of staff numbers and qualifications in the parent and subsidiaries at the end of 2021:

Academic Qualifications	Royal Jordanian	Royal Tours	Tikram	Total
PhD	3	0	0	3
MA	92	0	0	92
BA	1372	20	55	1447
Diploma	523	2	6	531
High School	398	3	141	542
Below High School	821	1	0	822
Total	3209	26	202	3437

RJ number includes 246 employees working in outstations.

Staff Training Programs

The company is committed to various training programs required by different aviation bodies, in addition to courses held for pilots, flight attendants and engineering and maintenance staff. These courses aim to improve staff efficiency and maintain safety standards for RJ's passengers and aircraft. In 2021 the company provided training for the staff through 655 courses in which 6227 participants from different departments took part to improve their managerial, technical, and computer skills. There were also courses in marketing, sales and passenger services.

Details of Courses and numbers of staff who attended them:

Course Title	No. of Courses	No. of Participants
Marketing, Sales, Passenger Services	10	88
Technical Courses	620	5765
Managerial Courses	17	253
Computer, IT Courses	8	121
Total	655	6227

In addition to the courses above, employees in outstations and different departments were trained using online training programs (Talentlms and CPAT) as per the table below:

Course Title	No. of Courses	No. of Participants
Technical Courses	24	3034
Total	24	3034

* Employees may attend more than one course according to requirements

Risks

The company deals with various types of risks within a comprehensive framework of risk management, in accordance with the best international standards, traditions and practices. Risk management is carried out in cooperation between the Board of Directors and the Executive Management. The Board of Directors makes sure that the Executive Management implements an efficient and effective system for internal control. The CEO, being at the top of the executive management, is responsible for risk management and the practices related thereto. The Executive Chief Finance and Resources Officer is responsible for identifying financial risk, controlling, maintaining the quality of financial information, and ensuring that accurate financial statements are being disclosed. The rest of the Executive Management shall identify risks in their departments and work on managing these risks within an institutional framework that defines each of their duties and authorities.

Risks which could have a substantial effect on the company during the coming year may be summarized as follows:

Risks of Operation Discontinuation

The world has suffered throughout the ages and is still suffering from the risk of communicable diseases and epidemics. Since late 2019 the world has been facing the COVID-19 pandemic, which has greatly affected all economic, commercial and industrial sectors, and is considered a key factor in the significant decline in air traffic in the world due to the lack of turnout of passengers to travel and the procedures and restrictions imposed by countries to limit the spread of the virus, which have complicated travel operations.

Royal Jordanian includes among the risks it is facing, the risk of communicable diseases and epidemics, and deals with this risk through continuous communication with the Crisis Management Center, the Jordanian Ministry of Health and the World Health Organization to periodically update its procedures, continuously reduce the impact of any risk associated with communicable diseases and epidemics, and implement the highest safety standards to reduce its impact on travelers. Royal Jordanian also periodically trains air crews and ground staff on how to deal with disasters and crises, including communicable diseases or epidemics, and an integrated guide has been prepared for employees on how to deal with the Corona pandemic.

Royal Jordanian has worked to project the impact of the pandemic on its financial expectations for the coming years, despite the inability to reach a final and definitive assessment of the consequences of the financial impact due to the lack of a deadline for the end of the pandemic and the gradual return of normal passenger traffic, which creates another danger, which is the possibility that the economic impact of the pandemic may be worse than expected.

Geographical Location Risks

Most of RJ's operations take place within the borders of Jordan. All of its flights depart from Amman. As such the geographical location of the Kingdom constitutes a big challenge to the company, especially these days when political and economic tension is occurring in some neighboring Arab countries. The company has to adapt in its operations within these difficult challenges which burden the company and its business.

Market Risks

Competition among airlines has lately intensified in the Arab region, particularly with the emergence of low-cost airlines which constitute a big challenge for most airlines, large and small. In order to meet this type of competition, the company has prepared short- and long-term strategies to limit the effect of this type of airlines on the company's market share, through improving the standard of services provided, increasing the level of passenger satisfaction, simplifying travel procedures, and providing more travel choices, where it benefits from its membership in the Oneworld alliance.

In addition, the world continues to suffer from the economic effects of the Corona pandemic, which directly affected the performance of the global air transport industry and the decrease in the volume of demand for travel, and in this context, the company has taken a package of measures that will mitigate the impact of the drop in demand on the company's business.

Financial risks, including Debt Financing, Liquidity and Company Continuity Risks:

Since its establishment, Royal Jordanian has been working to overcome any obstacles or difficulties that represent a fundamental threat to the company's continuity, and despite the many losses that the company has suffered, its continuity confirms that the company will continue to practice its business for a sufficient period in order to achieve its goals and obligations.

One of the most significant risks to the company's continuity, is the critical financial situation that the company is currently going through, and its accumulated losses that exceeded 99% of the company's capital.

Royal Jordanian works to reduce this risk by obtaining necessary guarantees and government support, restructuring its capital, communicating with major shareholders to increase the company's capital, and enhance the liquidity necessary to pay its obligations. In addition to restructuring the company's operations in line with the company's current situation and to meet the demand for travel.

The company works to manage liquidity risk by ensuring the availability of cash and bank facilities to pay all the obligations of the company and managing cash effectively and efficiently. During the pandemic, the company took specific and general measures to protect and manage liquidity to avoid any possibility of liquidity restrictions or shortages that may result from the COVID-19 pandemic.

The company worked within a clear plan to reduce debt risks, analyzing all the company's dues and negotiating with suppliers and banks to reschedule payments in line with available liquidity and future expectations. Payments for canceled flights and the refund mechanism for travelers were also analyzed.

Credit Risks

The company follows a clear credit policy in dealing with its sales agents around the globe. This policy entails providing bank guarantees by the agents in favor of the company. At present and in light of the existing economic circumstances, the company is following up on the agents' performance to protect its rights and avoid unforeseen situations that could affect any of the agents and adversely affect the company's operations.

Fluctuation of Fuel Prices

The cost of fuel constitutes a large and escalating part of the company's operational expenses. It amounted to 23% of the total operational expenses for the year that ended 31.12.2021. As such, any material change in the price of crude oil and subsequently the price of jet fuel could affect the operational results of the company substantially. In this field, RJ has taken steps to deal with the rising fuel prices through imposing a fuel surcharge on tickets, focusing on increasing passenger numbers, managing revenue and maximizing the yield. This is in addition to entering into fuel hedging contracts, which is international best practice for air carriers in this field.

Fluctuations of Interest Rates

The company is exposed to fluctuations in interest rates through entering into lease contracts and medium- and long-term loans to finance expansion projects. Prior to inviting bids for facilities from banks, the company examines the risks of interest rate fluctuations and their effect on its operations. The company then determines the interest rates that suit its objectives and future aspirations. The international interest rate in London and New York banks (LIBOR) was adopted as the basis for pricing all of the company's existing loans.

As part of the risk policy, the company examines interest rates of major currencies and their future expectations, in addition to the possibility of entering into interest rate swaps to reduce the risk of fluctuations and subsequently the cost of borrowing.

Fluctuations of Exchange Rate

The company is exposed to changes in the rates of exchange between the Jordanian Dinar and various other currencies. Most of the company's revenue comes from the sale of tickets abroad in the local currency of each country. In order to reduce the effect of fluctuation of exchange rates of foreign currencies on the company's operations, the company reconciles the revenues and the expenditure of each currency separately. Any surplus will be converted to JD or USD depending on the needs of the company, within a clear policy based on market studies and trends. Next to the USD, Euro and Sterling form the major part of the company's revenue, in addition to the JD which does not constitute any risk since its rate of exchange is tied to the USD.

Work Environment Risks During a Pandemic

Proceeding from the keenness of Royal Jordanian to maintain air transport movement during the pandemic, and to secure the transportation of passengers and cargo to and from the Kingdom, the company was able to quickly adapt its policies and procedures to serve and facilitate the movement of passengers and employees, taking into account that the safety of travelers and workers is a top priority for the company.

The company has worked to activate policies for remote and flexible work, and formulate a manual of procedures to control the work process of employees and their return to work, taking into account defense orders and applicable laws and regulations. The company has also devoted all available technical means to facilitate the work of employees from various locations while ensuring the highest levels of information security and confidentiality.

Cyber Security Risk:

Data protection is one of the most important pillars of digital transformation, as the company needs it to detect any threats in a timely manner, in addition to ensuring the continuity of RJ's operations and supporting its business objectives, and in light of the impact of the COVID-19 pandemic, Royal Jordanian has succeeded in implementing a platform for detecting and responding to any security issue through one of the best leading companies in this field.

Electronic Systems Risks

In light of the great and accelerating development in the field of electronic systems, we face a new kind of risk which could adversely affect the electronic systems used in the company's operations. These systems should be continuously updated to ensure their efficiency and ability to keep up with new requirements especially in the field of aviation. The company has achieved a lot in this direction through the introduction of advanced and efficient electronic systems. A special team in the company follows up on the performance of these systems to ensure their continuous safety, efficiency and quality of output.

Purchasing Risks

In its daily operations, the company purchases several types of raw materials and spare parts which are necessary for the nature of the airline business. Any delay in supplying the company with these materials or spare parts might lead to interruption in the flow of operations and expose it to big losses. To avoid such situations, the company updates the purchasing mechanism continuously and maintains good relations with all suppliers in Jordan and abroad. As a result of the above, the company entered into a number of insurance contracts to limit the risks that could affect its performance.

Aircraft Leasing Risk:

RJ Operates 18 leased aircraft, during the pandemic RJ faced several challenges to adhere to the lease contracts and the terms of the agreement due to the impact of the drop in demand to operate these aircraft for long period, RJ renegotiated the contracts and successfully agreed with lessors to calculate the rent rate to reflect the actual operation hours of the aircraft and minimize the financial impact where the installments will be rescheduled on the midrange.

Financial Effect of Non-Recurring Operations

RJ's operations are recurring operations. There is no financial effect to operations of a non-recurring nature which happened during the financial year and is not included in the company's main activity.

Timetable of Realized Profit or Loss

Description	YEAR				
	2021	2020	2019	2018	2017
Realized Profit/Loss (JD'ooo)	(74,259)	(161,060)	10,383	(5,857)	274
Dividends	-	-	-	-	-
Shareholders' Equity (JD'ooo)	(59,100)	(9,679)	126,732	116,478	100,335
Share Price at year end	0.24	0.19	0.36	0.37	0.44



2021 Achievements



+41.87%

2021 Achievements

For RJ, 2021 was not much different from the year before, given the challenges the air transport industry has been witnessing since 2020 due to the outbreak of the COVID-19 pandemic, which kept airlines in an almost continuous state of closure and instability. This unprecedented situation negatively impacted the tourism and transportation sectors, and of the latter, air transport in particular witnessed a decline in demand for travel to and from Jordan.

Accustomed to facing difficulties and challenges throughout its long history, Royal Jordanian, Jordan's national carrier and a leading, well-established airline in the region, has been, as always, utilizing the maximum of its resources and capabilities to overcome the obstacles and move forward towards more progress and achievements that would enable it to compete, enhance its strategic role in serving Jordan, and strengthen its position at regional and global levels.

Despite all recent challenges, RJ noted many achievements in 2021 in the operational, services and other areas of business. Following are the most prominent of those achievements:

Launching the five-year strategy

As a result of the negative repercussions of the coronavirus, and their significant financial impact on Royal Jordanian's business, results and financial cash flow, the company launched a business plan for the next five years to overcome and confront the current and expected exceptional circumstances. The plan focuses on taking several restructuring measures, including reducing operational costs, revisiting the route network, modernizing the fleet, improving the level of passenger services, maintaining the company's distinguished position in the Levant, projecting a bright image of Jordan in various parts of the world and encouraging tourism.

Revision of aircraft leasing contracts

Royal Jordanian has taken measures for the purpose of mitigating the effects of the pandemic on the financial situation of the company by entering into negotiations with major aircraft lessors with the aim of mitigating the financial impact of lease contracts by postponing aircraft lease payments and changing the mechanism for calculating and paying rent from a fixed to a variable basis according to the pace of actual operation, Power Per Utilization Hour (PBH). The company has reached agreements with most of the aircraft lessors, whereby understandings and agreements have been reached for 14 out of 17 aircraft, with cash savings for the years 2021 and 2022 that may reach a maximum of JD61 million. It has also had a positive impact on the profit and loss statement for the year 2021 amounting to JD17 million.

Launching IATA's Travel Pass

Royal Jordanian will start implementing the IATA Travel Pass across its network. The Travel Pass can receive and verify a range of COVID-19 test results and digital vaccination certificates. The app offers a safe and secure way for travelers to check the requirements for their journey, receive test results and scan their vaccination certificates, verify that these meet the destination and transit requirements, and share these effortlessly with health officials and airlines before departure.

Enhancing the passenger experience

- Improving Economy Class meals

RJ introduced an improved onboard catering services and recently upgraded its economy class meals by introducing dishes from different cuisines, which change every two weeks. Passengers are now served a variety of dishes, including Oriental, International, Mexican and Italian.

- “Sky Connect” application

RJ is now offering passengers onboard its Embraer aircraft a wireless in-flight entertainment (IFE) system, allowing them to watch movies and TV shows on their personal devices. The solution provides wireless content streamed to passengers’ personal devices in both Crown and Economy classes.

- Agreement with Tamatem mobile games publisher

Tamatem Inc., a Jordanian-based mobile games publisher, signed an agreement with RJ to provide travelers with several games on RJ’s wireless inflight entertainment system, SkyConnect, aiming to enhance passengers’ onboard experience. The agreement also included setting up arcade machines, tablets and charging stations in the Crown Lounge at Queen Alia International Airport.

- RJ Chauffeur Service

In 2021, RJ launched its Chauffeur Service to offer a tailored and innovative product to the its customers. The new service gives RJ customers who travel from or to Queen Alia International Airport the opportunity to book both their RJ ticket and their airport ride at the same time, at very attractive prices.

- IOSA certificate renewed with zero findings

The International Air Transport Association (IATA) renewed RJ’s IOSA certificate without findings, for the 10th time in a row. The certificate will be effective through 2022. It reflects the efficiency of the company’s operations and its commitment to achieving the highest levels of air safety at the best standards of accuracy and professionalism, and to following local and international procedures to ensure a high degree of air and ground safety.

- Engineering and Maintenance

Royal Jordanian maintains the technical preparedness of its fleet of aircraft, while enhancing the company’s competitive advantage, through many different measures. RJ’s Engineering and Maintenance Department uses all possible ways of cooperation with partners in different technical areas, aiming to maintain an advanced level of aircraft safety and airworthiness.

In 2021, RJ implemented several measures in this area, the most prominent of which are mentioned in this report:

- Supporting RJ fleet operations by making available engines leased from several lessors. The goal of this project is to replace original engines during required maintenance. Seven engine lease agreements were reached with well-known lessors such as MTU, SMBC, ULS, True Aero and Magellan through different lease terms. Operation disruptions were prevented through providing two leased APUs from REVIMA and PWC to replace original aircraft APUs during their maintenance.

- Extending repair and maintenance agreements with current service providers such as MTU and Honeywell to ensure support for RJ and the smooth resumption of operations after the lockdown. The airline also amended and extended the current agreement with General Electric for maintenance and repair of GENx engines, to secure better financial and technical terms for RJ.

- Reaching a new component-support agreement with Lufthansa Technik to cover A320 fleet component needs. Spare parts are provided through access to Lufthansa Technik's component pool and through a home base lease at Royal Jordanian's headquarters in Amman.

- Extending the current component-support agreement with Spairliners, which provides the required coverage for Embraer fleet operations, and amending the current agreement with Boeing for B787 component support in order to secure better financial and technical terms, in light of current circumstances.

- Amending the maintenance contract with Thales that provides Boeing 787 with in-flight entertainment systems, to secure better technical and financial terms for RJ.

- Other agreements with technical service providers are:

- Technical Support Agreement with JORAMCO to support RJ with different maintenance needs.
- Repair agreement with REVIMA for the purpose of repairing the APUs mounted on the Embraer and B787 fleet.
- Extending the long-term business with Michelin under a new contract to support Royal Jordanian with aircraft tires for Airbus A320, Boeing 787 and Embraer 195 aircraft.
- Extending the current agreement with Lantal to cover RJ needs for aircraft carpet.
- Reaching a Skywise Health Monitoring Agreement with Airbus to manage unscheduled maintenance events and allow real-time aircraft monitoring.

- Signing maintenance agreements with four new airlines

On the technical handling side, RJ is increasing revenues by contracting new customers at RJ base and stations. Agreements have been signed/amended between RJ as "handler" and the following customers:

- Gulf Air (in Erbil)

- TRANSAVIA (in Amman)
- Fly Emirates, to include A380 aircraft in the existent agreement coverage (in Amman)
- Middle East and Turkish Airlines, to include A320 NEO aircraft powered by PW Engines (at Iraq stations) in the existent agreements.
- FLY DUBAI and Turkish Airlines, to include B737 MAX (at Amman and Iraq stations)
- WIZZ AIR (in Amman)
- Oman Air, to include B737 MAX in the existent agreement (in Amman)

Information technology

In 2021, Royal Jordanian adopted various advanced IT systems to find innovative solutions that facilitate its ability to adapt to the current circumstances, improve airline operations and provide safe travel solutions for passengers, including:

-Technology assessment by PwC

PwC conducted a comprehensive technology and benchmarking assessment in 2021, over a period of four months, covering key areas of the technology sector at Royal Jordanian including: strategy, governance, applications, security, people, and risk management.

PwC's final report clearly shows that Royal Jordanian technology fully complies with industry norms and leads in specific areas. As a result, new technology governance was introduced through the establishment of a new Technology Steering Committee chaired by a member of the Board of Directors. The purpose of the committee is to provide, to the board and shareholders, better visibility of the technology investments and their alignment with the company's corporate strategy.

-Business Intelligence platform evolution

In 2021, major technological efforts were focused on enhancing the Business Intelligence platform which operates on Microsoft Azure Cloud. The platform became a vital resource for RJ's management team in transforming data into actionable insights through predictive reporting and dashboards, which helps improve strategic decision making.

-Biometric Pilot solution at the airport

Royal Jordanian worked, alongside its technological partner Amadeus and AIG, on establishing a biometric solution which will enable Queen Alia International Airport and RJ to be among the first airports and airlines to evaluate this market-leading technology at global scale. It is an intuitive experience, from enrollment to boarding, where biometrics is integrated into the passenger journey to provide a seamless and enhanced customer journey. RJ and Amadeus are currently in the testing phase and hope to extend the pilot to a permanent solution in 2022, to cover all passenger journey touchpoints.

-Customer Relationship Management expansion

During the pandemic, digital adoption became mandatory for any business to grow, and accordingly, RJ's IT Department extended the adoption of the Microsoft Customer Relationship Management platform to cover other business units at the sales, marketing and airport services departments, to streamline and automate administrative processes, in addition to facilitating more personalized marketing campaigns and achieving more effective marketing activities.

-Amadeus Revenue Integrity System

RJ implemented the Amadeus Revenue Integrity System, in line with its technology strategy to unify its core environment under the Amadeus platform, which enables the airline to manage and forecast revenue with greater accuracy, and analyze relevant information to minimize revenue leakage across the passenger service chain. This implementation complemented the already established, state-of-the-art services provided by Amadeus passenger solutions, which eliminated the distribution costs of non-productive bookings. Consequently, various business reporting needs have been developed on the centralized business intelligence platform for unified and correlated reports and dashboards.

Ground-handling operations

Royal Jordanian continuously strives to capitalize on all available opportunities to improve ground services offered to passengers and ensure a smooth operational flow. The airline also continuously provides ground-handling services for RJ and other carriers' aircraft operating at Queen Alia International Airport and King Hussein International Airport in Aqaba. These services include check in, boarding, baggage services, cabin grooming, cargo handling, warehousing and light maintenance.

RJ awarded second-best airline in punctuality in the Middle East and Africa

RJ was recognized as the second-best airline in the Middle East and Africa 2021 for on-time performance by Cirium. According to Cirium, one of the largest providers of aviation data, Royal Jordanian's on-time performance stood at 89%.

Frequent Flyer Program Royal Club

RJ's Royal Club Frequent Flyer program offers its members various privileges and services to maintain their loyalty and attract new customers:

- "Miles & Cash" service launched

Royal Club launched the "Miles & Cash" service for its members who can benefit from the flexibility of paying for their tickets with a mix of Royal Club miles and cash.

The service also gives members the opportunity to take advantage of their accumulated miles balance and save on the ticket price with more flexibility and ease.

-Partnership with Hospitality Management Holding (HMH)

Royal Jordanian and Hospitality Management Holding (HMH) reached a partnership agreement whereby HMH joins the Royal Club Frequent Flyer Program network of partners.

Through this collaboration, Royal Club members staying at any of HMH distinctive hotel brands throughout the UAE and Jordan will earn Royal Club Award Miles for each \$1 they spend on accommodation or services, which makes their experience more rewarding.

-Partnership with invite-only platform Dezerved

Royal Club has joined forces with Dezerved, the luxury invite-only platform. The second airline loyalty program to partner with Dezerved, alongside Lufthansa's Miles & More, Royal Club offers its top-tier program members access to the Dezerved platform, where they can find exclusive offers from high-end luxury brands. Dezerved grants loyalty program members access to unbeatable discounts on the world's most coveted luxury goods from various brands and also offers a curated selection of elite experiences. Dezerved is available to the most loyal Royal Club members - Platinum Hawk and Gold Sparrow members.

Promoting Jordan

Royal Jordanian placed the old Alia livery on one of its Airbus 321 to mark Jordan's centennial. This RJ initiative both celebrates the kingdom's centenary and showcases RJ as the national carrier of Jordan. It is also proof of the company's keenness to take part in all national events that Jordanians are proud of.

RJ also revealed a Petra-inspired livery on one of its B787s, showcasing the breathtaking rose-red city that is one of the new seven wonders of the world and an instantly recognized image associated with Jordan, in a move to boost tourism to the Kingdom.

Air Cargo

The air cargo sector looks at 2021 as a year full of achievements, as the company developed an ambitious strategy that focused on growth, sustainability and the automation of operations. It came up with dynamic actions and solutions to face challenges and achieve a more profitable air freight business, whether on passenger or cargo aircraft, as well as to meet and serve the local and global market through Amman, with the cooperation and support of its customers and qualified cadres. Royal Jordanian utilized cargo and passenger aircraft to transport goods, and achieved record numbers for 2021, 25% above the expectations for that year.

The cargo sector also seeks to adopt economically feasible solutions to transport e-commerce goods directly in a short time and at competitive costs to various countries of the world and to promote Jordan as a regional distribution center due to its strategic geographical location that links the Middle East and the Far East through Amman, using B787 aircraft. It hopes to increase cargo revenues by 54% above estimates for the same year.

The sector also aims to increase the efficiency of cargo-handling operations within warehouses, to meet local and international agents and dealers expectations and satisfaction with Royal Jordanian, by improving the accuracy of handling cargo merchandise, and at the same time making it quicker, safer and more effective, facilitating merchandise storage and delivery to owners in a timely manner through automating cargo operations and keeping abreast of the latest technologies. Royal Jordanian provides cargo-handling services to many cargo forwarders and airlines operating at Queen Alia International Airport, benefiting from Jordan's strategic location in the region, especially in the field of storing perishable materials such as vegetables, fruit, meat, in addition to medicines and express mail.



Analysis of the Company's Financial Position and 2021 Business Results



Analysis of the Company's Financial Position and 2021 Business Results

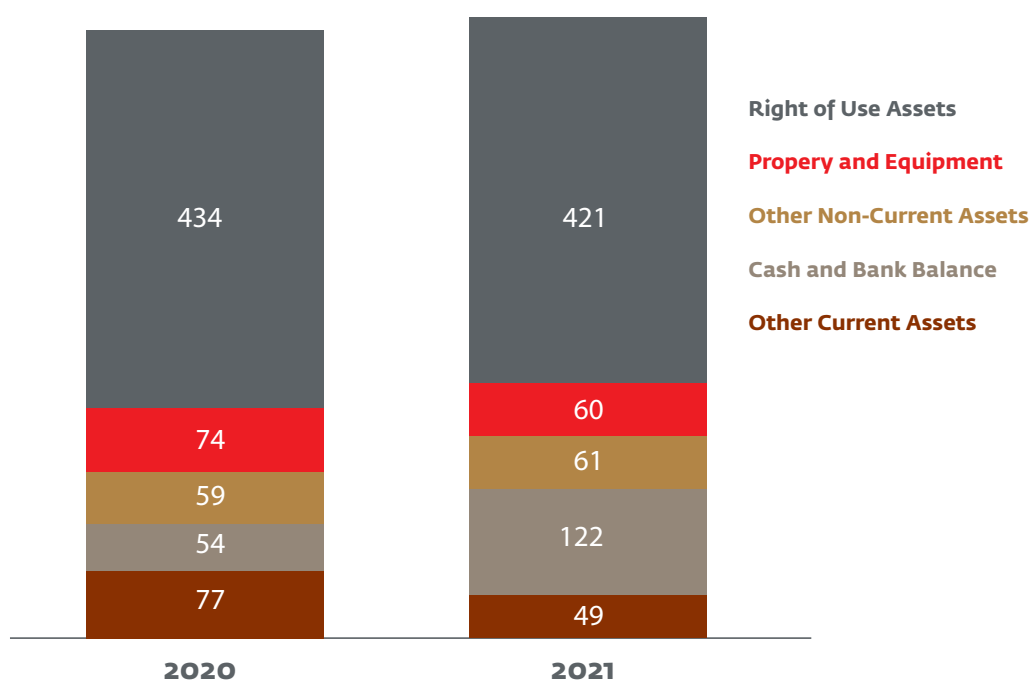
Analysis of the Financial Position

Assets

Assets increased by 2%, at a value of JD 15 million. The main reason for this is the increase in the cash balance by approximately JD 68 million resulting from the collection of receivables related to fuel volume discounts, in addition to an increase in capital by JD 25 million and an overall increase in sales compared to the previous year.

On the other hand, the right-of-use asset balance decreased by JD 12.7 million in 2021 as a result of depreciation amounting to JD 56.7 million for the year and amendments to operating lease contracts by JD 44 million. Property and equipment also decreased by JD 14 million because of periodic depreciation amounting to JD 21.4 million in 2021, while annual additions during the year amounted to JD 7.6 million.

Additionally, accounts receivable and other current assets decreased by JD 28.6 million compared to 2020, mainly due to the settlement of the Jordan Petroleum Refinery Company balances mentioned earlier.



Equity

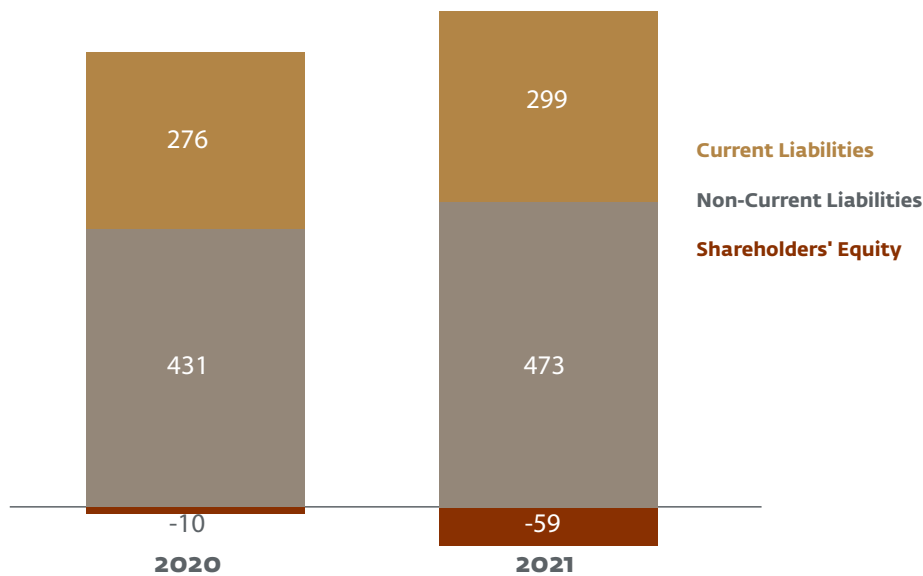
Net equity decreased by JD 49.4 million, demonstrating a drop of 511% in 2021. The main reason for the drop is the loss for the year, amounting to JD 74.3 million and the capital increase by JD 25 million.

Liabilities

Non-current liabilities increased by JD 41.7 million for the year 2021 compared to 2020, demonstrating a 10% rise. This is mainly due to the increase in long-term lease obligations by JD 41.5 million, caused by amendments of leased aircraft contracts.

Current liabilities increased by JD 22.8 million, demonstrating an 8% rise. The main reason for this is the increase in payables to suppliers and accrued expenses by JD 30.6 million due to the increase in the company's operations during the months of November and December of the year 2021 compared to the same period in 2020. Additionally, deferred revenues increased by JD 18.8 million, due to the overall increase in sales.

On the other hand, short-term lease obligations dropped by JD 39.8 million due to the aforementioned lease contract amendments.



Analysis of Business Results

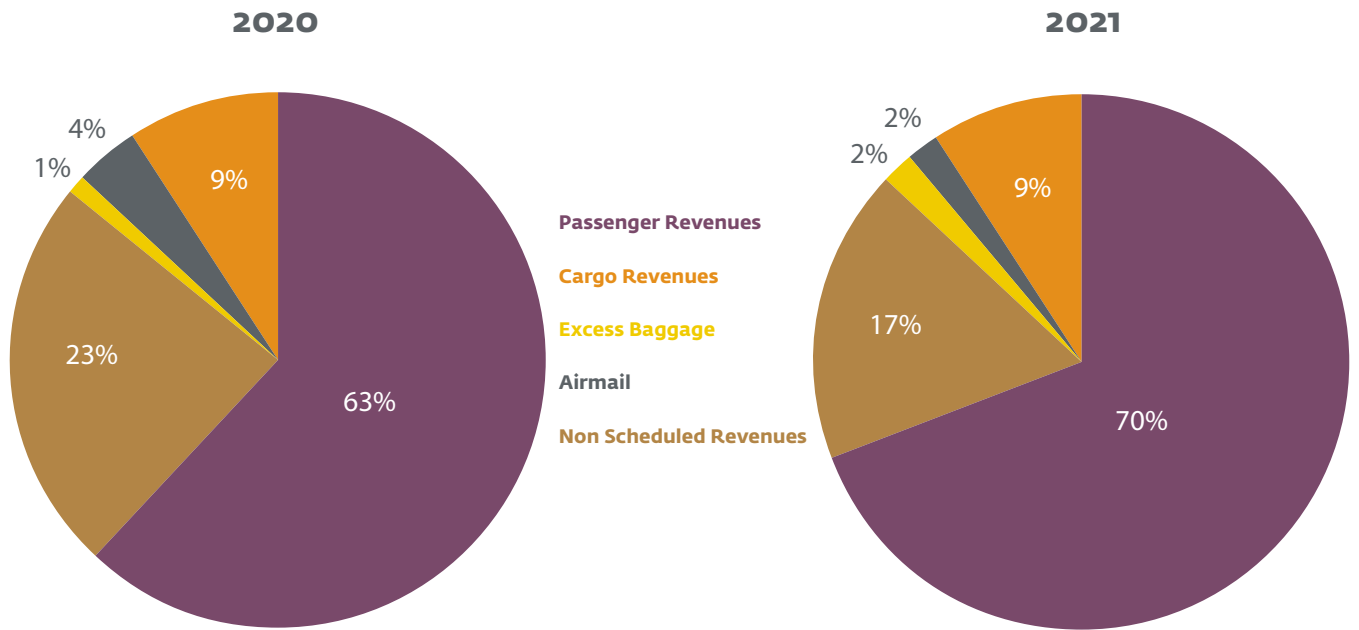
Revenues:

Total revenues for the year 2021 amounted to JD 357.1 million compared to JD 212.6 million in 2020, an increase of 68%.

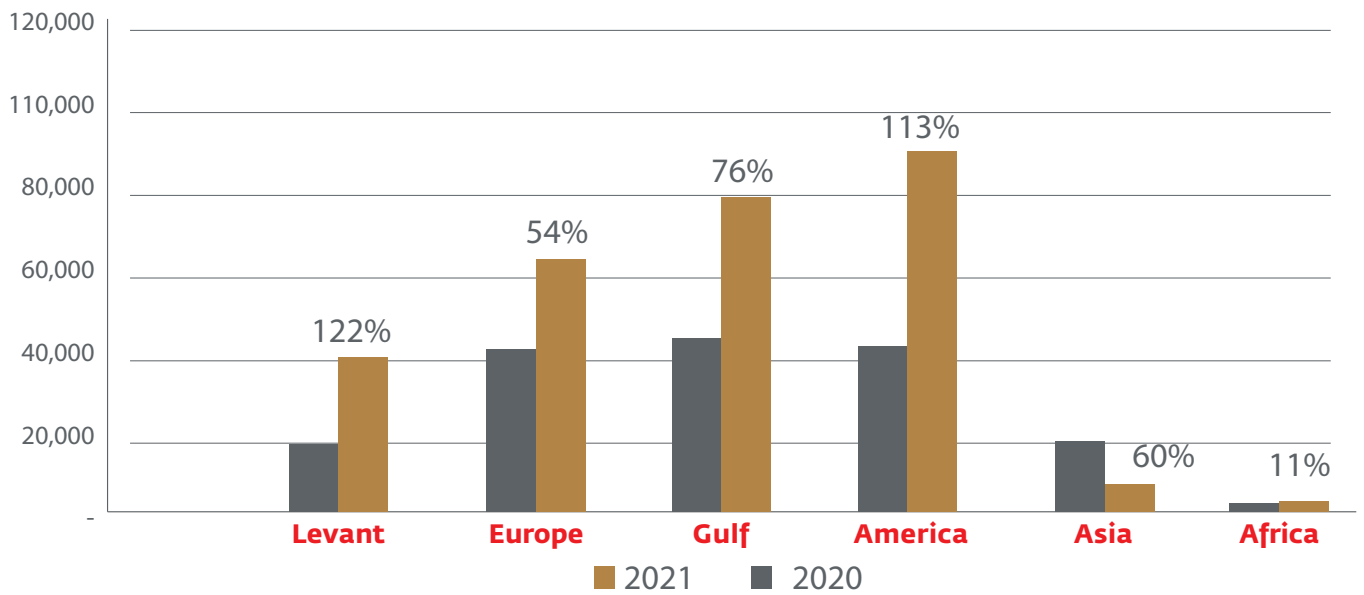
The main reason for the increase in revenues is the increase in passenger revenues by JD 117 million due to increasing demand on travel after COVID-19 restrictions were lifted. This resulted in an increase in the number of passengers by 109% compared to the year 2020, and can be attributed to the America, Arab Gulf and Europe regions, with amounts of JD 52 million, JD 37 million, and JD 24 million respectively.

Cargo revenues for the year 2021 amounted to JD 31 million compared to JD 19.8 million in 2020, an increase of 56%.

The following graph shows the breakdown of revenues as a percentage of total revenue in 2020 and 2021:



% The change in geographical distribution of revenues between 2020 and 2021

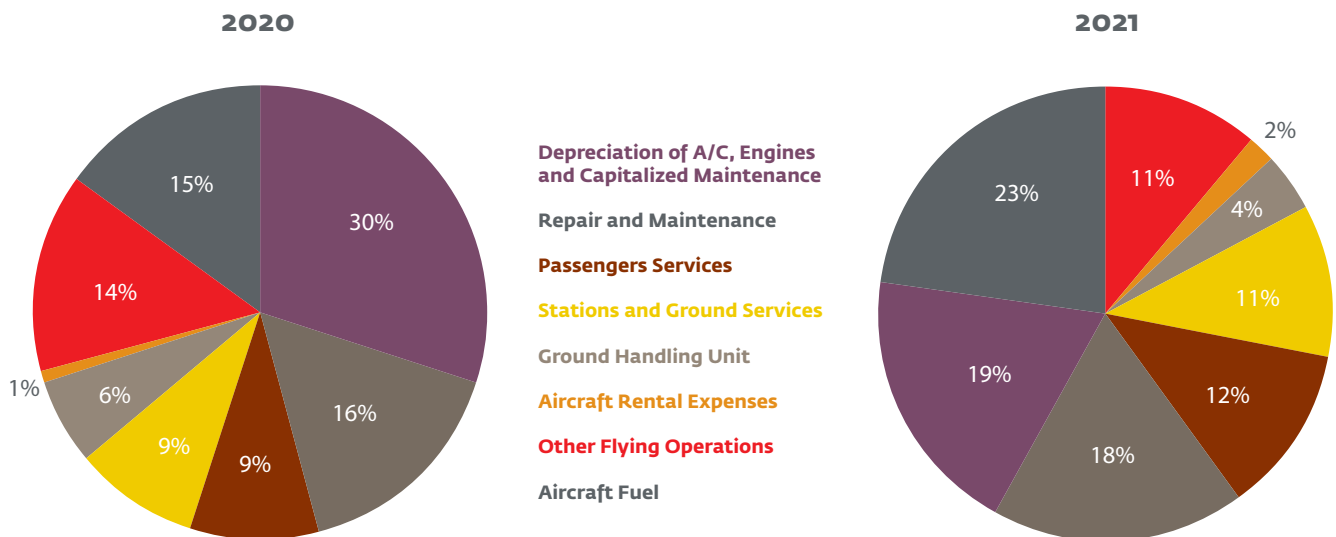


Cost of Revenue

Cost of revenue increased for the year 2021 by JD 90.7 million, demonstrating a 33% increase when compared to 2020. This increase is due to the following main reasons:

- Flying operation costs increased by JD 45 million, mainly due to the increase in aircraft fuel costs by JD 43.3 million, representing a 104% increase, caused by increased demand for travel as the number of flying hours increased by 71%.
- Repair and maintenance costs increased by JD 22 million due to flying hours increasing by 22,061 hours or 71% compared to 2020.
- Passenger service costs increased by JD 19 million mainly due to the increase in reservation costs by JD 10.2 million. Additionally, catering costs grew by JD 4.4 million as a result of the total number of passengers increasing by 109%.
- Station and ground services costs increased by JD 17 million due to the increase in landing and handling costs by JD 8.5 million and JD 10.1 million respectively. This is further justified by the increase in the number of departures by 81% and the total number of passengers by 109%.

The following graph shows the breakdown of costs as a percentage of total costs in 2020 and 2021:



Gross Loss and Net Operating Loss

Total gross loss for the year 2021 amounted to JD 12.7 million, compared to a total gross loss of JD 66.4 million in 2020. The main reason for this is that in 2021 revenues increased by a higher percentage than the costs related to it. This is mainly attributable to the recovery of travel demand as COVID-19 restrictions were eased, in addition to the company reaching several agreements with its most prominent aircraft lessors to change the method of calculating and paying aircraft leases from fixed installments to a Power-By-Hour (PBH) arrangement followed by extension terms for those aircrafts, which in turn led to a decrease in aircraft depreciation, as stipulated in IFRS 16.

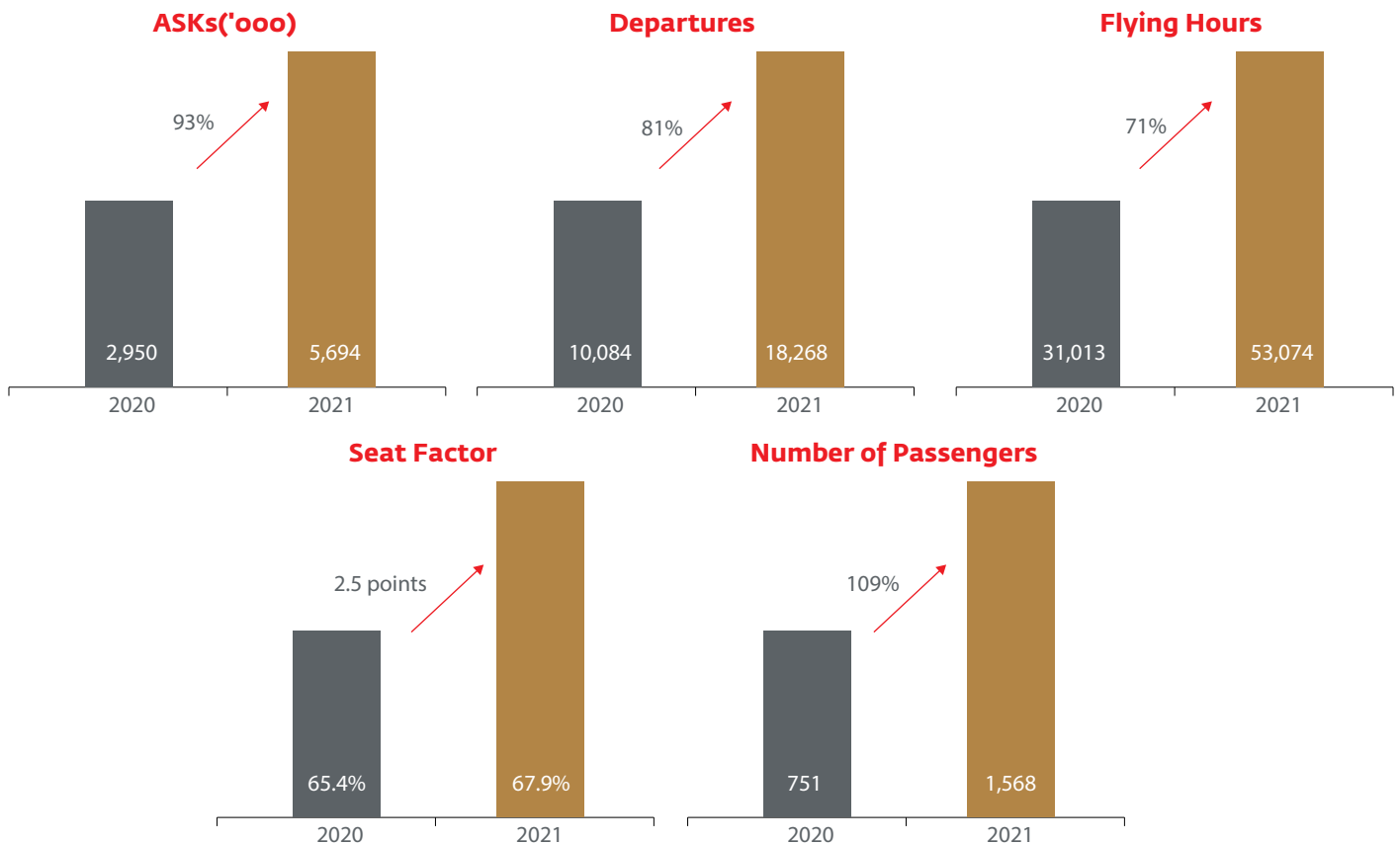
Net operating loss for the year 2021 amounted to JD 49.6 million, compared to a net operating loss of JD 125.5 million in 2020.

Net Loss

The company recorded a net loss in 2021 of JD 74.3 million, compared to a net loss of JD 161.1 million in 2020. The main reason behind the improvement is the recovery of air travel to a large extent, starting from the second quarter of 2021, whereas the company witnessed a sharp decline in revenues in the second and third quarters of 2020 as a result of the outbreak of the pandemic, and the suspension of all company operations on March 18th based on a governmental decision to close the airport.

Our Financial and Operational KPIs for 2021

Operational KPIs



Below is a summary for the main financial ratios and indicators for the years 2020 and 2021:

Financial Ratios	2020	2021	% Variance
Revenues	212,608	357,063	68%
Gross Loss	(66,445)	(12,695)	(81%)
Net Operating Loss	(125,454)	(49,638)	(60%)
Net Loss	(161,060)	(74,259)	(54%)
Non-Current Assets	566,686	542,216	(4%)
Current Assets	130,694	170,189	30%
Deficit in Shareholders' Equity	(9,679)	(59,100)	511%
Paid in Capital	274,610	324,610	18%
Net Cash Flow from Operating Activities	(5,106)	104,788	(2152%)
Return on Assets	(9.53%)	(10.53%)	(11%)
Current Ratio	0.48	0.57	21%
Debt to Total Assets Ratio	101.39%	108.30%	7%
Debt Ratio	101.90%	112.20%	10%
Share Price at End of Year (JD)	0.19	0.24	26%
Earnings per Share	(0.586)	(0.270)	(54%)
Number of Shares Paid and Subscribed at End of Year ('000)	274,610	324,610	18%

2022 Future Plans

The airline continuously reviews its network, normally through feasibility studies that are conducted regularly to look for new opportunities. Seven additional destinations will be operated in 2022, including Antalya and Toronto, to enhance the current network in a profitable manner.

RJ is committed to follow up on its plans to recover from the effects of COVID-19 and adjust the number of departures to current destinations in addition to increasing the effectiveness of connecting flights in and out of Amman, by adjusting the transit time as per the needs of transit passengers.

RJ will continue to serve most of its current routes in 2022. These routes will be served by 362 weekly departures: 85 to Europe, 137 to the Arabian Gulf, 111 to the Levant, 24 to North America, and 5 to North Africa.

Future Plans: Fleet

The company is keen on introducing new aircraft, as part of its policy to maintain the adequacy and efficiency of its fleet operations through strategic plans for continuous modernization of its young fleet, thus reducing the cost of maintenance, and gaining a competitive edge.

As such the company fleet in 2022 will consist of:

Type of Aircraft	No. of Aircraft
Boeing 787	7
Airbus 321	2
Airbus 320	5
Airbus 319	5
Embraer 195	2
Embraer 175	2
Airbus A310 (cargo)	1
Total	24

Future Plans: Oneworld Alliance and Codesharing

Since joining the Oneworld Alliance in 2007, RJ has been working to strengthen its relations with its partners in the alliance. RJ will continue to cooperate and coordinate with alliance members who have codesharing agreements with RJ. The company will also contribute to the success of joint projects with the aim of reducing cost and exchanging experiences among the companies of the alliance which provides RJ passengers with access to more than 1,000 extra destinations in and out of Amman.

In 2021, RJ enhanced the benefits it derives from codesharing agreements with several companies in the alliance by increasing the number of destinations included in its agreements with: American Airlines, British Airlines, Iberia, Malaysian Airlines, Qatar Airways, Royal Air Maroc and Siberia Airlines (S7). In addition to the airline's agreements with TAROM Airways, Syrian Airlines (currently not operating because of the situation in Syria), Gulf Air, Oman Air, Italia Trasporto Aereo (ITA), Turkish Airlines, Etihad Airways and Tunis Air.

The airline will continue in 2022 with increasing the number of codeshare agreements and enhancing current ones to increase the number of destinations served.

Important Future Developments

Royal Jordanian is currently developing its fleet and network through a new strategic plan spanning the coming 7 years. Partnerships are also under development to enhance the company's network in the medium and long-term.

Audit Fees

Audit fees for RJ and its subsidiaries for 2021 were as follows:

- Royal Jordanian audit fee JD 81,200 inclusive of tax.
- Royal Wings audit fee JD3,000 inclusive of tax.
- Royal Tours audit fee JD3,364 inclusive of tax
- Tikram for Airport Services audit fee JD 2,000 inclusive of tax.

Shares Owned by the Board of Directors and Their Relatives Compared to the Previous Year

Name	Number of shares as of	
	31.12.2021	31.12.2020
H.E. Eng. Said Darwazah	-	-
H.E. Eng. Samer Majali	54,999	54,999
H.E. Eng. Bassem Al-Salem	-	-
H.E Ms. Kholoud Saqqaf	-	-
H.E. Eng. Khairi Yaser Amro	-	-
H.E. Dr. Abdelhakim Shibli	6,250	6,250
H.E. Mr. "Mohammad Ali" Bdair	7,699	7,699
H.E. Mr. Omar Fahoum	-	-
H.E. Mr. Rajaie Dajani	-	-
H.E. Mr. Omar Malhas	-	-
H.E. Dr. Emad Hejazeen	-	-
H.E. Ms. Rand Hannun	-	-
H.E. Mr. Malek Habashneh	-	-
H.E. Mr. Saoud Nsairat	-	-

There are no shares owned by relatives of members of the Board of Directors by the end of 2021.

Companies Controlled by the Board of Directors Compared to the Previous Year

There are no companies controlled by the board of directors that own shares in RJ during 2021.

Companies Controlled by Relatives of the Board of Directors Compared to the Previous Year

There are no companies controlled by the relatives of the board of directors that own shares in RJ during 2021.

Shares Owned by Senior Executive Management and Their Relatives Compared to the Previous Year

Name	Nationality	Number of shares as of	
		31.12.2021	31.12.2020
Ms. Amal Hattar	Jordanian	296	296

There are no shares owned by other members of the Senior Executive Management or their relatives during 2021.

Companies Controlled by the Senior Executive Management Compared to the Previous Year

There are no companies controlled by the Senior Executive Management that own shares in RJ during 2021.

Companies Controlled by Relatives of the Senior Executive Management Compared to the Previous Year

There are no companies controlled by the relatives of the Senior Executive Management that own shares in RJ during 2021.

Board of Directors Benefits and Remunerations

Below is a table of remunerations and benefits received by the Chairman and Board members during 2021 in JD:

Name	Title	Rep. Allowance Transport Allowance (Annual)	Annual Remunerations	Travel Allowance	Total Annual Benefits
Representatives of Government Investments Management Company:					
H.E. Eng. Said Darwazah	Chairman	4,500	-	-	4,500
H.E. Eng. Samer Majali (from 30-3-2021)	Vice Chairman	4,048	-	-	4,048
H.E. Eng. Bassem Al-Salem	Member	4,000	-	-	4,000
H.E Ms. Kholoud Saqqaf (from 30-3-2021)	Member	4,048	-	-	4,048
H.E. Eng. Khairi Yaser Amro (from 30-3-2021 until 11-10-2021)	Member	2,726	-	-	2,726
H.E. Mr. Omar Fahoum (from 30-3-2021)	Member	4,048	-	-	4,048
H.E. Mr. Rajaie Dajani (from 30-3-2021)	Member	3,548	-	-	3,548
H.E. Mr. Omar Malhas (until 29-3-2021)	Member	500	-	-	500
H.E. Dr. Emad Hejazeen (until 29-3-2021)	Member	452	-	-	452
H.E. Ms. Rand Hannun (until 29-3-2021)	Member	452	-	-	452
H.E. Mr. Malek Habashneh (until 29-3-2021)	Member	452	-	-	452
Representatives of Social Security Corporation:					
H.E. Dr. Abdelhakim Shibli (1)	Member	3,000	-	-	3,000
H.E. Mr. Saoud Nsairat (until 29-3-2021)	Member	452	-	-	452
Representative of MINT TRADING MIDDLE EAST LIMITED:					
H.E. Mr. "Mohammad Ali" Bdair	Member	4,500	-	-	4,500
Total		36,726			36,726

(1) Dr. Abdelhakim Shibli was a representative of the Government Investments Management Company until 29.3.2021, he then became the representative of the Social Security Corporation on 30.3.2021.

Senior Executive Management Benefits and Remunerations

Below is a table of remunerations and benefits received by Senior Executive Management during 2021 in JD:

Name	Title	Date Appointed	Annual Salaries	Annual Remuneration	Travel Allowance (JD)	Total Annual Benefits
Eng. Samer Majali	Vice Chairman/Board Designee-CEO	30.03.2021	147,307	-	4,492	151,799
Mr. Feras Qarrain	Executive Chief Finance & Resources Officer	07.10.2019	166,520	-	200	166,720
Mr. Karime Makhoulf	Chief Commercial Officer	14.06.2021	51,625	-	2,368	53,993
Captain Ghassan Obeidat	Chief Technical Officer	01.09.2019	113,882	-	550	114,432
Ms. Amal Hattar	Chief Finance Officer	01.09.2019	59,988	-	-	59,988
Ms. Suha Al Arda	Chief Treasury Officer	01.09.2019	59,679	-	-	59,679
Dr. Fawzi Mulki	Chief Services Officer	01.09.2019	60,624	-	-	60,624
Ms. Basma Majali	Vice President/ Commercial	From 1.09.2019 until 6.7.2021	50,253	101,963	-	152,216
Total			709,878	101,963	7,610	819,451

2021 Donations and Grants

Activities	Amount (JD)
King Hussein Cancer Center	3,000
Others	1,025
Total	4,025

Contracts, Projects and Commitments Concluded by the Company with its Subsidiary, Sister or Associate Companies, or with the Chairman or Board Members, or the Chief Executive or Any Employee of the Company or their Relatives

- Services agreement with the Royal Jordanian Company for Tourism and Travel.
- Services agreement related to travel with the Royal Jordanian Company for Tourism and Travel.
- Services agreement for supplying personnel with Tikram Airport Services Company.
- Agreement for transport of the staff of Tikram Airports Services Company.

Corporate Social Responsibility Report for 2021

Continuous support to King Hussein Cancer Foundation

RJ continued to extend support to King Hussein Cancer Foundation and Center in their fight against this disease, and deeply invested in a partnership striving to achieve the foundation's humane mission of finding the best treatment for patients.

Donating travel miles:

Royal Club members can help the fight against cancer by donating their miles to KHCC, to be used by the center's patients and their companions for travel to access necessary treatment. The miles can also be used by the center's doctors and employees to travel for required training and to attend medical conferences. Frequent flyers donated 643,000 miles in 2021.

Donation boxes for cancer patients:

RJ gives passengers and employees the chance to contribute to the fight against cancer through donations deposited in donation boxes, which could help save the lives of many patients who need to undergo treatment at the cancer center. These boxes are placed in RJ's sales offices and in the Crown Lounge at Queen Alia International Airport (QAIA). The donations go towards achieving the center's mission of offering the best medical services to patients. The total amount collected in these boxes during 2021 reached JD7,000.

Supporting the annual "Think Pink" campaign:

Royal Jordanian took part in supporting the annual "Think Pink" initiative, which is carried out by KHCF in October every year, the International Month of Breast Cancer Awareness. On the occasion, RJ organized various activities, as follows:

- Holding an informative educational session:

An educational session about breast cancer was held at RJ headquarters. The goal of the session was to spread awareness about the disease, by discussing its symptoms, ways to prevent it and the importance of getting regular checkups. Cancer survivors were present at the session and shared their stories with the attendees. In addition, female colleagues got the chance to get a free clinical exam after the session.

- Distributing the symbolic pink ribbon:

3,000 pink ribbons were distributed to all female colleagues at the head office and airport. A significant number of female employees, especially those who deal directly with passengers, showed solidarity with cancer patients and survivors by wearing the ribbon.

- Selling KHCF customized items:

KHCF set up a booth at the head office where it sold customized items meant to raise awareness about breast cancer. Staff and visitors got the chance to purchase some of these items; the proceeds from the sales went to support cancer patients in need.

Partnership with the Children's Museum/Jordan:

Aiming to familiarize Jordanian children with Royal Jordanian, the airline renewed its partnership with the Children's Museum/Jordan for the fourth year running. The partnership entails supporting the "aviation zone" at the museum, which is one of the most popular and visited zones, giving the children the chance to learn about aviation and the job of a crew member in a fun and exciting way on an A318 aircraft model.

"Wish Tree", an initiative to make SOS children's dreams come true

RJ set up a "Wish Tree" in the Crown Lounge, an initiative launched by SOS Children's Villages. The children placed their Christmas wishes in envelopes that they then hung up in the tree, and Crown Lounge visitors got to pick an envelope and contribute to making that wish come true. The value of donations reached JD3,000.

Continuous support to the Jordan Hashemite Charity Organization

Since 2014, RJ has been offering continuous support to the Charity Clothing Bank, one of the Jordan Hashemite Charity Organization initiatives, by placing donation boxes at different company locations to enable the staff to donate garments, shoes and toys that go to the clothing bank beneficiaries.

In 2021, RJ employees donated approximately 700 kg of clothing, which benefited 175 beneficiaries.

Donation of used computers and electronic devices:

RJ donated a number of used computers and electronic devices through Talal Abu Ghazaleh Organization, which fixes and distributes them to needy students and underprivileged schools in the kingdom. The donation is proof of RJ's keenness to serve the local community and contribute to reducing the digital gap amongst the underprivileged.

Safety and health of our staff

Protecting the safety and health of our employees, especially those who deal directly with customers and travelers, has been our priority since the outbreak of the COVID-19 pandemic. The airline aims to protect the health and wellbeing of its employees and customers, and to provide a safe work environment, helping national efforts to combat the virus and accelerate the return to normal life. That was achieved by taking the following measures:

- Launching a vaccination campaign against the Corona virus for all Royal Jordanian cadres, in coordination with the Ministry of Health.

- Providing a safe work environment, using protective measures and equipment, intensifying sterilization and hygiene procedures in accordance with the protocols followed to provide the highest levels of protection from the Corona virus, and placing signs that help maintain physical distancing in all elevators, company offices and facilities at QAIA.
- Applying the health protocol and taking the necessary measures in the case of individuals testing positive.
- Launching a number of awareness campaigns using different methods to disseminate and circulate health and safety information among employees and customers.
- Employees were enabled to work from home, and continue to do so in an effort to stop the spread of the virus, by being provided with the required equipment and communication tools, to facilitate and ensure the smooth functioning and continuity of work while working remotely.

Safe and healthy work environment

Royal Jordanian seeks to provide the best work environment to its employees, including appropriate lighting and ventilation at all Royal Jordanian premises and buildings. The airline also conducts emergency drills on a periodic basis to ensure that the staff can handle any emergency.

Moreover, the company offers one of the most important benefits to its employees and their families, and that is health insurance. The company seeks to ensure that beneficiaries benefit from a comprehensive health care system; they have the option of choosing either private or public health insurance, with the Royal Medical Services Directorate of the Jordanian Armed Forces. Employees also have access to the airline's clinics located on the company premises.

Internal awareness campaigns

On the occasion of Breast Cancer Awareness Month and World Mental Health Day, observed in October, Royal Jordanian dedicated the entire month of October to launching an internal awareness campaign for its employees, titled "Rise Up". The campaign comprised weekly events and workshops, which hosted experts and specialists, to raise awareness about a series of topics, including breast cancer, emotional and mental well-being, communication skills, parenting and understanding children's mental and emotional health and, lastly, health and wellness in general.

Recruitment and training of staff

The company has taken a number of economic and administrative measures related to the company's employees, which will reduce the fixed monthly costs and ensure a sense of job security for them while maintaining safe working conditions. The company has implemented defense orders issued by the Prime Ministry regarding workers' wages, and has given most of its attention to promoting a culture of open communication and support by developing and implementing communication plans and creating innovative channels for continuous and effective communication with its employees over time, through the application of tools and strategies that allow the company to continue its business and help it communicate regularly with employees and manage them effectively from a distance. Royal Jordanian has prepared a guide to remote work and developed employees' skills to deal with the available technology and provided them with the infrastructure to ensure business continuity.

Royal Jordanian also believes that investing in training is crucial to ensuring the development of employees' capabilities and skill sets so that they can perform their jobs professionally and elevate customer perception of the brand and its services. To do so, the company conducts theoretical and practical training to boost the employees' capacities and improve their performance.

Royal Jordanian actively provides various mandatory training programs required by various aviation authorities, in addition to regular refresher courses for pilots, flight attendants, and engineering and maintenance personnel, to improve the staff's level of efficiency and maintain standards of safety for passengers and aircraft. Qualifications and training courses are available for employees in other countries as well. Moreover, all departments provide the necessary training and courses to develop employees' skills and improve their productivity. These courses include soft skills, communication and negotiation skills and customer service.

Royal Jordanian's environmental responsibility

Resulting from the nature of Royal Jordanian's operations, and in response to one of the greatest challenges in aviation, the airline has responded promptly to the effort of fighting global climate change and reducing greenhouse gas emissions, within available capabilities and in line with the official initiatives of the International Air Transport Association (IATA), the Arab Air Carriers Organization (AACO) and the global airline alliance Oneworld.

The airline took several measures to control pollution produced by fuel consumption, aiming to improve the operations from an environmental perspective, and control and monitor consequences, in line with international laws and legislations in the aviation industry. These measures include the following prominent actions for 2021:

- The "Clean Skies For Tomorrow" Initiative:

Royal Jordanian is determined to be one of the first airlines to lead the transition to aviation net-zero by becoming a signatory to the "Clean Skies for Tomorrow" initiative, organized by the World Economic Forum, which aims to reduce carbon emissions by 10% by 2030. The initiative is committed to finding sustainable solutions to reduce environmental pollution.

- Reduce carbon emissions to zero by 2050:

As a member of the Oneworld alliance, Royal Jordanian has committed to reduce carbon emissions by reaching net zero emissions by the year 2050. The company has set an ambitious plan, to be launched in 2030, in line with the roadmap set by the alliance to achieve carbon emission reductions, which entails:

- Modernizing the fleet:

Royal Jordanian strives to modernize its fleet and introduce new aircraft as this would directly contribute to the reduction of air and noise pollution. The airline's plan for the next five years is to introduce a new, narrow-body fleet of aircraft.

Royal Jordanian currently operates seven Boeing 787 aircraft, a notable fuel-efficient aircraft known for less fuel consumption and reduced noise levels, due to its high-tech features.

- Improving operational efficiency:

Royal Jordanian cooperates with various authorities to improve its operational efficiency through flight routes, and take-off and landing operations, to help reduce fuel consumption.

- Offsetting carbon:

Royal Jordanian currently does mandatory offsetting through EU-ETS to reduce carbon dioxide emissions, which aims to improve the environmental performance of the company's operations. The airline is also committed to offsetting carbon through CORSIA – an ICAO program that focuses on calculating the benefits of sustainable aviation fuel use, in addition to taking part in the UK-ETS, which is part of Britain's plan to eliminate its net greenhouse gas emissions by 2050 as part of the global efforts to slow climate change.

- Adopting Sustainable Aviation Fuels (SAF):

Royal Jordanian aspires to replace its current fuel with alternative types of fuel, which is why it has joined a community of organizations dedicated to supporting the reduction of carbon dioxide emissions with the aim of reaching zero emissions by 2050, and reaching 10% by 2030, complying with international laws and signing the Ambition Statement issued by the World Economic Forum in cooperation with the Oneworld airline alliance.

Royal Jordanian's current fleet is equipped to operate on sustainable fuel, if it is mixed with no more than 50% fossil fuels. Nonetheless, it is challenging to adopt this initiative at this time, as the number of sustainable fuel suppliers is limited globally and even more limited on the airline's network, in addition to the fact that the price of sustainable fuel is much higher than that of fossil fuels.

The innovative 360 Foam Wash cleaning system installed on GE engine models

RJ was awarded the technical license for the 360 Foam Wash cleaning system through partnering with General Electric. The technical license enables RJ to perform 360 Foam Wash on its fleet of GENx-1B engines for Boeing 787 aircraft completely on its own.

GE's 360 Foam Wash is an alternative to the water wash method. It restores engine performance, thus leading to reductions in fuel consumption. The process involves injecting a specially formulated, proprietary solution that removes dust and dirt particles in the engine. The system is self-contained, allowing it to be used inside maintenance hangars or outdoors.

During technology trials with its GENx engines, the 360 Foam Wash solution has enabled Royal Jordanian to improve engine performance by reducing build-up of deposits in the engine, lowering engine exhaust temperatures, and improving engine compressor efficiency. These improvements led to reduced fuel consumption and increased engine time on wing.

Additional environmental initiatives undertaken by RJ:

- Royal Jordanian was among the first companies to ban smoking in all its offices, at all its facilities and onboard its planes.
- Royal Jordanian is keen on reducing the environmental impact of paper consumption by keeping paper correspondence to a minimum while switching to electronic communication, as well as automating all customer services. Royal Jordanian was one of the first international airlines to issue e-tickets in 2008, in line with IATA and other parties' directions, thus ending the use of paper tickets. Over the past years, the company has been able to automate all travel procedures.
- Reducing energy consumption, although the nature of RJ operations requires huge consumption of energy. The company is constantly working on finding ways to cut down energy consumption, such as using central gas as the heating fuel for the headquarter building, given the fact that gas is safer, cleaner and more environmentally friendly.
- RJ's headquarters are equipped with external window shades that function like air conditioning in the summer, and the company has replaced traditional lighting units with energy-saving lighting units.

RJ is the official carrier of participants in various activities

Jordan Basketball Federation

RJ sponsored the Jordan Basketball Federations as the official carrier of the federation's female and male teams. Through this sponsorship, RJ offers discounts on ticket fares and facilitates the teams' travels to various destinations on its route network.

Official carrier of the Jerash Festival for Culture and Arts for 35 years

RJ has been sponsoring the Jerash Festival for Culture and Arts, as the official carrier for Arab and international guests and delegations participating in it, for 35 years, ever since the festival was launched in 1981.

RJ also facilitated the process of booking and issuing tickets for the festival participants, offered ticket discounts and assigned staff members who volunteered to organize and facilitate the festival's activities. RJ received full media exposure in exchange.

Amman International Film Festival

Royal Jordanian sponsored the Amman International Film Festival, in its second edition, which was organized by the Royal Film Commission, one of the most important organizations concerned with the audio-visual sector, as part of its role in supporting artistic and cultural activities in the Kingdom.

Hot Air Balloon Festival

As part of RJ's continuous efforts to promote local tourism and the unique recreational elements that the city of Aqaba has to offer, RJ has supported the activities of the Hot Air Balloon Festival, in its first edition, which was held in the Golden Triangle (Wadi Rum, Petra, and Aqaba).

HORECA Jordan

RJ sponsored the 7th edition of HORECA Jordan, an international trade show for hotels, restaurants, catering, food and hospitality services, as the official carrier of the participants coming from various destinations. The exhibition was held at Zara Expo Center, Grand Hyatt Amman.

RJ facilitated the travel process and offered free tickets to the chefs and judges participating in the exhibition where they shared their expertise in the hospitality sector with the aim of enhancing the tourism services provided in Jordan.

The Third Awareness Conference on ADHD

Royal Jordanian sponsored the “Empowered by ADHD” conference, which hosted a number of international, regional and local specialists. The conference aimed to spread awareness about ADHD, its impact on daily life, tools to use and how to create an inclusive environment for adults and children alike, through training and strengthening the mental skills responsible for learning.



Consolidated Financial Statements



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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **Alia - The Royal Jordanian Airlines (Royal Jordanian)** (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021, consolidated income statement, consolidated comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Material Uncertainty Related to Going Concern

As disclosed in note (2-1) to the consolidated financial statements, the Group's accumulated losses of JD 321 million as of 31 December 2021 represents 99% of the Group's capital. Also, the Group's current liabilities exceeded its current assets by an amount of JD 128.5 million as of 31 December 2021. These events or conditions indicate that a material uncertainty exists that may cast significant doubt about the entity's ability to continue as a going concern. According to Article (266) of the Jordanian Company's Law No. 22 for the year 1997 and its amendments, if the accumulated losses of the public shareholding company exceed 75% of its capital, the Company shall be liquidated unless the General Assembly of the Company issues a decision in its extraordinary meeting to increase the Company's capital or to deal with the Company's losses.

The Prime Ministry of Jordan resolved to authorize the Ministry of Finance to proceed with further procedures to increase the Company's capital by JD 50 million over two phases. The first phase was received during the fourth quarter of 2020 and the second phase was received during the second quarter of 2021.

The Company's General Assembly resolved in its extraordinary meeting held on 30 August 2021 to increase the Company's capital by JD 50 million. Capital increase procedures were completed during December 2021. The Company received a comfort letter from the Ministry of Finance (the Jordanian Government's representative), stating that the Government is in favor of continuing to support the Company's operations in the future. Also, the Company's management is in the process of performing a restructuring business plan that supports the Company's business continuity and its ability to recover its assets and generate future cash flows to settle its liabilities. Our opinion is not modified in this regard.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2021. In addition to the matter described in the Material Uncertainty Related to Going Concern section. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter provided in that context.

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

1. Passenger and cargo revenue recognition Refer to the note (23) to the consolidated financial statements	
Key Audit matter	How the key audit matter was addressed in the audit
<p>Passengers' tickets and cargo airway bills sales are reflected in the consolidated statement of financial position as deferred revenue and recognized as revenue when the transportation service is provided.</p> <p>We focus on revenue recognition because:</p> <ul style="list-style-type: none"> - Travel restrictions imposed due to COVID-19 outbreak have significant impact on passengers and cargo revenues for the year ended 31 December 2021. - Passengers and Cargo revenues are material to the financial statements, and recognition of these revenues upon fulfillment of the performance obligation requires a process that is highly automated. - In respect of customer loyalty program, the Group provides a frequent flyer program; Royal Club, in a form of free travel awards to its members on accumulated mileage earned from flights. A portion of the fair value of the consideration received is allocated to the award credits and deferred, this is then recognized as revenue over the period that the award credits are redeemed. 	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> - Considering the appropriateness of the Group's revenue recognition policies in accordance with IFRS (15). - Testing the Group's controls around revenue recognition and key controls in the revenue cycle including those controls that requires the involvement of our IT specialists. - Testing refunds of passengers' tickets and cargo airwaybills resulted from travel restrictions during the COVID-19 outbreak. - Selecting a sample before and after the cutoff period to assess whether the revenue was recognized in the correct period. - Performing substantive analytical procedures using financial and non-financial information about the revenue figures for the year. - Selecting and testing a representative sample of journal entries. - Obtaining an understanding of management's process related to scoping and identifying the revenue streams.

<p>The fair value of the award credits is estimated by reference to the fair value of the awards for which the points could be redeemed and is reduced to take into account the proportion of award credits that are not expected to be redeemed by customers. The Group exercises its judgment in determining the assumptions to be adopted in respect of the number of points not expected to be redeemed through the use of statistical modelling and historical trends and in determining the mix and fair value of the award credits.</p>	
<p>2. Lease contracts Refer to the note (18) to the consolidated financial statements</p>	
<p>Key Audit matter</p> <p>IFRS (16) specifies how to recognize, measure, present and disclose leases. The standard requires the lessee to recognize assets and liabilities for all leases unless the lease term is short-term lease (i.e. 12 months or less) or the underlying asset has a low value.</p> <p>We focus on lease contracts because:</p> <ul style="list-style-type: none"> - There is a high level of judgment needed in establishing the underlying key assumptions that include identifying which contracts are in scope of IFRS (16), the lease term and the discount rate used in the calculation. - We need to determine whether amendments to lease contracts resulted from COVID-19 are properly accounted for as either a modification of the lease contract or as COVID-19 rent 	<p>How the key audit matter was addressed in the audit</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> - Evaluating the application of IFRS (16) for new contracts and testing the resulted impact on the Group's consolidated financial statements. - Testing management's assumptions used in preparation of assessments related to new contracts, including if whether exemptions are acceptable and in accordance with IFRS (16) (short term leases and leases for low value assets). - Assessing whether the accounting treatment regarding leases is consistent with the definitions of IFRS (16) including factors such as lease term, discount rate and measurement principles.

<p>concessions arrangements under IFRS (16).</p> <ul style="list-style-type: none"> - The recoverability of Right of Use Assets "ROUA" is considered a complex area that requires the use of models, assumptions and forecasts of future cash flows to determine the recoverable amount of ROUA's. 	<ul style="list-style-type: none"> - Reviewing management's assumptions in determining the interest rate to be used in calculating the net present value of future lease payments, and that there are no implicit interest rate within the lease contracts. Hence, ensuring that management rationale of calculation of the average incremental borrowing rate is appropriate. - Recalculating the incremental borrowing rate used in discounting the future lease payments. - Obtaining and reviewing lease contracts' amendments and determining if such amendments are within the scope of COVID-19 rent concessions arrangements identified by IFRS 16. - Assessment of the valuation models and inputs used in the calculation of the recoverable amounts of the ROUA's and impairment losses including assessment of reasonableness of key inputs used in the valuation such as the expected future cash flows and involving our specialists to support our conclusions.
<p>3. Obsolete and slow-moving spare parts and other supplies Refer to the note (13) to the consolidated financial statements</p>	
<p>Key Audit matter</p> <p>Spare parts and other supplies are valued at the lower of cost or net realizable value. We focus on this area as there is a risk of inventory obsolescence, any provision for obsolescence is determined by reference to specific items of stock. A regular review is undertaken at each reporting date to determine the extent of any provision for obsolescence.</p>	<p>How the key audit matter was addressed in the audit</p> <p>We critically tested the basis for inventory obsolescence in line with management estimates. In doing so, we tested the ageing profile of inventory, the process for identifying obsolete and slow-moving items in inventory and historical loss rates.</p>

Other information included in the Group's 2021 annual report

Other information consists of the information included in the Group's 2021 Annual Report other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2021 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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



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

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

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

Report on Other Legal and Regulatory Requirements

The Company maintains proper books of accounts which are in agreement with the consolidated financial statements considering what has been mentioned in the material uncertainty related to going concern paragraph.

The partner in charge of the audit resulting in this auditor's report was Ali Hasan Samara; license number 503.

Amman - Jordan
20 March 2022

ERNST & YOUNG
Amman - Jordan

Consolidated Statement of Financial Position
At 31 December 2021
(In Thousands of Jordanian Dinars)

	Notes	2021	2020
ASSETS			
Non-current assets			
Right-of-use assets	18	420,933	433,676
Property and equipment	8	59,961	73,896
Advances on purchase and modification of aircrafts	9	3,218	4,813
Financial assets at fair value through other comprehensive income	10	2,250	2,265
Investments in associates	11	17,482	16,755
Restricted cash against lease contracts		26,050	22,959
Deferred tax assets	31	12,322	12,322
		<u>542,216</u>	<u>566,686</u>
Current assets			
Other current assets	12	17,799	12,745
Spare parts and supplies, net	13	7,539	8,210
Accounts receivable, net	14	23,253	56,231
Cash and bank balances	15	121,598	53,508
		<u>170,189</u>	<u>130,694</u>
TOTAL ASSETS		<u>712,405</u>	<u>697,380</u>
EQUITY AND LIABILITIES			
Shareholders' equity			
Paid-in capital	16	324,610	274,610
Share discount	16	(78,205)	(78,205)
Payments in respect of capital increase	16	-	25,000
Statutory reserve	16	14,808	14,808
Fair value reserve	10	133	133
Cash flow hedges		297	158
Accumulated losses		(321,024)	(246,406)
		<u>(59,381)</u>	<u>(9,902)</u>
Non-controlling interests		281	223
Deficit in shareholders' equity		<u>(59,100)</u>	<u>(9,679)</u>
LIABILITIES			
Non-current liabilities			
Long-term loans	17-a	89,960	91,425
Long-term lease obligations	18	378,230	336,683
Long-term grants	17-b	4,213	2,584
Other long-term liabilities	19	379	413
		<u>472,782</u>	<u>431,105</u>
Current liabilities			
Current portion of long-term loans	17-a	38,307	26,380
Accrued expenses	20	107,695	66,965
Accounts payable and other current liabilities	21	64,189	74,295
Deferred revenues	22	55,168	36,418
Short-term lease obligations	18	30,655	70,477
Short-term grants	17-b	2,709	1,419
		<u>298,723</u>	<u>275,954</u>
Total liabilities		<u>771,505</u>	<u>707,059</u>
TOTAL EQUITY AND LIABILITIES		<u>712,405</u>	<u>697,380</u>

The attached notes from 1 to 41 form part of these consolidated financial statements

Consolidated Income Statement
For the Year Ended 31 December 2021
(In Thousands of Jordanian Dinars)

	Notes	2021	2020
Revenues from contracts with customers	23	357,063	212,608
Cost of revenues	24	(369,758)	(279,053)
Gross loss		(12,695)	(66,445)
Administrative expenses	26	(9,613)	(11,700)
Selling and marketing expenses	27	(27,086)	(26,108)
Impairment loss on aircrafts	8	-	(20,750)
Other provisions	13,14	(244)	(451)
Net operating loss		(49,638)	(125,454)
Group's share of profits (losses) of associates, net	11	884	(867)
Other income (expenses), net	25	917	(1,544)
Gain on disposal of property and equipment		43	-
Provision for voluntary termination	29	(1,582)	(5,173)
Loss on foreign currency exchange	36	(490)	(1,634)
Finance costs	28	(25,736)	(27,353)
Interest income		1,343	965
Loss for the year before income tax		(74,259)	(161,060)
Income tax expenses	31	-	-
Loss for the year		(74,259)	(161,060)
Attributable to:			
Parent equity holders		(74,317)	(161,017)
Non-controlling interests		58	(43)
		<u>(74,259)</u>	<u>(161,060)</u>
Earnings per share			
Basic and diluted earnings per share attributable to parent equity holders	30	JD (0.270)	JD (0.586)

Consolidated Statement of Comprehensive Income
For the Year Ended 31 December 2021
(In Thousands of Jordanian Dinars)

	Note	2021	2020
Loss for the year		(74,259)	(161,060)
Other comprehensive income			
Other comprehensive income items that will be reclassified to profit or loss in subsequent periods (net of tax):			
Net gain on cash flow hedges		139	39
Other comprehensive income items that will not be reclassified to profit or loss in subsequent periods (net of tax):			
Change in fair value reserve of financial assets at fair value through other comprehensive income	10	<u>-</u>	<u>(390)</u>
Total comprehensive income for the year		<u>(74,120)</u>	<u>(161,411)</u>
Attributable to:			
Parent equity holders		(74,178)	(161,368)
Non-controlling interests		<u>58</u>	<u>(43)</u>
		<u>(74,120)</u>	<u>(161,411)</u>

**Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2021
(In Thousands of Jordanian Dinars)**

	Attributable to parent equity holders									
	Paid-in capital	Share discount	Payments in respect of capital increase	Statutory reserve	Fair value reserve	Cash flow hedges	Accumulated losses	Total	Non-controlling interests	Total equity
2021-										
Balance as of 1 January 2021	274,610	(78,205)	25,000	14,808	133	158	(246,406)	(9,902)	223	(9,679)
Loss for the year	-	-	-	-	-	-	(74,317)	(74,317)	58	(74,259)
Other comprehensive income items	-	-	-	-	-	139	-	139	-	139
Total comprehensive income for the year	-	-	-	-	-	139	(74,317)	(74,178)	58	(74,120)
Payments in respect of capital increase (Note 16)	-	-	25,000	-	-	-	-	25,000	-	25,000
Capital increase (Note 16)	50,000	-	(50,000)	-	-	-	-	-	-	-
Capital increase costs	-	-	-	-	-	-	(301)	(301)	-	(301)
Balance as of 31 December 2021	324,610	(78,205)	-	14,808	133	297	(321,024)	(59,381)	281	(59,100)
2020-										
Balance as of 1 January 2020	274,610	(78,205)	-	14,808	523	119	(85,389)	126,466	266	126,732
Loss for the year	-	-	-	-	-	-	(161,017)	(161,017)	(43)	(161,060)
Other comprehensive income items	-	-	-	-	(390)	39	-	(351)	-	(351)
Total comprehensive income for the year	-	-	-	-	(390)	39	(161,017)	(161,368)	(43)	(161,411)
Payments in respect of capital increase (Note 16)	-	-	25,000	-	-	-	-	25,000	-	25,000
Balance as of 31 December 2020	274,610	(78,205)	25,000	14,808	133	158	(246,406)	(9,902)	223	(9,679)

Consolidated Statement of Cash Flows
For the Year Ended 31 December 2021
(In Thousands of Jordanian Dinars)

	Notes	2021	2020
OPERATING ACTIVITIES			
Loss for the year before income tax		(74,259)	(161,060)
Adjustments for:			
Depreciation of property and equipment	8	21,443	23,997
Depreciation of right-of-use assets	18	56,744	68,734
Share of (profits) losses of associates	11	(884)	867
Finance costs	28	25,736	27,353
Other income – amortization of government grants		(2,565)	(394)
Impairment loss on aircrafts	8	-	20,750
Provision for expected credit losses	14	-	343
Provision for slow moving inventory	13	244	108
Gain from sale of property and equipment		(43)	-
Provision for voluntary termination	29	1,582	5,173
(Reversal of) Provision for end of service indemnity	19	(34)	21
Amortization of deferred revenue – Jordan Flight Catering Ltd.		(125)	(300)
Interest income		(1,343)	(965)
Working capital changes:			
Accounts receivable		32,978	11,437
Spare parts and supplies		427	(909)
Other current assets		(3,506)	8,752
Deferred revenues		18,114	(13,553)
Accounts payable and other current liabilities		(6,677)	16,054
Accrued expenses		40,139	(8,174)
End of service indemnity payments	19	-	(1)
Voluntary termination program payments		(3,183)	(3,339)
Net cash flows from (used in) operating activities		104,788	(5,106)
INVESTING ACTIVITIES			
Purchase of property and equipment	8	(6,791)	(11,798)
Financial assets at fair value through OCI		15	42
Proceeds from sale of property and equipment		87	-
Interest income received		626	1,198
Change in restricted cash against lease contracts		(3,091)	14,170
Short-term deposits		(47,821)	18,919
Net cash flows (used in) from investing activities		(56,975)	22,531
FINANCING ACTIVITIES			
Repayment of term loans		(18,211)	(9,189)
Proceeds from loans		31,057	35,000
Capital increase costs		(301)	-
Payments in respect of capital increase	16	25,000	25,000
Payments of lease obligations	18	(59,040)	(66,307)
Interest paid		(6,049)	(6,069)
Net cash flows used in financing activities		(27,544)	(21,565)
Net increase (decrease) in cash and cash equivalents		20,269	(4,140)
Cash and cash equivalents at the beginning of the year		48,143	52,283
Cash and cash equivalents at the end of the year	15	68,412	48,143

(1) GENERAL

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

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

The consolidated financial statements were authorized for issue by the Board of Directors in their meeting held on 15 March 2022

(2) BASIS OF PREPARATION

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

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

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

(2-1) Fundamental Accounting Concepts

The consolidated financial statements have been prepared on the assumption of going concern. However, as disclosed in note (3) to the consolidated financial statements which shows the negative impact of COVID-19 pandemic, the Group's accumulated losses of JD 321 million represents 99% of the Group's capital as of 31 December 2021. Also, the Group's current liabilities exceeded its current assets by an amount of JD 128.5 million as of 31 December 2021. These events or conditions indicate that a material uncertainty exists that may cast a significant doubt about the entity's ability to continue as a going concern. According to Article (266) of the Jordanian Company's Law No. 22 for the year 1997 and its amendments, if the accumulated losses of the Public Shareholding Company exceeded 75% of its capital, the Company shall be liquidated unless the General Assembly of the Company issues a decision on its extraordinary meeting to increase the Company's capital or to deal with the Company's losses.

The Prime Ministry of Jordan resolved to authorize the Ministry of Finance to proceed with further procedures to increase the Company's capital by JD 50 million over two phases, subject to a comprehensive turnaround and rightsizing plan across all key operational and financial pillars. An amount of JD 25 million was received during the fourth quarter of 2020 and the second phase of JD 25 million was received during the second quarter of 2021. The Company's General Assembly resolved in its extraordinary meeting held on 30 August 2021 to increase the Company's capital by JD 50 million. Capital increase procedures were completed during December 2021. The Company received a comfort letter from the Ministry of Finance (the Jordanian Government's representative), stating that the Government is in

favor of continuing to support the Company's operations in the future. Also, the Company's management is in the process of performing the restructuring business plan that supports the Company's business continuity and its ability to recover its assets and generate future cash flows to settle its liabilities.

(3) Coronavirus (Covid-19) Outbreak and Its Impact on Royal Jordanian Airlines

Coronavirus (COVID-19) pandemic has affected businesses amongst others with a suspension of travel and closure of borders with other countries. The COVID-19 pandemic along with the measures necessary to contain the virus have triggered an economic downturn and caused an unprecedented economic crisis.

During 2020, the Company initiated a reshape project to adapt to the new operational and financial challenges and ensure that it can sustain its operations in the coming future.

The impact on the Company's operations, liquidity and cash flows as a result of the outbreak is summarized as follows:

As part of the Company's action plan to manage cash flows along with the ongoing reshape project, management entered into negotiations with the aircrafts' lessors and lenders to reschedule the leases and loan payments.

Negotiations were initiated with the Company's major suppliers to defer the payments and reduce the costs where possible.

During 2020, the Company signed an amendment letter to the syndication loan agreement, in which loan installments for the period from March 2020 to September 2020 were rescheduled and allocated to the installments after September 2020 on a proportional basis. On 1 April 2021, the Company signed a second amendment letter in which 50% of the loan installments for the period from April 2021 to June 2021 were rescheduled and allocated to the installments after June 2021 on a proportional basis. During July 2021, the Company signed a third amendment letter in which 50% of the loan installments for the period from July 2021 to September 2021 were rescheduled and allocated to the installments after September 2021 on a proportional basis. On 21 November 2021, the Company signed a fourth amendment letter in which 50% of the loan installments for the period from November 2021 to April 2022 were rescheduled and allocated to the installments after April 2022 on a proportional basis. The Company has met all rescheduled installments as they became due.

During 2019, the Company has obtained a credit facility granted from Arab Bank with a ceiling of JD 20 million at an annual interest rate of 5.625%. On 18 March 2020, the Company signed an amendment agreement with Arab Bank to increase the ceiling of the credit facility to JD 40 million with the same existing terms and conditions. The Company did not utilize any amount of the credit facility as of 31 December 2021 and 31 December 2020.

The board of directors resolved in their meeting held on 27 April 2020 to approve a new loan facility of JD 50 million to finance the Company's cash flows and to meet un-avoidable cash obligations that were becoming due during the lockdown period. The Company has utilized an amount of JD 50 million of this facility as of 31 December 2021. (31 December 2020: JD 35 million) (Note 17).

On 25 October 2020, the Prime Ministry of Jordan resolved in its resolution number (126) to authorize the Ministry of Finance to proceed with further procedures to increase the Company's capital by JD 50 million over two phases, subject to a comprehensive turnaround and rightsizing plan across all key operational and financial pillars. An amount of JD 25 million was received during the fourth quarter of 2020 and the second phase of JD 25 million was received during the second quarter of 2021. The Company's General Assembly resolved in its extraordinary meeting held on 30 August 2021 to increase the Company's capital by JD 50 million. Capital increase procedures were completed during December 2021.

The Company implemented Defense Order No. (1) - Suspension of old age and early retirement insurance for March, April, May and December 2020 until the end of December 2021. The social security percentage paid by the Company became 4.25% instead of 14.25%.

The Company Implemented Defense Order No. (24) "Estidama Program" effective from December 2020 until August 2021. Employees' salaries were reduced by 25%. The Social Security Corporation contributed 37.5% of employees' monthly salary with a ceiling of JD 500.

The Company Implemented Defense Order No. (45) "Estidama Program Amendment" effective from September 2021 until the end of December 2021. The Company contributed 40% of the employees' salaries while the Social Security Corporation contributed 60% of employees' monthly salaries with a ceiling of JD 500 and a floor of JD 260 per month.

The Company implemented Defense Order No. (14) and No. (24) "Himaya" program where the Social Security Corporation supported the most affected companies due to the pandemic through granting loans that cover part of August through November 2020's salaries and January 2021 through December 2021's salaries.

The Social Security Corporation contributed 40% of employees' salaries with a ceiling of JD 1000 (note 17).

The Company's management is going through an ongoing discussion with the stakeholders and the Government to obtain the needed support.

(4) BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Alia - The Royal Jordanian Airlines Company (the "Company") and the following subsidiaries (collectively referred to as the "Group") as at 31 December 2021:

	Ownership %	Country
Royal Wings Company	100%	Jordan
Royal Tours for Travel and Tourism Company	80%	Jordan
Al Mashriq for Aviation Services	100%	Jordan

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

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

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

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

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

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

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

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

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

Shareholders who have a significant influence over the Group

The Government of the Hashemite Kingdom of Jordan presented by Government Investments Management Company, Mint Trading Middle East Ltd. and Social Security Corporation own 84.80%, 4.22% and 4.51%, respectively from the Company's shares as at 31 December 2021 (31 December 2020: 82.03%, 4.99% and 5.33%, respectively).

(5) CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2020 except for the adoption of new amendments on the standards effective as of 1 January 2021 shown below:

IBOR (Interest Rate Benchmark Reform) – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative, nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

To require contractual changes or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest

To permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued, to provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no major impact on the consolidated financial statements of the Group.

Covid-19-Related Rent Concessions beyond 30 June 2021 - Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to be applied until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021.

However, the Group has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within the allowed period of application.

(6) USE OF ESTIMATES

The preparation of the consolidated financial statements requires the group's management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, the accompanying disclosure, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Significant estimates are as follows:

Useful Lives of Property and Equipment

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

Provision for Expected Credit Losses

The Group uses a provision matrix to calculate the expected credit losses (ECL) for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's observed historical default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information with regard to COVID-19. For instance, if forecast economic conditions (i.e. gross domestic product) are expected to deteriorate over the next year, which can lead to an increase number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

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

Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell, and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Provision for Aircraft Return Conditions

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

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

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

Revenue Recognition – Frequent Flyer Points for Customer Loyalty Program

The Group estimates the fair value of points awarded under the Frequent Flyer Program by applying statistical techniques. Inputs to the models include making assumptions about expected redemption rates and customer preferences. Such estimates are subject to varying degrees of uncertainty. As at 31 December 2021, the estimated liability for unredeemed points was approximately JD 8,582 (2020: JD 7,638).

Significant Judgments and Estimates Related to the Application Of IFRS 16

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

(7) SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted are as follows:

Business Combinations and Goodwill

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

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

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

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

Impairment of Goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash generating unit (or group of cash generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than their carrying amount, an impairment loss is recognized.

Property and Equipment

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

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

	Period
Capitalized maintenance	24 - 120 months

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amounts. The recoverable amount is the higher of asset's fair value less cost to sell or value in use. Impairment losses are recognized in the consolidated income statement.

An item of property and equipment and any significant part initially recognized is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income when the asset is derecognized.

The useful lives and depreciation method are reviewed on regular basis to ensure that the depreciation method and the period of depreciation are selected based on the economic benefits expected from assets.

Right-of-use Assets

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

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

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

Lease Obligations

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

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

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

Short-term Leases and Leases of Low-value Assets

The Group applies the short-term lease recognition exemption to some of its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (less than 5,000 US dollars annually). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

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

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

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

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

Financial Assets at Fair Value Through Other Comprehensive Income

Financial assets at fair value through other comprehensive income are recorded at fair value plus acquisition costs at the date of acquisition and subsequently measured at fair value. Changes in fair value are reported as a separate component in the consolidated statement of other comprehensive income and in the consolidated statement of changes in equity, including the change in fair value resulting from conversion differences of non-cash items of assets at foreign currencies. In case of sale of such assets or part of it, the gain or loss is recorded in the consolidated statement of other comprehensive income and in the consolidated statement of changes in equity, and the valuation reserve balance for sold assets will be transferred directly to retained earnings.

These assets are not subject to impairment testing and dividends received are recognized in the consolidated income statement when declared.

Investments in Associates

An associate is an entity over which the Group has significant influence. Significant influence is the ability to participate in the financial and operational policies of the entity, but is not control or joint control over those policies.

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

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

The consolidated income statement reflects the Group's share of the results of operations of the associates. Any change in other comprehensive income of those investees is presented

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

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

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

Spare Parts and Other Supplies

Spare parts and other supplies are valued at the lower of cost, using the weighted average method, or net realizable value whichever is less.

Accounts Receivable

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

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank balances and short-term deposits with an original maturity of three months or less after deducting bank overdraft balances.

Impairment and Uncollectibility of Financial Assets

The adoption of IFRS (9) has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

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

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

Fair Value Measurement

Fair values of financial instruments are disclosed in notes 34 and 35.

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

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

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

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

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

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

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

- Level 1** Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

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

End of Service Indemnity Provision

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

Accounts Payable and Accruals

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

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

Provision for Aircraft Return Conditions

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

Loans

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

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

Government Grants

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

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

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

Revenue Recognition

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

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

Other Revenues are Recognized at the Time the Service is Provided.

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

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

Maintenance and Repair Costs

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

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

Finance Costs

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

Income Tax

Tax expense comprises current tax and deferred taxes.

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

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

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

The balance of deferred income tax assets is reviewed at each consolidated financial statement date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Foreign Currencies

1) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency at rates of exchange at the reporting date. All foreign exchange differences arising on non-trading activities are taken to other operating income/expense in the consolidated income statement.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

2) Group companies

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

(8) PROPERTY AND EQUIPMENT

2021	Aircraft	Spare engines	Capitalized maintenance on aircraft's engines, and components	Aircraft's main components	Machinery and equipment	Computers	Furniture and fixtures	Vehicles	Land and buildings	Total
Cost:										
Balance as of 1 January 2021	155,335	1,091	46,440	50,387	73,429	20,355	9,426	10,606	44,302	411,371
Additions *	722	-	4,367	818	1,448	96	29	17	55	7,552
Disposals	-	-	(1,306)	(7)	(15,733)	(262)	(11)	(124)	-	(17,443)
Balance as of 31 December 2021	156,057	1,091	49,501	51,198	59,144	20,189	9,444	10,499	44,357	401,480
Accumulated depreciation:										
Balance as of 1 January 2021	141,011	928	32,011	46,518	63,565	18,431	8,737	9,910	16,364	337,475
Depreciation expense for the year	5,116	-	10,110	439	2,925	485	275	199	1,894	21,443
Disposals	-	-	(1,306)	-	(15,731)	(261)	(10)	(91)	-	(17,399)
Balance as of 31 December 2021	146,127	928	40,815	46,957	50,759	18,655	9,002	10,018	18,258	341,519
Net book value as of 31 December 2021	9,930	163	8,686	4,241	8,385	1,534	442	481	26,099	59,961

* During the year ended 31 December 2021, the Group acquired property and equipment with a cost of JD 7,552, of which an amount of JD 6,791 represents cash additions (31 December 2020: cash additions of JD 11,798).

2020	Aircraft	Spare engines	Capitalized maintenance on aircraft's engines, and components	Aircraft's main components	Machinery and equipment	Computers	Furniture and fixtures	Vehicles	Land and buildings	Total
Cost:										
Balance as of 1 January 2020	154,161	1,091	46,905	49,972	72,612	20,043	9,389	10,382	43,922	408,477
Additions	1,174	-	8,423	415	831	314	37	224	380	11,798
Disposals	-	-	(8,888)	-	(14)	(2)	-	-	-	(8,904)
Balance as of 31 December 2020	155,335	1,091	46,440	50,387	73,429	20,355	9,426	10,606	44,302	411,371
Accumulated depreciation:										
Balance as of 1 January 2020	115,577	928	28,305	46,091	60,405	17,696	8,464	9,691	14,475	301,632
Depreciation expense for the year	4,684	-	12,594	427	3,174	737	273	219	1,889	23,997
Impairment loss *	20,750	-	-	-	-	-	-	-	-	20,750
Disposals	-	-	(8,888)	-	(14)	(2)	-	-	-	(8,904)
Balance as of 31 December 2020	141,011	928	32,011	46,518	63,565	18,431	8,737	9,910	16,364	337,475
Net book value as of 31 December 2020	14,324	163	14,429	3,869	9,864	1,924	689	696	27,938	73,896

* The Group calculated and recorded an impairment loss of JD 20,750. The recoverable amount of the aircraft was calculated based on its fair value less costs of disposal (FVLCD).

The depreciation charge has been allocated in the consolidated income statement as follows:

	2021	2020
Cost of revenues (note 24)	19,539	21,977
Administrative expenses (note 26)	1,670	1,791
Selling and marketing expenses (note 27)	234	229
	21,443	23,997

(9) ADVANCES ON PURCHASE AND MODIFICATION OF AIRCRAFT

	2021	2020
Advances for the purchase of Boeing 787 aircraft	3,218	4,813

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

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

	2021	2020
Royal Jordanian Air Academy, net	1,748	1,748
SITA Investment Certificates	480	495
Others	22	22
	2,250	2,265

Movement on fair value reserve was as follows:

	2021	2020
Balance as at 1 January	133	523
Loss during the year	-	(390)
Balance as at 31 December	133	133

(11) INVESTMENTS IN ASSOCIATES

	Country of incorporation	Ownership		Balance	
		2021	2020	2021	2020
Jordan Flight Catering Company Ltd.	Jordan	30%	30%	4,080	3,706
Jordan Aircraft Maintenance Company (Joramco)	Jordan	20%	20%	10,631	10,076
Jordan Aircraft Training and Simulation Company (JATS)	Jordan	20%	20%	2,771	2,973
				17,482	16,755

Movement on investments in associates was as follows:

	2021		2020	
Balance as at 1 January		16,755		18,760
Group's share of profits (losses) for the year		959		(867)
Group's share from prior year results *		(75)		-
Dividends received		(157)		(1,138)
Balance as at 31 December		17,482		16,755

* Group's share from prior year results represent the difference between Group's share of one of the associates' losses as per the issued audited financial statements and the draft financial statements of that associate.

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

Statement of financial position	Jordan Flight Catering Company Ltd.		Jordan Aircraft Maintenance Company (Joramco)		Jordan Aircraft Training and Simulation Company (JATS)		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Current assets	6,464	2,993	32,700	40,506	1,567	1,685	40,731	45,184
Non-current assets	4,012	4,517	25,274	35,637	8,819	14,212	38,105	54,366
Current liabilities	(4,939)	(3,035)	(15,525)	(25,663)	(330)	(1,500)	(20,794)	(30,198)
Non-current liabilities	(3,650)	(3,836)	(16,306)	(18,639)	(5,159)	(4,930)	(25,115)	(27,405)
Net assets	1,887	639	26,143	31,841	4,897	9,467	32,927	41,947
Group's ownership percentage	30%	30%	20%	20%	20%	20%		
Investment in associates	566	192	5,229	6,368	979	1,893	6,774	8,453

Statement of comprehensive income	Jordan Flight Catering Company Ltd.		Jordan Aircraft Maintenance Company (Joramco)		Jordan Aircraft Training and Simulation Company (JATS)		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Revenues	8,636	4,396	62,771	45,252	2,428	1,607	73,835	51,255
Cost of revenues	(6,620)	(5,685)	(41,614)	(40,641)	(3,064)	(2,927)	(51,298)	(49,253)
Other income and expenses	(770)	(820)	(17,597)	(4,461)	-	-	(18,367)	(5,281)
Profit (Loss) before income tax	1,246	(2,109)	3,560	150	(636)	(1,320)	4,170	(3,279)
Income tax	-	-	-	-	-	-	-	-
Profit (Loss) for the year	1,246	(2,109)	3,560	150	(636)	(1,320)	4,170	(3,279)
Group's Share of profits (losses) for the year	374	(633)	712	30	(127)	(264)	959	(867)

As of 31 December 2021, the associate Companies have contingent liabilities of JD 610 (2020: JD 578) in respect of guarantees and letter of credits.

(12) OTHER CURRENT ASSETS

	2021	2020
Prepaid expenses	3,104	2,428
Receivables from lessors - maintenance claims	1,230	2,115
Advances to suppliers	5,888	3,708
Refundable deposits	1,878	1,163
Employees' receivables	595	-
Derivatives*	453	435
Accrued revenues	<u>3,341</u>	<u>1,769</u>
Others	<u>1,310</u>	<u>1,127</u>
	17,799	12,745

* The Company signed aircraft fuel purchase options contracts for the purpose of limiting the risk of fluctuations in fuel prices.

(13) SPARE PARTS AND SUPPLIES, NET

	2021	2020
Spare parts and supplies	18,124	18,551
Provision for slow moving inventory	<u>(10,585)</u>	<u>(10,341)</u>
	7,539	8,210

Movement on provision for slow moving inventory was as follows:

	2021	2020
Balance as at 1 January	10,341	10,233
Provision for the year	<u>244</u>	<u>108</u>
Balance as at 31 December	<u>10,585</u>	<u>10,341</u>

(14) ACCOUNTS RECEIVABLE, NET

	2021	2020
Accounts receivable	40,114	73,092
Provision for expected credit losses	<u>(16,861)</u>	<u>(16,861)</u>
	<u>23,253</u>	<u>56,231</u>

Movement on provision for expected credit losses was as follows:

	2021	2020
Balance as at 1 January	16,861	16,518
Provision for the year	<u>-</u>	<u>343</u>
Balance as at 31 December	<u>16,861</u>	<u>16,861</u>

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

	Neither past due nor impaired	Past due but not impaired					Total
		1-30 days	31-60 days	61-90 days	91-180 days	181-360 days	
2021	2,537	11,214	2,427	1,064	619	5,392	23,253
2020	1,623	2,284	3,071	2,193	2,349	44,711	56,231

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

(15) CASH AND BANK BALANCES

	2021	2020
Cash and bank balances	49,261	39,948
Short-term deposits *	16,140	4,597
Cash in transit **	3,011	3,598
Cash and cash equivalents	68,412	48,143
Short-term deposits mature after 3 months ***	53,186	5,365
Cash and bank balances	121,598	53,508

* This item represents deposits in Jordanian Dinars in Jordanian Banks as of 31 December 2021 with an interest rate ranging between 3% and 4% (2020: 2.75% - 3%) and are due within three months.

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

*** This item represents deposit in Banks in Jordanian Dinar (JD 52,289) with an interest rate ranging between 3.25% and 4.1%, in addition to Libyan Dinar and Syrian Lira equivalent to JD 87 and a deposit of 150,000 Thousand Algerian Dinar equivalent to JD 810 with an average interest rate of 3.25% as of 31 December 2021 and are due after more three months. (31 December 2020: JD 4,000 Jordanian Dinar with an average interest rate of 3.25% and 238,465 Thousand Sudanese Pounds which is equivalent to JD 340, in addition to Libyan Dinar and Syrian Lira equivalent to JD 215 and a deposit of 150,000 Thousand Algerian Dinar equivalent to JD 810 with an average interest rate ranging between 1.14% and 3.25% and are due after than three months.

(16) SHAREHOLDERS' EQUITY

- Paid-in Capital

	2021	2020
Authorized capital (Par value of one Jordanian Dinar per share)	324,610	274,610
Paid-in capital	324,610	274,610

- Share Discount

Share discount amounted to JD 78.2 million as at 31 December 2021 and 31 December 2020. The accumulated balance in this account represents the difference between the issuing price and the par value of the shares issued.

- Payments in Respect of Capital Increase

On 25 October 2020, the Prime Ministry of Jordan resolved in its resolution number (126) to authorize the Ministry of Finance to proceed with further procedures to increase the Company's paid-in capital by JD 50 million over two phases, subject to a comprehensive turnaround and rightsizing plan across all key operational and financial pillars. An amount of JD 25 million was received during the fourth quarter of 2020. Accordingly, the Company has recorded an amount of JD 25 million as payments in respect of capital increase as of 31 December 2020. The second phase of JD 25 million was received during the second quarter of 2021. The Company's General Assembly resolved in its extraordinary meeting held on 30 August 2021 to increase the Company's capital by JD 50 million. Capital increase procedures were completed during December 2021.

- Statutory Reserve

As required by Jordanian Company Law, 10% of the profit before income tax is transferred to statutory reserve. This reserve is not available for distribution to the shareholders.

(17) BANK LOANS AND GOVERNMENT GRANTS

(17 - a) Bank Loans

	2021		2020	
	Loans' Installments		Loans' Installments	
	Short-term	Long-term	Short-term	Long-term
Syndicated loan *	38,842	31,404	26,915	61,542
Capital Bank loan **	-	46,308	-	30,997
Social Security-"Himaya" program ***	-	12,827	-	-
Less: directly attributable transaction costs	(535)	(579)	(535)	(1,114)
	38,307	89,960	26,380	91,425

* On 20 December 2015, the Company signed a syndicated loan agreement amounted to USD 275 million which is equivalent to JD 195 million. The loan bears annual interest rate of one-month LIBOR plus 3%. The loan is repayable in 49 installments. The first installment amounting to JD 3 million fell due on 20 January 2017 and the last installment was planned to fall due on 20 December 2021.

On 5 February 2020, the Company signed a loan restructuring agreement for the syndicated loan. The loan installments were extended until 2024. The first installment amounting to JD 1.9 million fell due on 5 March 2020 with an annual interest rate of one-month LIBOR plus 2.65% (minimum 4.5%).

As part of the Company's action plan to manage its cashflows during COVID-19 outbreak, the Company signed an amendment letter to the loan agreement, in which the loan installments for the period from March 2020 to September 2020 were rescheduled and allocated to the remaining installments after September 2020 on a proportional basis.

On 1 April 2021, the Company has signed second amendment letter in which 50% of the loan installments for the period from April 2021 to June 2021 were rescheduled and allocated to the installments after June 2021 on a proportional basis. During July 2021, the Company has signed third amendment letter in which 50% of the loan installments for the period from July 2021 to September 2021 were rescheduled and allocated to the installments after September 2021 on a proportional basis. On 21 November 2021, the Company signed fourth amendment letter in which 50% of the loan installments for the period from November 2021 to April 2022 were rescheduled and allocated to the installments after April 2022 on a proportional basis. The Company met all rescheduled installments as they became due.

The loan agreement contains loan covenants which require the Company to meet certain financial ratios. As per the amendment letter signed during April 2020, the Company was not required to comply with those covenants during the period from 1 January 2020 to 31 March 2021. During March 2021, the Company has amended the agreement whereas the Company was not required to meet those financial ratios until the end of 2021. During June 2021, the Company has amended the agreement whereas the Company was not required to meet those financial ratios until 30 September 2022. On 21 November 2021, The Company has amended the agreement whereas the Company is not required to meet those financial ratios until 31 December 2022.

According to the loan agreement, the Company is obliged to transfer the proceeds from its sales from travel agents in 22 stations that are collected through IATA to the Company's account at Al-Mashreq Bank as a collateral.

** On 18 May 2020, the Company signed a loan agreement with Capital Bank which amounted to JD 50 million bearing an annual interest rate of 1%. The Company has utilized the full loan balance of JD 50 million as of 31 December 2021 (31 December 2020: JD 35 million). The loan is repayable through one payment on 18 September 2023. Interest is payable on a quarterly basis.

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

The benefit of a below-market rate loan has been recognized as a government grant in accordance with International Accounting Standard IAS 20 - Government Grants (Note 17- b).

*** The Company implemented Defense Orders number (14) and number (24) "Himaya" program where the Social Security Corporation supported the most affected Companies due to the COVID-19 pandemic through granting loans at a below-market interest rate that cover part of August through November 2020 salaries and January through December 2021 salaries.

The Social Security Corporation contributed 40% of employees' salaries with a ceiling of JD 1000 per employee.

The loan is payable by December 2026. The loan bears an annual interest rate of 4%. The Company will bear an interest rate of 1%, and the Government of Jordan will bear 3% up until December 2024. If the loan was not settled by December 2026, the Company will bear an annual interest rate of 3% starting from January 2027 and onwards.

The benefit of a below-market rate loan has been recognized as a government grant in accordance with International Accounting Standard IAS 20 - Government Grants (Note 17- b).

Principal installments payable during the year 2022 and after are as follows:

Year	Amount in JD
2022	38,842
2023	73,202
2024	17,337
	129,381

Changes in liabilities arising from financing activities:

	1 January 2021	Proceeds from loans *	Repayments of loans	Interest accreted	31 December 2021
Loans	<u>119,454</u>	<u>25,573</u>	<u>(18,211)</u>	<u>2,565</u>	<u>129,381</u>

(17 - b) Government Grants

	2021			2020		
	Related to			Related to		
	Capital Bank's loan	Social security "Himaya" program's loan	Total	Capital Bank's loan	Social security "Himaya" program's loan	Total
Balance as at 1 January	4,003	-	4,003	-	-	-
Recognized during the year *	1,737	3,747	5,484	4,397	-	4,397
Released to the consolidated income statement	(2,048)	(517)	(2,565)	(394)	-	(394)
Balance as at 31 December	3,692	3,230	6,922	4,003	-	4,003
Non-current	1,572	2,641	4,213	2,584	-	2,584
Current	2,120	589	2,709	1,419	-	1,419
	<u>3,692</u>	<u>3,230</u>	<u>6,922</u>	<u>4,003</u>	<u>-</u>	<u>4,003</u>

* Proceeds from loans amounted to JD 31,057 during the year ended 31 December 2021 (2020: JD 35,000).

(18) Leases

The Group has lease contracts for various items including aircrafts, aircrafts' engines and offices.

Lease terms are as follows:

	Years
Aircrafts	3 – 7
Aircrafts' engines	8
Offices' rent	2 – 13

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

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

Set out below are the carrying amounts of right-of-use assets and lease obligations recognized and the movement during the years 2021 and 2020:

	Right-of-use assets				Lease obligations*
	Aircrafts	Aircrafts' engines	Offices	Total	
Balance as at 1 January 2021	374,672	37,167	21,837	433,676	407,160
Lease-term modifications	43,832	-	340	44,172	44,172
Terminated contracts	-	-	(171)	(171)	(171)
Depreciation	(50,606)	(2,601)	(3,537)	(56,744)	-
Finance costs (Note 28)	-	-	-	-	16,764
Payments	-	-	-	-	(59,040)
Balance as at 31 December 2021	367,898	34,566	18,469	420,933	408,885
Balance as at 1 January 2020	436,632	39,768	25,486	501,886	452,455
Lease-term modifications	537	-	-	537	537
Terminated contracts	-	-	-	(13)	(13)
Covid-19 concession arrangements	-	-	-	-	(464)
Depreciation	(62,497)	(2,601)	(3,636)	(68,734)	-
Finance costs (Note 28)	-	-	-	-	20,488
Payments	-	-	-	-	(65,843)
Balance as at 31 December 2020	<u>374,672</u>	<u>37,167</u>	<u>21,837</u>	<u>433,676</u>	<u>407,160</u>

* Lease obligations details are as follows:

31 December 2021			31 December 2020		
Short-term	Long-term	Total	Short-term	Long-term	Total
<u>30,655</u>	<u>378,230</u>	<u>408,885</u>	<u>70,477</u>	<u>336,683</u>	<u>407,160</u>

The Company has mortgaged two Boeing 787 against the lease agreements of those aircrafts.

(19) OTHER LONG-TERM LIABILITIES

	2021	2020
Provision for end of service indemnity	<u>379</u>	<u>413</u>

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

	2021	2020
Balance as at 1 January	413	393
(Reversal of) Provision for the year	(34)	21
Payments during the year	-	(1)
Balance as at 31 December	<u>379</u>	<u>413</u>

(20) ACCRUED EXPENSES

	2021	2020
Accrual for flying operations expenses	54,477	38,966
Accrued expenses related to lease contracts	<u>53,218</u>	<u>27,999</u>
	<u>107,695</u>	<u>66,965</u>

(21) ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

	2021	2020
Spare parts suppliers and accounts payable	15,219	33,866
Fuel suppliers	1,194	5,459
Ministry of Finance	249	1,318
Employees Provident Fund (Note 32)	4,209	5,853
Others*	43,318	27,799
	<u>64,189</u>	<u>74,295</u>

* Included in this item international taxes, departure and airports usage taxes of JD 37,492 that are payable to international tax authorities and airports (2020: JD 24,449).

(22) DEFERRED REVENUES

	2021	2020
Unutilized passenger tickets, air waybills and other service sales	55,168	36,293
Deferred revenue – Jordan Flight Catering Company Ltd. *	-	125
	<u>55,168</u>	<u>36,418</u>

* Alia - The Royal Jordanian Airlines Company signed an 11 years and six months catering contract with Jordan Flight Catering Ltd. Company during January 2010, and in return the Company was granted an additional share of 10% in Jordan Flight Catering Company Ltd. The grant was recorded as deferred revenues to be amortized over the catering contract period of 11 years and six months, which has been expired during 2021. The Company signed an extension agreement with Jordan Flight Catering Company Ltd. which will expire on 31 July 2022.

(23) REVENUES FROM CONTRACTS WITH CUSTOMERS

	2021	2020
Scheduled Services		
Passengers	250,988	133,518
Cargo	31,001	19,848
Excess baggage	5,855	3,163
Airmail	6,650	7,735
Total scheduled services (Note 33)	294,494	164,264
Chartered flights (Note 33)	12,634	18,182
Cargo warehouse revenues	14,512	13,372
Commercial revenues from arriving and departing aircrafts of other companies	11,571	5,875
Change and cancelation of reservation revenues	3,483	1,621
Royal Tours revenues (Tours' operating revenues)	5,734	1,877
First class services revenues	3,036	1,284
Frequent Flyer revenues	2,128	1,749
Ancillary revenue	3,021	1,220
Revenues from technical and maintenance services provided to other companies	2,864	1,888
Revenues from NDC (Galileo)	1,686	637
Other revenues	1,900	639
	<u>357,063</u>	<u>212,608</u>

(24) COST OF REVENUES

	2021	2020
Flying operations costs		
Aircraft fuel	85,110	41,793
Other flying operations costs	39,602	37,948
Total flying operations costs	124,712	79,741
Repair and maintenance	67,322	45,774
Aircraft rental expenses	6,533	1,655
Depreciation of aircrafts and engines and capitalized maintenance	70,643	84,874
Stations and ground services	42,502	25,419
Ground handling unit	13,534	16,292
Passenger services	44,512	25,298
	<u>369,758</u>	<u>279,053</u>

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

	2021	2020
Salaries and wages	20,018	37,085
Provident fund contribution	2,341	2,887
Medical expenses	2,324	2,318
Social security contribution	1,662	3,478
Overtime	563	678
End of service indemnity	164	153
Other benefits	1,341	1,486
	<u>28,413</u>	<u>48,085</u>

(25) OTHER INCOME (EXPENSE), NET

	2021	2020
Other income – amortization of government grants	2,565	394
Legal cases provision	(1,300)	(1,860)
Other expenses	(348)	(78)
	<u>917</u>	<u>(1,544)</u>

(26) ADMINISTRATIVE EXPENSES

	2021	2020
Salaries and wages	2,341	4,081
Depreciation	1,789	1,939
Computer expenses	1,496	1,528
Professional and consultation expenses	855	476
Water, electricity and heating	422	380
Medical expenses	331	462
Provident fund contribution	235	276
Maintenance and cleaning expenses	215	156
Social security contribution	194	392
Legal expenses	185	534
Employees' benefits	165	224
Life insurance	135	123
End of service indemnity	52	29
Communication expense	26	83
Rent	15	28
Overtime	5	34
Others	1,152	955
	<u>9,613</u>	<u>11,700</u>

(27) SELLING AND MARKETING EXPENSES

	2021	2020
Commissions	8,775	5,738
Salaries and wages	6,217	8,103
Computer expenses	1,469	1,654
Other employee benefits	1,334	1,323
Social security contribution	1,083	1,331
Depreciation	993	1,019
Marketing and advertisement	881	698
Medical expenses	688	701
Rent	681	749
Communication expenses	516	646
End of service indemnity	312	299
Provident fund contribution	234	266
Legal expenses	184	232
Life insurance	143	110
Maintenance and cleaning expenses	135	131
Water, electricity and heating	128	135
Consulting expenses	97	66
Overtime	51	66
Others	3,165	2,841
	<u>27,086</u>	<u>26,108</u>

(28) FINANCE COSTS

	2021	2020
Interest on loans	7,571	5,539
Leases contracts – finance cost (Note 18)	16,764	20,488
Other interest and bank charges	1,401	1,326
	<u>25,736</u>	<u>27,353</u>

(29) PROVISION FOR VOLUNTARY TERMINATION

	2021	2020
Voluntary termination program (1)	1,358	-
Voluntary termination program (2)	-	851
Voluntary termination program (3)	-	4,234
Outstations' termination program	224	88
	<u>1,582</u>	<u>5,173</u>

Voluntary termination program (1):

On 22 March 2021, the Company signed a labor collective contract with the General Trade Union of Workers in Air Transport and Tourism. The agreement covered the period from 1 April 2021 to 31 May 2021, giving the Company's staff the choice to obtain a voluntary release from their jobs. Accordingly, the Company has provided a provision of JD 1,358 which represents the accrued amounts for the employees who applied for the plan and whose applications were approved by management.

Voluntary termination program (2):

On 9 February 2020, the Company signed a labor collective contract with the General Trade Union of Workers in Air Transport and Tourism. The agreement covered the period from 9 February 2020 to 29 February 2020, giving the Company's staff the choice to obtain a voluntary release from their jobs. Accordingly, the Company has recorded a provision that amounted to JD 851 which represents the accrued amounts for employees who applied to the plan and whose applications were approved by management.

Voluntary termination program (3):

On 17 August 2020, the Company signed another labor collective contract with the General Trade Union of Workers in Air Transport and Tourism. The agreement covered the period from 19 August 2020 to 18 September 2020, giving the Company's staff the choice to obtain a voluntary release from their jobs. Accordingly, the Company has recorded a provision that amounted to JD 4,234 which represents the accrued amounts for employees who applied to the plan and whose applications were approved by management.

Outstations' termination program

During 2020, the Company started a termination process of contracts for local employees in some outstations according to the business needs and based on the rules and regulations of those countries. Accordingly, the Company has recorded a provision amounted to JD 224 (2020: JD 88).

(30) EARNINGS PER SHARE

	2021	2020
Loss for the year attributed to the equity holders of the parent ('000)	(74,317)	(161,017)
Weighted average number of shares ('000)	274,884	274,610
Basic and diluted earnings per share (JD)	(0.270)	(0.586)

(31) INCOME TAX

No provision for income tax was calculated by the Company for the year ended 31 December 2021 due to the excess of deductible expenses over taxable income in accordance with the Income Tax Law No. (34) of 2014 and its amendments.

The Company filed its tax return for the years 2019 and 2020 within the statutory period. The Company has reached a final settlement with the Income and Sales Tax Department up to the year ended 31 December 2018 whereas the years 2019 and 2020 are yet to be reviewed.

The Income and Sales Tax Department raised claims to RJ by an amount of JD 2,103 which represents sales tax differences for the years from 2012 to 2014. The Court of Cassation determined tax differences in respect to the year 2012 through the year 2014 amounting to JD 701, in addition to penalties of JD 1,402.

The Income and Sales Tax Department raised claims to RJ by an amount of JD 2,271 which represents sales tax differences for the year 2016. The Company appealed the cases at the Tax Court. The cases are still outstanding up to date of the consolidated financial statement.

RoyalWings Company filed its tax return for the years from 2017 until 2020 within the statutory period. The tax returns for the years 2017 and 2018 are being reviewed by the Court of First Instance. The Income and Sales Tax Department is yet to review the Company's accounting records up to the date of the consolidated financial statements in respect to the years 2019 and 2020. Royal Wings Company reached a final settlement with the Income and Sales Tax Department up to the year 2016.

Royal Tours Company filed its tax return for the years of 2017, 2019 and 2020 within the statutory period. The Income and Sales Tax Department did not review the Company's accounting records for the years 2017, 2019 and 2020 up to the date of the consolidated financial statements. Royal Tours for Travel and Tourism Company reached a final settlement with the Income and Sales Tax Department up to the year 2016 in addition to the year 2018.

Al-Mashriq for Aviation Services Company filed its tax returns for the years 2019 and 2020. The Income and Sales Tax Department has not reviewed the Company's accounting records up to the date of the consolidated financial statements. Al-Mashriq for Aviation Services Company reached a final settlement with the Income and Sales Tax Department up to the year 2018.

Reconciliation between accounting profit and taxable profit is as follows:

	2021	2020
Accounting loss	(74,259)	(161,060)
Non-taxable profits	(1,029)	-
Non-deductible expenses	16,502	27,462
Prior years' tax losses	(242,504)	(108,906)
Accumulated tax losses	(301,290)	(242,504)
Relates to:		
Total loss – Parent Company	(300,367)	(232,911)
Total loss – Subsidiaries	(923)	(9,593)
Effective income tax rate for subsidiaries	20%	20%
Statutory income tax rate	20%	20%
Income tax expense	-	-

(32) RELATED PARTY TRANSACTIONS

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

Following is a summary of balances due to / from related parties included in the consolidated statement of financial position:

	2021		2020	
	Accounts receivable	Accounts payable	Accounts receivable	Accounts payable
Government of Jordan	5,176	884	43,778	1,318
Employees' Provident Fund (Note 21)	-	4,209	-	5,853
Jordan Aircraft Maintenance Company (JORAMCO)	1,717	-	882	-
Jordan Flight Catering Company Ltd.	-	2,729	-	527
Jordan Aircraft Training and Simulation Company (JATS)	-	4	-	31
	<u>6,893</u>	<u>7,826</u>	<u>44,660</u>	<u>7,729</u>

Payments in respect of capital increase – included in shareholders' equity:

	2021	2020
Government Investments Management Company (Note 16)	-	25,000

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

	2021	2020
Jordan Aircraft Maintenance Company (JORAMCO):		
Scheduled services revenues	187	131
Repair and maintenance expenses	(4,602)	(2,510)

Jordan Flight Catering Company Ltd.:		
Passenger services expenses	(8,372)	(3,396)

Jordan Aircraft Training and Simulation Company (JATS):		
Scheduled services revenues	50	14
Pilots training expenses	(578)	(608)

The Company signed a 4 year maintenance contract with Jordan Aircraft Maintenance Company (JORAMCO) during January 2005, and in return the Company was granted a 20% share in Jordan Aircraft Maintenance Company. The contract was extended for 7 years up to the end of October 2016. The contract was extended for a period up to December 2021, and then it was renewed for unlimited period with three months' notice of termination.

The Company signed a 4 year training contract with Jordan Aircraft Training and Simulation Company (JATS) during July 2006 and in return the Company was granted a share of 20% in Jordan Aircraft Training and Simulation Company which has been extended until the end of January 2023.

Alia – The Royal Jordanian Airlines Company signed a 11 years and six months catering contract with Jordan Flight Catering Company during 2010, and in return the Company was granted an additional share of 10% in Jordan Flight Catering Company to reach a total share of 30%. The Company signed an extension agreement with Jordan Flight Catering Company Ltd. which will expire on 31 July 2022.

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

	2021	2020
Scheduled services revenues – passengers	2,385	2,992
Scheduled services revenues – cargo	1,388	937
Chartered flights	1,277	285
	5,050	4,214

- The Company's contribution to the employees' saving fund amounted to JD 2,810 and JD 3,429 for the years 2021 and 2020, respectively.

Compensation of key management personnel

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

	2021	2020
Salaries and other benefits *	710	1,048
Board of Directors remuneration	35	42

* Included in this amount, a one-time payment of JD 223 which represents the end of contract remuneration for the Company's CEO paid in 2020.

(33) GEOGRAPHICAL DISTRIBUTION OF REVENUES

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

	2021				2020			
	Scheduled	Chartered Flights		Total	Scheduled	Chartered Flights		Total
	services	Passengers	Cargo		services	Passengers	Cargo	
Levant	40,952	234	1,206	42,392	17,670	-	1,400	19,070
Europe	66,434	809	2,114	69,357	41,916	224	2,841	44,981
Arab Gulf	84,727	888	-	85,615	48,161	114	421	48,696
America	97,003	-	1,153	98,156	44,422	-	1,727	46,149
Asia	2,100	99	5,899	8,098	9,081	525	10,778	20,384
Africa	3,278	93	139	3,510	3,014	152	-	3,166
Total Revenues	294,494	2,123	10,511	307,128	164,264	1,015	17,167	182,446

(34) FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

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

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

(35) Fair Value Hierarchy

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

- Level 1** market prices in active markets for identical assets or liabilities.
- Level 2** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

	Level 1	Level 2	Level 3	Total
31 December 2021				
Financial assets:				
Financial assets at fair value through other comprehensive income	-	-	2,250	2,250
Derivative financial instruments (within other current assets)	453	-	-	453
	453	-	2,250	2,703
31 December 2020				
Financial assets:				
Financial assets at fair value through other comprehensive income	-	-	2,265	2,265
Derivative financial instruments (within other current assets)	435	-	-	435
	435	-	2,265	2,700

(36) RISK MANAGEMENT

Interest rate risk

The Group is exposed to interest rate risk on its interest-bearing financial assets and liabilities (bank deposits, obligation under leases and bank loans).

The sensitivity of the consolidated income statement is the effect of the assumed changes in interest rates on the Group's profit for one year, based on the floating rate financial assets and financial liabilities held at 31 December 2021 and 31 December 2020.

The following table demonstrates the sensitivity of the consolidated income statement to reasonably possible changes in interest rates as of 31 December 2021 and 2020, with all other variables held constant.

2021- Currency	Increase in interest rate (points)	Effect on loss
USD	50	773
JD	50	54

Currency	Decrease in interest rate (points)	Effect on loss
USD	(25)	(387)
JD	(25)	(27)

2020- Currency	Increase in interest rate (points)	Effect on loss
USD	50	927
JD	50	(137)

Currency	Decrease in interest rate (points)	Effect on loss
USD	(25)	(464)
JD	(25)	69

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables and with respect to banks by only dealing with reputable banks.

The Group provides its services to a large number of customers. No single customer accounts for more than 10% of outstanding accounts receivable at 31 December 2021 and 2020.

Liquidity risk

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

The table below summarises the maturities of the Group's (undiscounted) financial liabilities at 31 December 2021 and 2020, based on contractual payment dates and current market interest rates.

31 December 2021	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Accounts payables and other current liabilities	64,189	-	-	-	64,189
Bank loans	3,621	38,312	99,012	-	140,945
Lease obligations	13,145	41,812	294,912	105,623	455,492
Other long-term liabilities	-	-	-	379	379
Total	80,955	80,124	393,924	106,002	661,005

31 December 2020					
Accounts payables and other current liabilities	74,295	-	-	-	74,295
Bank loans	4,388	24,408	100,569	-	129,365
Lease obligations	23,604	67,755	259,843	79,410	430,612
Other long-term liabilities	-	-	-	413	413
Total	102,287	92,163	360,412	79,823	634,685

Currency risk

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

2021 -		
Currency	Increase in foreign currency rate to the JD currency (%)	Effect on loss
Euro	1	(80)
GBP	1	(26)
SDG	1	-

Currency	Decrease in foreign currency rate to the JD currency (%)	Effect on loss
Euro	(1)	80
GBP	(1)	26
SDG	(1)	-

2020 -		
Currency	Increase in foreign currency rate to the JD currency (%)	Effect on loss
Euro	1	33
GBP	1	(3)
SDG	1	(3)

Currency	Decrease in foreign currency rate to the JD currency (%)	Effect on loss
Euro	(1)	(33)
GBP	(1)	3
SDG	(1)	3

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

Losses on foreign exchange rates amounted to JD 490 for the year ended 31 December 2021 (31 December 2020: loss of JD 1,634 of which JD 940 resulted from the fluctuation in the Sudanese Pound).

(37) CAPITAL MANAGEMENT

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

Capital comprises of share capital, share discount, payments in respect of capital increase, statutory reserve and accumulated losses and is measured at a deficit of JD 59,811 as at 31 December 2021 (31 December 2020: Deficit of JD 10,193).

The Group's accumulated losses of JD 321 million as of 31 December 2021 represents 99% of the Group's capital. Also, the Group's current liabilities exceeded its current assets by an amount of JD 128.5 million as of 31 December 2021. These events or conditions indicate that a material uncertainty exists that may cast significant doubt about the entity's ability to continue as a going concern. According to Article (266) of the Jordanian Company's Law No. 22 for the year 1997 and its amendments, if the accumulated losses of the public shareholding Company exceed 75% of its capital, the Company shall be liquidated unless the General Assembly of the Company issues a decision on its extraordinary meeting to increase the Company's capital or to deal with the Company's losses. The Prime Ministry of Jordan resolved to authorize the Ministry of Finance to proceed with further procedures to increase the Company's capital by JD 50 million over two phases, subject to a comprehensive turnaround and rightsizing plan across all key operational and financial pillars. The first phase fell during the fourth quarter of 2020 and the second phase fell during 2021. Capital increase procedures were completed during December 2021. Furthermore, the Company received a comfort letter from the Ministry of Finance (the Jordanian Government's representative), stating that the Government is in favor of continuing to support the Company's operations in the future.

The Company's management is in the process of performing the restructuring business plan that supports the Company's business continuity and its ability to recover its assets and generate future cash flows to settle its liabilities.

(38) CONTINGENCIES AND COMMITMENTS

Letters of credit and guarantees

As of 31 December 2021, the Group had letters of credit amounted to JD 23,493 and letters of guarantees amounted to JD 331 (31 December 2020: letters of credit: JD 19,721 and letters of guarantees: JD 476).

Claims against the Group

The Group is a defendant in a number of lawsuits amounting to JD 14,661 (2020: JD 14,821) representing legal actions and claims related to its ordinary course of business. Related risks have been analyzed as to the likelihood of occurrence, although the outcome of these matters cannot always be ascertained with precision. In the opinion of the Group and their legal counsels, the provision recognized as of 31 December 2021 is sufficient to cover any contingent liabilities and claims that may arise from these lawsuits.

Capital commitments

As of 31 December 2021, the Group had capital commitments of USD 303,051,349 (31 December 2020: USD 453,013,157), equivalent to JD 214,930 (31 December 2020: JD 321,286) relating to finance lease agreements signed for two new aircrafts (31 December 2020: three new aircrafts).

The Group has the option not to purchase these aircrafts given that it informs the aircrafts' manufacturer during a maximum period of thirty-seven months prior to the date of delivery of these aircrafts.

During January 2021, the Company exercised its right to cancel without any liability the first aircraft which was scheduled to be delivered by the first quarter of 2024. The amount of the advances paid for the related aircraft amounted to USD 2,249,060 was deducted from the Company's payables.

(39) STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach),
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

This standard is not applicable to the Group.

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

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

What is meant by a right to defer settlement

That a right to defer must exist at the end of the reporting period

That classification is unaffected by the likelihood that an entity will exercise its deferral right

That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

The amendments are not expected to have a material impact on the Group.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

The amendments are not expected to have a material impact on the Group.

Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment - Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

The amendments are not expected to have a material impact on the Group.

IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

The amendments are not applicable to the Group.

IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of ‘accounting estimates’. The amendments clarify the distinction between changes in

accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

(40) COMPARATIVE FIGURES

Some of 2020 balances were reclassified to correspond with the consolidated financial statements figures for the year 2021 presentation, with no effect on profit and equity for the year 2020.

(41) SUBSEQUENT EVENTS

On 21 February 2022, Russia recognized two Ukrainian regions, Donetsk and Luhansk, as independent states. In a further escalation of the conflict, Russia invaded Ukraine on 24 February 2022. The western world has made clear it disapproves of Russia's actions, and, amongst others, the US, EU and UK have decided on severe sanctions for Russia and Russian Companies and individuals, with potential consequences for businesses throughout the world.

The intensification of the conflict between Russia and Ukraine which led to armed conflicts in Ukraine on 24 February 2022, has created uncertainty regarding the development of the world economy including the airline industry which is presented in the uncertainty of fluctuations of oil prices that represent major part of the Group's costs of flying operations.

As the conflict is evolving, the Group's management will continue monitoring the impact of oil prices' fluctuation on their operations and going concern assessment in order to take the necessary actions and properly address the situation.



Corporate Governance Report for 2021



Implementation of Corporate Governance Regulations within the Company

RJ is a public shareholding company listed in Amman Stock Exchange Market since the year 2007 where its shares have been traded starting from that year until the current time. The company has established all the needed policies and procedures for the implementation of the Corporate Governance system taking into consideration the Governance Regulations for Public Shareholding Listed companies issued by Jordan Securities Commission in 2017, related Jordanian rules and regulations, and the Governance requirements of the Organization for Economic Cooperation and Development (OECD).

RJ has taken serious steps towards the enhancement of transparency in all areas in order to regulate the relationship between the company and the following stakeholders: the Board of Directors, Executive Management, shareholders, employees, and the community. These steps include the development of an internal bylaw for the members of the board of directors that defines their roles and authorities and how the members are elected, as well as the formation and management of the board committees.

In order to monitor the company's compliance with the requirements of governance, the company is constantly reviewing the policies, procedures and forms used in implementing the governance system, and the members of the Board of Directors and members of the Executive Management periodically fill out questionnaires, in order to disclose their membership in the boards of other public shareholding companies, and the ownership of securities in Royal Jordanian by themselves, their relatives or any company they control and own shares in RJ. Furthermore, a training course was held for the members of the Board who were appointed in the Board during the year 2021, on the principles of governance, the regulations related to corporate governance, and how to implement them within the company. The Remunerations and Incentives Committee, in accordance with the governance regulations, has carried out an evaluation of the Board's performance to identify its points of strength and areas of improvement.

The board's corporate governance committee, consisting of three members, held two meetings during the year 2021 to review and approve the corporate governance report for the year 2020, in addition to reviewing the policies, procedures, and forms related to the application of the corporate governance system, and to ensure that the system is in full compliance with all the requirements of the corporate governance regulations. Finally, to be in compliance with the Governance Regulations for the Public Shareholding Listed companies for the year 2017, this report has been prepared including the following data:

MEMBERS OF THE BOARD OF DIRECTORS (CURRENT/RESIGNED, DEPENDENT/ INDEPENDENT & JURISTIC/NATURAL).

The below table shows all current and resigned board members, their independency, and whether the member is executive or non-executive.

Member Name	Position	Independency	Executive/Non-Executive
Government Investments Management Company			
H.E. Eng. Said Samih Darwazah	Chairman of the Board	Dependent	Non-Executive
H.E. Eng. Samer Abdelsalam Majali (from 30.3.2021)	Vice-Chairman	Dependent	Executive
H.E. Eng. Bassem Khalil Al-Salem	Member	Dependent	Non-Executive
H.E Ms. Kholoud Mohammad Saqqaf (from 30.3.2021)	Member	Dependent	Non-Executive
H.E. Eng. Khairi Yaser Amro (from 30.3.2021 until 11.10.2021)	Member	Dependent	Non-Executive
H.E. Mr. Omar Munther Fahoum (from 30.3.2021)	Member	Dependent	Non-Executive
H.E. Mr. Rajaie Kamal Dajani (from 30.3.2021)	Member	Dependent	Non-Executive
H.E. Mr. Omar Zuhair Malhas (until 29.3.2021)	Member	Dependent	Non-Executive
H.E. Dr. Emad Naeem Hejazeen (until 29.3.2021)	Member	Dependent	Non-Executive
H.E. Ms. Rand Ghazi Hannun (until 29.3.2021)	Member	Dependent	Non-Executive
H.E. Mr. Malek Salameh Habashneh (until 29.3.2021)	Member	Dependent	Non-Executive
Social Security Corporation			
H.E. Dr. Abdelhakim Mousa Shibli*	Member	Independent	Non-Executive
H.E. Mr. Saoud Ahmad Nsairat (until 29.3.2021)	Member	Dependent	Non-Executive
MINT TRADING MIDDLE EAST LIMITED			
H.E. Mr. "Mohammad Ali" Issam Bdair	Member	Dependent	Non-Executive

* Dr. Abdelhakim Shibli was a representative of the Government Investments Management Company until 29.3.2021, he then became the representative of the Social Security Corporation on 30.3.2021.

Members of the Board of Directors (Current and Juristic)

The below table shows the current Juristic/Representative Board Members, their independency and if the board member is executive or non-executive:

Member Name	Name of the company represented	Independency	Executive/ Non-Executive
H.E. Eng. Said Samih Darwazah	Government Investments Management Company	Dependent	Non-Executive
H.E. Eng. Samer Abdelsalam Majali	Government Investments Management Company	Dependent	Executive
H.E. Eng. Bassem Khalil Al-Salem	Government Investments Management Company	Dependent	Non-Executive
H.E Ms. Kholoud Mohammad Saqqaf	Government Investments Management Company	Dependent	Non-Executive
H.E. Mr. Omar Munther Fahoum	Government Investments Management Company	Dependent	Non-Executive
H.E. Mr. Rajaie Kamal Dajani	Government Investments Management Company	Dependent	Non-Executive
H.E. Dr. Abdelhakim Mousa Shibli	Social Security Corporation	Independent	Non-Executive
H.E. Mr. "Mohammad Ali" Issam Bdair	MINT TRADING MIDDLE EAST LIMITED	Dependent	Non-Executive

Senior Executive Management

The table below shows the names of the members of Senior Executive Management and their positions:

Name	Position
Eng. Samer Majali (from 30.03.2021)	Vice Chairman/Board Designee-CEO
Mr. Feras Qarrain (from 07.10.2019)	Executive Chief Finance & Resources Officer
Mr. Karime Makhlof (from 14.06.2021)	Chief Commercial Officer
Captain Ghassan Obeidat (from 01.09.2019)	Chief Technical Officer
Ms. Amal Hattar (from 01.09.2019)	Chief Finance Officer
Ms. Suha Al Arda (from 01.09.2019)	Chief Treasury Officer
Dr. Fawzi Mulki (from 01.09.2019)	Chief Services Officer
Ms. Basma Majali (until .6.07.2021)	Vice President/Commercial

The membership of the Natural Board of Directors' members in other public sharsholding companies:

There are no memberships.

Governance Liaison officer

Mr. Samer Ibrahim Samman was appointed as the Governance Liaison Officer at RJ in order to coordinate with the Jordan Securities Commission and follow up on the implementation of the governance regulations.

Number of Board of Directors Meetings and Names of Attendees

The Board of Directors has conducted 11 meetings during the year 2021 as following:

Board Member	1 st Meeting 30/3/2021	2 nd Meeting 18/4/2021	3 rd Meeting 6/5/2021	4 th Meeting 9/5/2021	5 th Meeting 6/6/2021	6 th Meeting 7/7/2021
H.E. Eng. Said Darwazah	√	√	√	√	√	√
H.E. Eng. Samer Majali	√	√	√	√	√	√
H.E. Eng. Bassem Al-Salem	√	X	√	√	√	√
H.E Ms. Kholoud Saqqaf	√	√	√	√	√	√
H.E. Eng. Khairi Amro	√	√	√	√	√	√
H.E. Dr. Abdelhakim Shibli	√	√	X	√	√	√
H.E. Mr. "Mohammad Ali" Bdair	√	√	√	√	√	√
H.E. Mr. Omar Fahoum	√	√	√	√	√	√
H.E. Mr. Rajaie Dajani	√	X	√	√	√	√

Board Member	7 th Meeting 28/7/2021	8 th Meeting 1/9/2021	9 th Meeting 26/10/2021	10 th Meeting 28/11/2021	11 th Meeting 22/12/2021
H.E. Eng. Said Darwazah	X	√	√	√	√
H.E. Eng. Samer Majali	√	√	√	√	√
H.E. Eng. Bassem Al-Salem	√	√	√	√	√
H.E Ms. Kholoud Saqqaf	√	√	√	√	√
H.E. Eng. Khairi Amro	√	√	•	•	•
H.E. Dr. Abdelhakim Shibli	√	√	√	√	X
H.E. Mr. "Mohammad Ali" Bdair	X	√	√	√	√
H.E. Mr. Omar Fahoum	√	√	√	√	√
H.E. Mr. Rajaie Dajani	√	√	√	√	√

√ Attended the meeting

X Did not attend the meeting

• Was not a board member

Board of Directors Committees

- Audit Committee
- Remunerations and Incentives Committee
- Governance Committee
- Risk Management Committee

Names of the current head and members of the Audit Committee and their qualifications and experiences:

Board Member's Name	Position Within the Committee	Brief About the Qualifications
<p>H. E. Mr. Omar Fahoum Since 30/3/2021</p>	<p>Head of the Committee</p>	<ul style="list-style-type: none"> • Mr. Fahoum holds a Bachelor's degree in Accounting from the University of Texas (Austin), and he is a certified Public Accountant (CPA) licensed in the US and Jordan. • 30 years of experience as a partner with Deloitte, the last 20 of which as the CEO of the regional firm. Strategic planning and leadership were key focuses, which included crafting multi-year strategic plans and ensuring their execution through chairing the executive committee of the company. • During his tenure he led the transformation of the firm from an "audit centric" business into a multi-disciplinary professional firm with a balanced portfolio of businesses all while growing revenues by 15 times and headcount from 500 to 5,500. • Appointed to lead the firm's business in Saudi Arabia in 1995 and was the leader of the firms' assessment projects • In 1998 he held the position of Operations Director in Saudi Arabia. • During 2001- 2020 he held the position of CEO of the company in the Middle East. • Elected as a member of the Board of Directors of the "Deloitte Touche Tohmatsu" during the years 2007 - 2011 and the years 2017-2019. • Co-founded the Young Presidents Organization (YPO) for Jordan and Bahrain chapters, YPO is a global leadership community of chief executives with more than 29,000 members in more than 130 countries. • A member of the MENA Regional Board of Directors at the Injaz Al-Arab Foundation, which is part of JA Worldwide (Junior Achievement), JA is a global non-profit youth organization founded in 1919. Injaz Al-Arab aims to inspire and prepare youth in the Middle East and North Africa regions to succeed in the global economy.

Board Member's Name	Position Within the Committee	Brief About the Qualifications
<p>H.E Ms. Kholoud M. Saqqaf Since 30/3/2021</p>	<p>Member</p>	<ul style="list-style-type: none"> • Holds a Master's degree in economics and has more than 25 years of experience in banking, finance and financial control. Currently, she serves as Chief Executive Officer/ Vice Chairman on the Board of the Social Security Investment Fund (SSIF). • Ms. Saqqaf began her career at the Jordan Phosphate Mines Company's Research & Development Department for five years. She then moved to the Central Bank of Jordan where she held several positions during the periods 1993 – 2004, and 2006 -2012 including Executive Manager of the Banking Supervision Department and Deputy Governor of the Central Bank of Jordan; as the first Arab woman to occupy such a regulatory position. • Ms. Saqqaf has a strong background in Corporate Governance, Internal Control and Islamic Banking, she prepared Corporate Governance guidelines, including preparation of the Bank Directors' Handbook of Corporate Governance 2004, as well as establishing Internal Control regulations addressed to banks operating in Jordan. • In addition to the above, Ms. Saqqaf gained experience in the insurance industry when she served as the Director of the Research Department at the Insurance Commission of Jordan during the period 2004-2006. Ms. Saqqaf joined Arab Bank in 2012 as Executive Vice President, Country Manager of Jordan & Palestine, she was then appointed as Executive Vice President, Group Risk Management in November 2013 until October 2018 when she joined SSIF. • Ms. Saqqaf has been on the board of several institutions and financial companies, such as the Central Bank of Jordan (Vice Chairperson), Jordan Mortgage Refinance Company (Chairperson) and a Board member in Social Security Corporation, Insurance Commission, Arab National Leasing Company and on the National Committee for Anti-Money Laundering and Counter Terrorist Financing. Moreover, she served as Vice Chairman on the board of the first Jordanian Credit Bureau Company CRIF-Jordan, Ethmar Islamic Microfinance Company and Business Development Centre. • Amongst her current memberships are the SSIF Investment Board, the Social Security Corporation, Royal Jordanian Airlines Company and the Center for Strategic Studies. She also serves as the President of the Board of the International Women's Forum – Jordan Chapter.

Board Member's Name	Position Within the Committee	Brief About the Qualifications
H.E. Dr. Abdelhakim Shibli	Member	<ul style="list-style-type: none"> • Holds a Ph.D. in Economics specializing in macroeconomics and fiscal policy, from Leeds University Business School, UK. • Dr. Shibli started his professional career at the Central Bank of Jordan as an economist between 1991-2004. In 2002, he worked also as a part-time lecturer in the Faculty of Business Administration at the University of Jordan. He then moved to the Ministry of Planning and International Cooperation between 2004 - 2007 as an economic advisor to oversee a comprehensive risk analysis system that anticipates future economic risk and recommends mitigation policies. He was seconded to work at the Prime Ministry for the period 2007 to 2010, as an economist at the Millennium Challenge Unit, then moved to the Ministry of Finance to chair the Directorate of Studies and Economic Policies between 2010-2018. • His appointment as the Secretary General of the Ministry of Finance was upon Royal Decree on 30/4/2018. Before that, he took part in several governmental committees, worked as core economic team at the Ministry of Finance and on IMF program, the World Bank and the Arab Monetary Fund. He worked in the economic and financial policy formulation and the implementation of important national and international programs such as the Economic and Social Reform initiative, the Financial Reform Program, the Modernization of Financial Management and the Revision Program with the IMF. • Dr. Shibli represented the Ministry of Finance in several institutions and companies in which the Government of Jordan have shares as a board member and member at official committees.
H.E. Mr. "Mohammad Ali" Bdeir	Member	<ul style="list-style-type: none"> • With a background in management, Bdeir was appointed at Royal Jordanian's Board of Directors in 2008. • He is the current General Manager of Best Dimension Investment Co., and a Director of the General Mining Co., and a former board member of Jordan Investment Board. • Mr. Bdeir received a Bachelor's degree in Industrial Engineering from Purdue University (USA), and an Master's degree in Engineering Management from the American University of Beirut.

Names of the Head and Members of the Audit Committee who have resigned during 2021 and their qualifications and experiences:

Board Member's Name	Position Within the Committee	Brief About the Qualifications
H.E Mr. Omar Malhas Until 29.3.2021	Head of the Committee	<ul style="list-style-type: none"> • Appointed as Minister of Finance from 2015 to 2018. • Has a diverse banking experience of more than thirty years with distinguished accomplishments in all fields of work. • Began his career in 1984 at the Housing Bank for Trade and Finance, and worked as a deputy general manager for Doha Bank in 1999, and chief director at the American Alliance Capital Corporation - Bahrain Office in 2000, and Director of the Treasury and Investment Department of the Housing Bank for Trade and Finance in 2002. • Was the head of the banking group in the Housing Bank for Trade and Finance in 2009 until he was appointed as the General Manager of the bank from 2010 to 2015. • Holds an MBA degree in International Finance and Banking from the University of Birmingham in the UK and a Bachelor's degree of Business Administration in economics from the University of Louisiana in the USA.
H.E. Eng. Khairi Amro From 30/3/2021 until 11/10/2021	Member	<ul style="list-style-type: none"> • Received an MBA from Columbia University, New York in May 1986. • Held the position of Assistant Vice President, Corporate and Institutional Banking at Arab Bank, Singapore in the period 1989-1990, and the position of Investment Manager, Arab Bank, Singapore in the period 1991-1993, and also as Director of the Investment Management Group, Arab Bank, Singapore in the period 1993-1997. • Appointed as Head of the Investment Management Group, Head of Investment Department and Head of Investment Strategy Committee in the Arab Bank Group during the years 1997-2003. • Appointed Manager of MerchantBridge & Co. from September 2003 to August 2004 • Appointed as Executive Director of Wealth Management-Morgan Stanley from September 2004 to October 2013 • Worked as Managing Partner of Alcazar Capital from November 2013 till September 2015 • Held the position of Managing Director of Credit Suisse AG from October 2015 till February 2019.

Board Member's Name	Position Within the Committee	Brief About the Qualifications
<p>H.E. Mr. Saoud Nsairat Until 29.3.2021</p>	<p>Member</p>	<ul style="list-style-type: none"> • Employed his experience as Minister of Transport in several governments from 10/25/2004 to 11/22/2007, to issue the new aviation law through the Jordanian parliament, and supervised the expansion of Queen Alia International Airport, where he was the owner of the idea and head of the project steering committee from 2005 until the referral of the project and the start of the expansion implementation in 2007. • Held several positions, the most important of which were: the Commander of the Royal Air Force (1999-2002), the Chairman of the Board of Civil Aviation Authority (1999-2004), and Chairman of the Board of Directors of the Land Transport Regulatory Authority (1999 - 2004), the Maritime Authority (2004-2007), the Jordanian Hejaz Railway (2004-2007), the Aqaba Railway Corporation (2004-2007), and he was a member of the Board of Directors of Royal Jordanian Airlines (1999-2004), and Chairman of the Board of Directors of Dead Sea Development Company (2009-2010), Chairman of the Board of Directors of Integrated Multi Transport Company since 2014 to date, and Chairman of the Board of Directors of the King Abdullah II Center for Design and Development (2018-2019). • Holds a Master's degree in Management and Military sciences.

The Audit Committee has conducted 11 meetings during the year 2021 as following:

Board Member	1 st Meeting 27/1/2021	2 nd Meeting 14/3/2021	3 rd Meeting 5/4/2021	4 th Meeting 18/4/2021	5 th Meeting 3/5/2021	6 th Meeting 9/6/2021
H.E. Mr. Omar Fahoum	•	•	√	√	√	√
H.E. Eng. Khairi Amro	•	•	√	√	√	√
H.E Ms. Kholoud Saqqaf	•	•	√	√	√	√
H.E Mr. Omar Malhas	√	√	•	•	•	•
H.E. Mr. Saoud Nsairat	√	√	•	•	•	•
H.E. Dr. Abdelhakim Shibli	√	√	√	√	√	√
H.E. Mr. "Mohammad Ali" Bdair	√	√	√	√	√	√

Board Member	7 th Meeting 21/6/2021	8 th Meeting 28/7/2021	9 th Meeting 29/8/2021	10 th Meeting 26/10/2021	11 th Meeting 29/12/2021
H.E. Mr. Omar Fahoum	√	√	√	√	√
H.E. Eng. Khairi Amro	√	√	√	•	•
H.E Ms. Kholoud Saqqaf	√	√	√	√	√
H.E Mr. Omar Malhas	•	•	•	•	•
H.E. Mr. Saoud Nsairat	•	•	•	•	•
H.E. Dr. Abdelhakim Shibli	√	√	√	√	X
H.E. Mr. "Mohammad Ali" Bdair	√	X	√	√	√

√ Attended the meeting

X Did not attend the meeting

• Was not a board member

*The External Auditors have attended 4 meetings with the Audit Committee during the year 2021

The names of the heads and members of the Remunerations and Incentives Committee, Governance Committee, and the Risk Management Committee, and the number of their meetings during the year 2021:

Remunerations and Incentives Committee

Board Member	Position within the Committee
H.E Eng. Said Darwazah	Head of the Committee
H.E Eng. Bassem Al-Salem	Member
H.E. Mr. Malek Habashneh (until 29.3.2021)	Member
H.E. Ms. Rand Hannun (until 29.3.2021)	Member
H.E. Eng. Khairi Amro (from 30.3.2021 until 11.10.2021)	Member

The Remunerations and Incentives Committee has conducted 2 meetings during the year 2021 as following:

Board Member	1 st Meeting 2/5/2021	2 nd Meeting 7/7/2021
H.E Eng. Said Darwazah	√	√
H.E Eng. Bassem Al-Salem	√	√
H.E. Mr. Malek Habashneh	•	•
H.E. Ms. Rand Hannun	•	•
H.E. Eng. Khairi Amro	√	√

√ Attended the meeting

X Did not attend the meeting

• Was not a board member

Governance Committee

Board Member	Position within the Committee
H.E. Mr. Saoud Nsairat (until 29.3.2021)	Head of the Committee
H.E Ms. Kholoud Saqqaf (from 30.3.2021)	Head of the Committee
H.E. Mr. "Mohammad Ali" Bdair (from 30.3.2021)	Member
H.E. Mr. Rajaie Dajani (from 30.3.2021)	Member
H.E. Dr. Emad Hejazeen (until 29.3.2021)	Member
H.E. Ms. Rand Hannun (until 29.3.2021)	Member

The Governance Committee has conducted 2 meetings during the year 2021 as following:

Board Member	1 st Meeting 22/3/2021	2 nd Meeting 5/8/2021
H.E. Mr. Saoud Nsairat	√	•
H.E Ms. Kholoud Saqqaf	•	√
H.E. Mr. "Mohammad Ali" Bdair	•	√
H.E. Mr. Rajaie Dajani	•	√
H.E. Dr. Emad Hejazeen	√	•
H.E. Ms. Rand Hannun	√	•

√ Attended the meeting

X Did not attend the meeting

• Was not a board member

Risk Management Committee

Board / Senior Executive Management Member	Position within the Committee
H.E. Eng. Bassem Al-Salem	Head of the Committee
H.E. Eng. Samer Majali (from 30.3.2021)	Member
H.E. Eng. Khairi Amro (from 30.3.2021 until 11.10.2021)	Member
H.E. Mr. Rajaie Dajani (from 30.3.2021)	Member
H.E Mr. Omar Malhas (until 29.3.2021)	Member
H.E. Mr. Malek Habashneh (until 29.3.2021)	Member

The Risk Management Committee has conducted 2 meetings during the year 2021 as following:

Board Member	1 st Meeting 3/6/2021	2 nd Meeting 27/12/2021
H.E Eng. Bassem Al-Salem	√	√
H.E. Eng. Samer Majali	√	√
H.E. Eng. Khairi Amro	√	•
H.E. Mr. Rajaie Dajani	√	√
H.E Mr. Omar Malhas	•	•
H.E. Mr. Malek Habashneh	•	•

√ Attended the meeting

X Did not attend the meeting

• Was not a board member

Chairman of the Board

Eng. Said Samih Darwazah

Board of Directors Declarations



1. As shown in the financial statements included in the annual report, the company's accumulated losses have exceeded 75% of its paid-up capital, and this is mainly due to the losses during the years 2020 and 2021, where the net losses of the company in these two years have reached JD235.3 million due to the impact of the Corona pandemic and its repercussions that caused heavy losses to the company. Article No. 266 of Companies Law No. 22 of 1997 and its amendments stipulates that if the accumulated losses of the public shareholding company exceed 75% of its capital, the company must be liquidated, unless the company restructures the rights of its shareholders and increases its capital. The company's ability to continue as a going concern depends mainly on correcting its operational and financial conditions in line with the current and expected market conditions, increasing the capital, and providing the necessary cash to finance its activities. The company's board of directors seeks to achieve this by working on the operational and financial restructuring of the company and communicating with the main shareholder with the aim of increasing the capital and providing the necessary liquidity.
2. The Company's Board of Directors hereby declares its responsibility for the preparation of the financial statements and an effective control system in the Company.

Said S. Darwazah
Chairman of the Board

Samer A. Majali
Vice Chairman

Bassem Kh. Al Salem
Member

Kholoud M. Saqqaf
Member

Abdalhakim M. Shibli
Member

"Mohammad Ali" I. Bdeir
Member

Omar M. Fahoum
Member

Rajale K. Dajani
Member

3. We, the undersigned acknowledge the correctness, accuracy and completeness of the information in the annual report for the year 2021.

Said S. Darwazah
Chairman of the Board

Samer A. Majali
Board Designee/CEO

Feras M. Qarrain
Executive Chief Finance &
Resources Officer



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هاتف: +962 6 5202000
فاكس: +962 6 5202090

Addresses of RJ offices in Jordan, the Outstations, and its Subsidiaries

Addresses of RJ Sales Offices in Jordan		European Countries	
Headquarters Sales office – 5th Circle	+962 6 5202000	London	+442078786300
Abdali Sales Office – Opposite to the Parliament	+962 6 5100000	Paris	+330142 65 99 80
City Terminal Sales Office – 7th Circle	+962 6 5100000	Rome	+39 064 787 055
Airport Sales Office – Queen Alia International Airport	+962 6 4793170	Amsterdam	+31 20 3460150
Aqaba Sales Office - Shareef Hussein Bin Ali Street	+962 3 2018633 +962 6 5100000	Athens	+30 210 9242 601/2/3
Irbid Sales Office – Baghdad Street	+962 6 5100000 +962 2 7277805	Larnaca	+357 2246 0294 / +30 210 9242 601
Addresses of RJ Sales Offices in the Outstations		Nikosia	+35 722 460 044
Arab Gulf Countries		Madrid	+34 915 428 006
Abu Dhabi	+971 26 275 084/85	Barcelona	+34 915 428 006
Dubai	+971 47 024 200	Geneve	+41 228 174 800
Riyadh	+966 112 936 031/32/33/35	Zurich	+41 442 869 920
Jeddah	+966 12 638 2500 /1/2/3/4/5/6/7/8/9	Vienna	+43 151 205 40
Medina	+966 12 638 2500 /1/2/3/4/5/6/7/8/9	Berlin	+49 304 1014 222
Dammam	+966 1 3899 2006	Frankfurt	+49 692 4249 422
Doha	+974 4442 3888	Copenhagen	+45 537 323 33
Kuwait	+965 2292 3020	Moscow	+74 959 337 161 / +74 992 468 633
Arab Levant Countries		Istanbul	+90 212 4655 106/7
Baghdad	+964 781 977 7709 / +964 777 3033 3393	Far East Countries	
Basra	+964 780 1982 285	Bangkok	+66 2638 2960
Najaf	+964 773 0888 660 / +964 780 9235 392	Hong Kong	+852 2804 1203
Erbil	+964 750 9006 166	Kuala Lumpur	+603 2148 7500
Sulaymaniyah	+964 0770 333 0013	North American Countries	
Cairo	+257 506 1402	New York	+121 2949 0060
West Bank	+970 2296 1780 / +970 2274 3717	Chicago	+122 4539 8300
Tel Aviv	+972 3538 1100	Detroit	+122 4539 8300
		Montreal	+514 6312 403
African Countries		Subsidiaries	
Tunis	+216 7125 5194 / +216 7133 0514	Royal Jordanian for Tourism & Travel – Royal Tours	+962 6 5822 811 www.royaltours.com.jo
Algiers	+213 2167 5621/22	Tikram for Airport Services	+962 6 5204 030 www.tikram.jo

