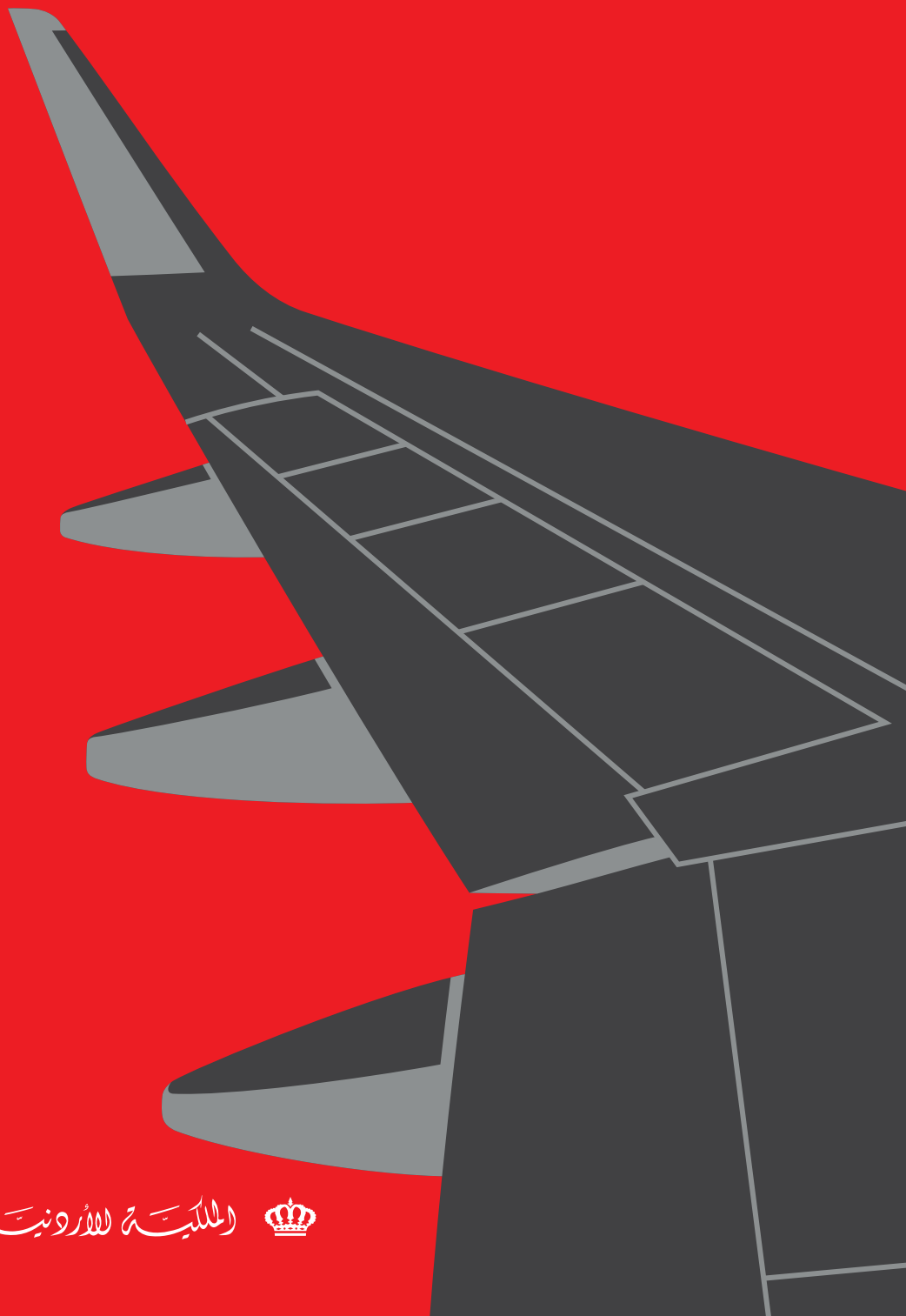


2023

Annual Report



ROYAL JORDANIAN

الملكية الأردنية





His Majesty King
Abdullah II Ibn Al Hussein



His Royal Highness Crown
Prince Hussein Bin Abdullah II

Our Vision, Mission & Values.....	008
Vision	009
Mission.....	009
Values.....	009
Members of the Board of Directors	010
Speech of H.E. Chairman and H.E. Vice Chairman / Board Designee -CEO.....	013
RJ Profile.....	016
RJ at a Glance	017
RJ Strategy.....	018
Objectives and Primary Activities	018
Geographic Reach and Number of Employees	018
Capital Investment Volume	019
Economic Impact	019
Local Community Impact.....	019
Environmental Impact.....	019
RJ Fact Sheet.....	020
Board of Directors Report	022
Market Overview	023
Shareholding Structure.....	025
Major Shareholders	025
RJ Subsidiaries.....	026
Current and Resigned Board Members.....	028
Current and Resigned Senior Executive Management Members	032
Organizational Structures of RJ and Subsidiaries	036
Shares Owned by RJ Board Members and Senior Executive Management Members and their Relatives.....	039
Companies Controlled by RJ Board Members and Senior Management Members and Their Relatives	039
Benefits and Remuneration of RJ Chairman, Board Members and Senior Executive Management Members	040
Donations and Grants during 2023	041
Business Spotlights	042
Government Protection or Privileges Enjoyed by the Company or Any of Its Products under Laws, Regulations or Otherwise.....	043
Decisions Issued by the Government, International Organizations or Others that have a Material Impact on the Company's Business, Products or Competitiveness	043
Contracts, Projects and Commitments Concluded by the Company with Subsidiaries, Sister or Affiliate Companies, the Chairman or Board Members and the CEO or Any Employee of the Company or Their Relatives	044

Suppliers and Customers	044
Financial Effect of Non-Recurring Operations	044
Timetable of Realized Profits or Losses.....	044
Competitive Positioning	045
Business Partnerships and Alliances	045
Application of International Quality Standards	047
Risks.....	048
RJ 2023 Achievements.....	051
Analysis of RJ Financial Position and Business Results for 2023	058
Analysis of RJ Financial Position and Business Results for 2023	059
Audit Fees.....	065
Network and Fleet Future Plans.....	066
Sustainability - Overview.....	070
Social Responsibility.....	071
Environmental Responsibility.....	074
Human Resources	075
Training & Development	078
Consolidated financial statements 31 december 2023.....	080
Corporate Governance Report.....	136
RJ Governance Framework.....	137
Board of Directors Members (Current/Resigned, Dependent/Independent, Juristic/Natural)	138
Board of Directors Members (Current/Juristic).....	138
Senior Executive Management Members	139
Memberships of Natural Board of Directors Members in Public Shareholding Companies	139
Governance Liaison Officer	139
Board Meetings and Names of Attendees.....	139
Board of Directors Committees	140
Board of Directors Declarations	147
Addresses and Contact Details of RJ Offices in Jordan, Outstations and Subsidiaries	148



Our Vision, Mission & Values

Vision

To be the airline of choice to connect Jordan and the Levant with the world.

Mission

For our passengers to promote our services, because we offer:

- Highest standards of air transport safety, security and reliability.
- Integrated travel atmosphere characterized by care and attention.
- Advanced services and benefits at affordable rates.

For our employees to work as a team with enthusiasm and efficiency, because we offer:

- A healthy work environment that encourages active participation and open dialogue.
- Competitive job privileges and incentives.
- Continuous training and development opportunities for a promising career path.
- Active and effective leadership.

For our shareholders to invest in our company, because we offer:

- A promising future.
- Sustainable growth.
- Highest levels of corporate integrity and responsibility.

For our beloved Jordan to be proud of our company, because we:

- Embody Jordan's identity, culture and hospitality.
- Promote Jordan's standing as a major tourism and investment hub and gateway to the Middle East.
- Support Jordan's local community and champion various charity initiatives.

Values

Team Spirit:

- We believe in working as a team, succeeding collectively, guided by effective communication and advanced capacities.
- We value employee feedback and suggestions, shifting perspectives and views to learn and progress.

Objectivity:

- We make decisions based on concrete facts and practical situations.
- We support our decisions with accurate information to influence one another impartially.

Reliability:

- We continuously strive to meet the needs of our passengers under all circumstances and conditions.
- We adhere to all internal policies, procedures and applicable laws and regulations.

Commitment:

- We are dedicated to providing the best for all stakeholders interested in the continued success of our company.
- We set the highest performance standards and work diligently to implement them.
- We take responsibility for our decisions and actions.
- We listen and respond to the wishes of everyone concerned, both inside and outside our company.

Attention:

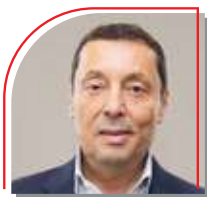
- We understand and work to meet the requirements of our passengers.
- We support one another and objectively assess our circumstances.
- We treat others the same way we wish to be treated.

Trust:

- We pursue honesty and transparency in our dealings with passengers, employees and partners.
- We promote the values of trust and respect, supporting a work environment founded on communication and openness.



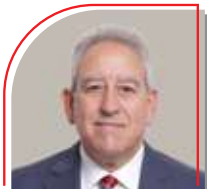
**Members of
the Board of Directors**



H.E. Eng. Said Samih Darwazah

Chairman of the Board of Directors

Representative of Government Investments Management Company



H.E. Eng. Samer Abdelsalam Majali

Vice Chairman/ Board Designee - CEO

Representative of Government Investments Management Company



H.E. Eng. Bassem Khalil Al-Salem

Member

Representative of Government Investments Management Company



H.E. Dr. Abdelhakim Mousa Shibli

Member

Representative of Government Investments Management Company



H.E. Mr. Omar Munther Fahoum

Member

Representative of Government Investments Management Company



H.E. Mr. Rajaie Kamal Dajani

Member

Representative of Government Investments Management Company



H.E. Mr. Sameer Abdallah Shahrour

Member

Representative of the Social Security Corporation



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

Member

Representative of Mint Trading Middle East Limited

Auditors

Ernst & Young

Legal Advisor

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



Said Samih Darwazah

Speech of H.E. Chairman and H.E. Vice Chairman / Board Designee -CEO

Dear Shareholders,

We are proud and honored to present our most noteworthy accomplishments for 2023. These are built on the progress achieved by RJ throughout its illustrious 60-year history; a period during which our company has worked hard to earn well-deserved appreciation and trust that it is capable of shouldering its responsibilities and carrying out its duties with professionalism and efficiency.

RJ - the flag carrier of the Hashemite Kingdom of Jordan - was capable of overcoming several challenges and obstacles over the past years, compounded by the coronavirus pandemic and the most recent war on Gaza. The resulting hardships saw the company exert its utmost effort to maintain its prestigious standing among competing airlines while continuing to operate per international best practices. These endeavors align with our mission and plans, which encompass modernizing our fleet, expanding our route network and driving Jordan's air transport sector toward excellence.

By putting into effect the modernization plan we began implementing at the end of last year, through continuous effort and hard work, we aspire to meet the satisfaction and aspirations of our shareholders.

RJ has proceeded with the largest investment decision in its history: modernizing and expanding its fleet of narrow- and wide-bodied aircraft, which will number 41 by the end of 2028. The company is bound to reap the fruits of this investment, including improved services and the introduction of a new generation of fuel-efficient aircraft, while reducing operating costs and enhancing passenger satisfaction. The modernization plan entails the introduction of modern Embraer E2 regional jets, Airbus A320neo and Boeing 787-9 aircraft, while reinventing the RJ livery, making it more modern and youthful.

As for our route network, the company intends to reach 60 international destinations. In 2023, RJ commenced the operation of new services to Bahrain, Algiers, Brussels, Stockholm and Dusseldorf.

The growth plan pursued aims to sustain RJ as a leading airline in the region and increase revenues through economic and operational activity, as well as through investment, including in aviation support entities. As part of this clear and ambitious strategy, RJ acquired 100% of the capital of Jordan Airline Training and Simulation (JATS) in 2023 and came to own 90% of the capital of Jordan Airports Company in exchange for issuing shares to the Government of Jordan (Government Investments Management Company), which will contribute to strengthening the relationship with various supporting companies and their investment visions.

RJ also looks forward to completing the air cargo warehouse modernization and expansion project, which will positively support our strategy to enhance Jordan's standing as the logistics hub and commercial gateway to the region. Cargo is considered an enabler of national economic growth, in general, and of the company, in particular, and a facilitator of the movement of goods between Jordan and countries worldwide.

Meanwhile, RJ completed capital restructuring procedures during the fourth quarter of 2023, in line with the requirements of Article 266 of Companies Law No. 22 of 1997 and its amendments, by amortizing JOD 201 million from the balance of accumulated losses and amortizing the value of the mandatory reserve and increasing the company's capital by JOD 240 million (JOD 170 million by coming to own 90% of the shares of Jordan Airports Company and JOD 70 million payments on the capital account).



Majali
Samer Abdelsalam Majali

Dear Shareholders,

We would like to emphasize the importance of achieving these financial results for this year, which will impact the company's progress and development, helping us move toward greater investment and strengthening our competitive position locally and globally. RJ saw growth in its operational results in 2023, registering net profits of JOD 10.8 million during the first nine months of the year, compared to losses of JOD 71.6 million for the same period of 2022, as was previously announced, with expectations at the time that this profit would grow by the end of 2023. However, the results of the fourth quarter of 2023 were significantly affected by the war on Gaza, which led to a drop in demand for travel to Jordan, causing an estimated JOD 40 million decrease in the company's revenues than initially expected. The company recorded a net loss of JOD 8.7 million in 2023, compared to a net loss of JOD 78.9 million in 2022, despite our staff's efforts to reduce expenses and cut costs wherever possible to maintain the positive results and record performance attained, which you will find detailed in this report.

During 2023, RJ diverted attention to the human element. Employees are the cornerstone of every success and achievement; therefore, the company focused on improving their performance by adopting and strengthening the concept of institutional work and strategic planning to build human capabilities and employ their scientific knowledge and intellectual capacities in the tasks assigned to them. We eagerly look forward to making the best use of advanced technology within the realms of aviation, modern technical equipment and training programs provided by the company to achieve excellence and performance creativity.

We are proud of our active role in ensuring sustainability, with our initiatives mirroring our firm dedication to social and environmental responsibility. This year, we adopted sustainable strategies aimed at reducing the environmental impact of our activities through continuous improvement of fuel efficiency and adopting environment-friendly technologies in our fleet. RJ is also proud of its active participation in community life, supporting numerous charity and humanitarian projects and contributing to building a better future for all.

We affirm our steadfast commitment to sustainability as an integral component of our journey and look forward to continuing joint work to conserve our environment and improve the wellbeing of the communities we serve.

Concluding our message, we would like to extend our gratitude for your sincere efforts to support the company, see it progress and mark new achievements. We also extend our thanks and appreciation to all members of the RJ Board of Directors and colleagues who are working diligently to fulfill the company's goals and aspirations. We wish our company success and pledge to serve it and its passengers in the best possible manner under the guidance of His Majesty King Abdullah II.

Said Samih Darwazah

Samer Abdelsalam Majali



RJ Profile

RJ at a Glance

Established on 15 December 1963 per a Royal Decree issued by His Majesty the late King Hussein bin Talal as the national air carrier of the Hashemite Kingdom of Jordan, RJ has since been growing younger in spirit - connecting people, cultures and continents for the past 60 years and serving with pride and dedication.

Upon issuing the decree, His Majesty King Hussein stated, "I want our national carrier to be our ambassador of goodwill around the world and a bridge across which we exchange culture, civilization, trade, technology, friendship and better understanding with the rest of the world."

The legacy of RJ continues its forward stride under the guidance and directives of His Majesty King Abdullah II, who generously supports the company, considering it a key milestone for Jordan. Since then, RJ has consistently progressed, focusing on a modernized fleet, route network expansion, intensive workforce training and advanced technology.

Today, RJ has emerged as a leading airline within the Levant and Middle East, consistently striving to uphold its vision as "the airline of choice and hub of the Middle East, connecting Jordan and the Levant to the world and people across continents" via a modern fleet spanning more than 45 direct destinations.

Given its stellar reputation and the level of international competition, RJ has been a oneworld Alliance member since 2007, linking people the world over.

RJ plays a strategic role in serving the Kingdom, reinforcing its image as a prosperous country. This propels RJ as the airline of choice for most Jordanians flying to various destinations either via its direct route network or the oneworld Alliance network.

As the national carrier of Jordan, RJ distinguishes itself as a gateway to Jordan with its young aircraft fleet, top-notch services, high-level qualifications and expertise and, most importantly, its impeccable safety record, which has become its hallmark.

Since its establishment, RJ has been a vital contributor to the national economy, bringing in hard currency and actively attracting tourists from across the globe, while maintaining its standing as the national carrier of Jordan and contributing to 3% of the Kingdom's GDP.

RJ is a forward-thinking company committed to innovation on par with global airlines, while introducing advanced, state-of-the-art operating systems deployed within the air transport industry.

RJ headquarters are located in the heart of Amman, facilitating the customer journey through its city terminal. Flights are operated through Queen Alia International Airport, leveraging its vastly improved infrastructure and cutting-edge facilities.

RJ Strategy

Through its vision, RJ seeks to become the 'national carrier' of the Levant, the preferred choice for travelers and the main driver supporting tourism in Jordan. RJ will merge its first and second strategic pillars to implement its operational plans, leading to the development of national tourism. To achieve integration with local partners, RJ will act as the engine within the strategy of the travel and tourism sector, with an emphasis on the importance of boosting contribution to GDP by doubling the fleet size within the next seven years, growing the company's tourism destinations and increasing the number of travelers and foreign tourists. The implementation of RJ's new strategy has important goals essential to attaining profitability and sustainable growth, including doubling the number of aviation workers due to the forecasted growth of the sector over the upcoming seven years, consequently reducing unemployment in Jordan.



Objectives and Primary Activities

RJ seeks to achieve defined objectives, most noteworthy of which entails carrying out all activities of regular and nonscheduled air transport of passengers, mail and goods inside and outside the Kingdom, as well as providing aircraft handling services.

Geographic Reach and Number of Employees

RJ headquarters are located in Amman, with primary operations and flights taking off from Queen Alia International Airport. There are sales offices in 35 cities worldwide and general sales agents in 45 others.

Direct employees reached 4,035 as of 31 December 2023, 221 of whom work at outstations abroad.

The number of employees of Royal Jordanian and its subsidiaries reached 4,439, as follows:

Company name	Number of Employees
Royal Jordanian	4,035
Almashriq for Aviation Services (Tikram)	204
Royal Jordanian for Travel and Tourism (Royal Tours)	25
Jordan Airports Company (JAC)	130
Jordan Airline Training and Simulation (JATS)	45
Total	4,439



Capital Investment Volume

The value of capital investment reached JOD 584.9 million by the end of 2023, compared to JOD 426.2 million by the end of 2022, registering an increase of JOD 158.7 million. This includes property and equipment, real estate investments, the right to use assets and payments on an appropriate basis, as well as purchasing and modifying aircraft.

Economic Impact

3% contribution to GDP	RJ reinforces Jordan's regional and global tourism, contributing positively to leisure, commercial and medical tourism to and from the Kingdom, with a 3% contribution to the GDP. Numerous events promoting Jordan on the tourism and treatment fronts were supported during 2023.
3.6M passengers flying	RJ facilitates the travel process and provides optimal services to passengers, whose number in 2023 exceeded 3.6 million transported via more than 33,000 flights.

Local Community Impact

66K Jobs	RJ provides thousands of direct and indirect jobs - in line with the Jordan 2025 National Vision and Strategy - with a direct contribution of 4,439 jobs (96% Jordanians) and 66,000 indirect jobs relating to supply chains and the flow of trade, tourism and investments.
23% female employees	RJ employs female professionals who have demonstrated their ability to effectively bolster the company's performance and achieve its goals. Women comprise 23% of total staff and 29% of senior management.
JD 62K Cost of CSR Activities	Royal Jordanian continues to support cancer patients, women, youth, and children, in addition to continuing to support poor families and orphans.

Environmental Impact

Leveraging its future plan, RJ is working to introduce eco-friendly aircraft and is taking several measures to reduce environmental pollution resulting from its operations by joining environmental programs, campaigns and initiatives aimed at lowering emissions, noise and resource consumption.

RJ Fact Sheet



Number of Passengers

3.6 million

Cargo Chargeable Weight

23,938 Tons



Percentage of Jordanian Employees

96%

Number of Flights

33,367





Revenue

JOD 733.283 million

New Routes

Stockholm, Düsseldorf, Brussels,
Algiers, and Bahrain



Certificates

IATA 'ISAGO' Certificate for
the Safety of Ground Handling
Operations



Board of Directors Report

Market Overview

The International Air Transport Association (IATA) announced strengthened profitability projections for airlines in 2023, which will largely stabilize in 2024. However, net profit at the global level is expected to be well below the cost of capital in both years. Very significant regional variations in financial performance remain.

Airline industry net profits are expected to reach USD 25.7 billion in 2024 (2.7% net profit margin). That will represent a slight improvement over 2023, which is expected to show a USD 23.3 billion net profit (2.6% net profit margin).

In both 2023 and 2024, return on invested capital will lag the cost of capital by 4p.p., as interest rates around the world have risen in response to the sharp inflationary impulse.

Airline industry operating profits are expected to reach USD 49.3 billion in 2024 from USD 40.7 billion in 2023. Total revenues in 2024 are expected to grow 7.6% year-on-year to a record USD 964 billion, while expense growth is expected to be slightly lower at 6.9% for a total of USD 914 billion. 4.7 billion passengers are expected to travel in 2024; a historic high that exceeds the pre-pandemic level of 4.5 billion recorded in 2019. Cargo volumes are expected to be 58 and 61 million tonnes in 2023 and 2024, respectively.

Middle East

The Middle East is expected to deliver strong financial performance in both 2023 and 2024. The region's carriers have been swift to rebuild their international networks and restore their super-connector hubs. As such, capacity is expected to grow faster than demand in 2024. However, with more efficient fleets, the net profit margin has the potential to increase slightly.

High Resilience

Willie Walsh, IATA Director General, said, "The expected net profits for the aviation sector in 2024, which are projected to reach USD 25.7 billion, reflect the high resilience of the industry, particularly after the significant losses it incurred in recent years. Airlines have returned to high levels of travel activity, approaching pre-COVID-19 levels, driven by strong demand for travel. However, despite this rapid recovery, we cannot ignore the significant damage the industry has suffered due to the pandemic, losing nearly four years of growth. In 2024, we expect to see greater stability in growth patterns, both in cargo traffic and passenger numbers."

Walsh added, "Despite exceptional recovery levels, the net profit margin of 2.7% remains much lower than what is acceptable to investors in most other sectors." He pointed out that "many airlines exceed this average, while others struggle to achieve it. However, the fact remains that airlines will only retain around USD 5.45 per passenger, which is a very small amount insufficient to build a strong and resilient future for the vital aviation sector that contributes 3.5% to the global GDP and provides direct employment opportunities for approximately 3.05 million people. While airlines continue to compete to offer attractive deals to customers, these companies remain burdened by complex regulatory challenges, market fragmentation, infrastructure costs and supply chain monopolies."

Climate Change: The major risk facing the global economy and the aviation industry is climate change; a wholly systemic phenomenon that will touch all human endeavors over many decades to come. The fundamental challenge of weaning the global economy off its fossil fuel dependency is unprecedented. The relative positive in this regard is that alternative energies do exist, though not even remotely near the required scale. No replacement for air transportation exists; no other mode of transportation can go as far and as fast. This makes air transportation a necessary and indispensable part of the global economic system, and safeguarding its access to sustainable fuels must be a global priority in the quest for improved economic outcomes for people and the planet.

In the near term, climate impacts are already severe. Rising temperatures are causing premature deaths and curtailing labor productivity, weighing on global GDP growth. Coupled with floods and other natural disasters, climate change is threatening food security and forcing millions of people to migrate. This, in turn, risks provoking social unrest and adds to already fraught geopolitics, all of which lower the collective capacity to collaborate effectively and address climate change holistically.

Artificial Intelligence Technology: Artificial intelligence is experiencing continuous development and has an impact on various aspects of human life. It is being utilized in numerous fields, such as e-commerce, medicine, self-driving vehicles, entertainment, robotics, big data analytics, machine translation and more. Artificial intelligence contributes to improving process efficiency, increasing productivity, enhancing medical diagnosis accuracy and achieving advancements in scientific research.

The challenges facing artificial intelligence include privacy issues, security concerns and ethical control. It is important to develop and implement appropriate laws and system frameworks to ensure the safe, effective and fair use of artificial intelligence. Decisions relating to artificial intelligence must be based on ethical thinking and take into account social, economic and political impacts.

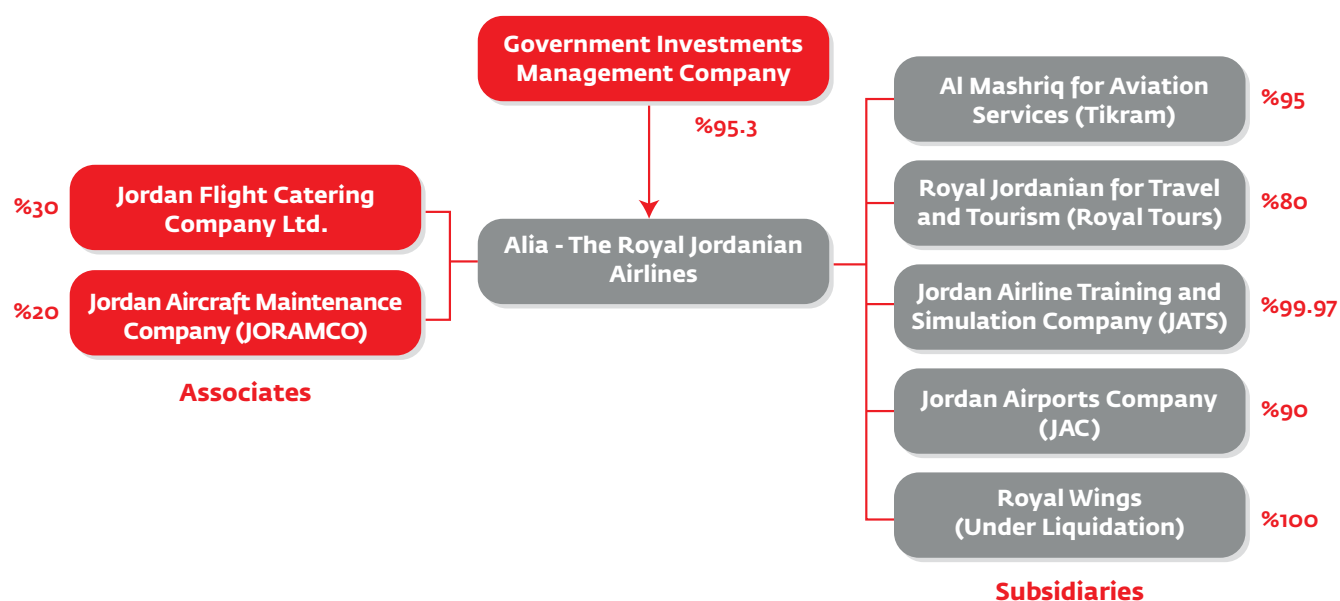
The Fourth Industrial Revolution: The world is currently witnessing a phase of technological transformation dubbed the Fourth Industrial Revolution. This encompasses advancements in areas such as artificial intelligence, robotics, the Internet of Things, blockchain technology, virtual and augmented reality, big data analytics and smart manufacturing. Technological transformation affects many industries and professions, requiring the development of new skills and adaptation of the workforce to these changes.

The impact of the Fourth Industrial Revolution extends to the economy and society. Technological transformation can lead to increased productivity and improved quality of life, but it can also result in the loss of traditional employment opportunities and exacerbate economic and social inequality. It is crucial for governments and companies to adopt policies and strategies to deal with the transformations of the Fourth Industrial Revolution in a manner that promotes balance and social inclusiveness.

Sustainability: The concept of sustainability is gaining increasing significance worldwide due to the environmental, economic and social challenges being faced. Sustainable development aims to meet the needs of the current generation without compromising the ability of future generations to do the same. Areas of sustainability include protecting the environment, improving social justice and promoting a sustainable economy.

Achieving sustainability requires a change in consumption and production patterns, adopting environmentally friendly practices, promoting renewable energy, improving natural resource management and encouraging comprehensive economic development. Collaborative efforts between governments, companies and civil society are necessary to achieve sustainable development.

Shareholding Structure



Major Shareholders

Listed below are the major shareholders who own 5% or more of RJ capital, in descending order with their number of shares at the end of 2023 compared to 2022:

Shareholder	Geographical Location	2023		2022	
		%	No. of Shares	%	No. of Shares
Government Investments Management Company	Jordan	95.318	346,603,952	86.23	279,911,569

The procedures related to restructuring the company's capital have been completed with the aim of write off the statutory reserve balance of JOD 14.808 million from accumulated losses and writing off JOD 200.983 million from the balance of the company's accumulated losses. Amounting to JOD 385.157 million. Consequently, the capital after amortization became 123,627,470 shares/JOD 1, and the accumulated losses became JOD 184.174 million.

The company's capital was then increased by JOD 240 million for the Government of Jordan (Government Investments Management Company), bringing the paid-in capital (authorized and subscribed) to 363,627,470 shares/ JOD1. In 2022, the Government of Jordan (Government Investments Management Company) paid JOD 70 million toward the capital increase. .

In addition, in 2023, an in-kind contribution of JOD 170 million was made through RJ's ownership of 17,853,225 shares of Jordan Airports Company (JAC), representing 90% of JAC's capital, valued at JOD 9.5220891/share.

RJ Subsidiaries

RJ has five subsidiaries as follows:

Subsidiaries	Establishment Date	Main Objective	Percentage Contribution %	Country
Royal Jordanian for Travel and Tourism (Royal Tours)	2014	Extending complementary services to RJ offerings	95%	Jordan
Almashriq for Aviation Services (Tikram)	1979	Providing exclusive meet-and-greet services	80%	Jordan
Jordan Airports Company (JAC)	2008	Managing and operating any existing or future airports in Jordan	90%	Jordan
Jordan Airline Training and Simulation (JATS)	1972	Delivering specialized aviation training	99.97%	Jordan
Royal Wings (Under Liquidation)	1975	Operating charter flights	100%	Jordan

Royal Jordanian for Travel and Tourism (Royal Tours)- 1979

Number of Employees: 25

As a leading travel agency and DMC in Jordan, Royal Tours has a long history of serving the travel and tourism needs of the Kingdom. Founded by RJ in 1979, Royal Tours has been the official travel and tourism arm of the national carrier, supporting its network and vision of connecting Jordanians with the world, while fulfilling its mission of showcasing the beauty and richness of Jordan's heritage, culture and nature and facilitating the travel of both groups and individuals into the Kingdom.

Royal Tours offers comprehensive travel solutions for flights, hotels, airport transfers, travel insurance and visas for individual travelers, groups, corporates and SMEs. Its areas of expertise include inbound tourism, transit tourism, religious tourism, medical tourism, holidays and MICE.

Royal Tours operates RJ's Jordan Stopover Program and handles the accommodation and transfers of RJ's Shifa healthcare solution patients.

Moreover, Royal Tours serves more than 190 major corporations, including government entities, financial institutions, international organizations, individual customers and SMEs.



Almashriq for Aviation Services (Tikram)- 2014

Number of Employees: 204

Tikram was established in 2014 as a joint venture investment between RJ and Worldwide Flight Services. In March 2017, Tikram became wholly owned by RJ, with a capital of JOD 764,804, aligning with RJ's strategy to expand vertically by identifying new and attractive air travel business opportunities.



Tikram is the exclusive meet-and-greet service provider at Queen Alia International Airport. 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 Crown Lounge) and oriental-style arrival lounge, limousine service to transport travelers from anywhere in the Kingdom to the airport and vice versa and 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 named the company Tikram, which translates to 'with pleasure' in Arabic, symbolizing the genuine hospitality and warmth Jordan is renowned for around the world.

Jordan Airports Company (JAC)- 2008

Number of Employees: 130

JAC is registered to manage and operate any existing or future airports in Jordan. In addition to its primary purpose, the company is responsible for expanding airports, utilizing airport buildings, facilities and assets, marketing goods and all passenger supplies, establishing retail centers and warehouses, providing handling services, developing and maintaining infrastructure and preparing airport/aviation studies.



JAC acts as the investment arm for the Government of Jordan in managing and operating airports in the Kingdom, with the company officially assuming managerial and operational responsibility for Amman Civil Airport (ACA) in May 2009. The company is also entrusted with the development of approximately 8,800 dunums of land around Queen Alia International Airport (QAIA). JAC is also in charge of operating and managing the Cargo Inspection Center at QAIA.

Jordan Airline Training and Simulation (JATS)- 1972

Number of Employees: 45

JAC is registered to manage and operate any existing or future airports in Jordan. In addition to its primary purpose, the company is responsible for expanding airports, utilizing airport buildings, facilities and assets, marketing goods and all passenger supplies, establishing retail centers and warehouses, providing handling services, developing and maintaining infrastructure and preparing airport/aviation studies.



JAC acts as the investment arm for the Government of Jordan in managing and operating airports in the Kingdom, with the company officially assuming managerial and operational responsibility for Amman Civil Airport (ACA) in May 2009. The company is also entrusted with the development of approximately 8,800 dunums of land around Queen Alia International Airport (QAIA). JAC is also in charge of operating and managing the Cargo Inspection Center at QAIA.

The company lends a pleasant aviation training experience, covering scheduling, assisting with hotel accommodations, free transportation between hotels and JATS, friendly meet-and-greet training at the airport and expediting visa and entry procedures. JATS also recommends unique historical and monumental tourist sites in Jordan.

JATS' extensive training facilities provide complete training packages that offer a wide range of simulator and classroom-based instructions for cockpit, cabin and airline crews from the international airline community.

To accommodate the diverse training requirements of customers, JATS facilities offer:

- Full Flight Simulators for A320-200 FFS and soon for Embraer E2-195 FFS (ready for training by October 2024)
- Cabin safety, door trainers and slides catering to A330/340, A310, A320, L1011, B727/737 and Embraer 170/190 aircraft
- Pool for land and water plane ditching emergency evacuation simulations
- Complete cabin service training with functional galleys
- Modern and well-equipped classrooms and briefing/debriefing rooms
- Free wireless internet access throughout the facility
- Comfortable crew lounge and rest areas
- Free ground transportation
- Cafeteria

Current and Resigned Board Members

Current Board Members

Board Member	Position	Date of Birth	Qualifications
Government Investments Management Company			
H.E. Eng. Said Samih Darwazah	Chairman of the Board	25/5/1957	MA Business Administration
H.E. Eng. Samer Abdelsalam Majali	Vice Chairman	14/09/1957	MA Air Transport Management
H.E. Eng. Basem Khalil Al-Salem	Member	19/6/1956	BSc. Chemical Engineering
H.E. Dr. Abdelhakim Mousa Shibli	Member	6/2/1966	PHD Economics
H.E. Mr. Omar Munther Fahoum	Member	17/1/1959	BSc. Accounting
H.E. Mr. Rajaie Kamal Dajani	Member	18/12/1963	MA Commercial Law
Social Security Corporation			
H.E Mr. Sameer Abdallah Shahrour	Member	4/2/1972	MA Applied Finance
Mint Trading Middle East Ltd.			
H.E Eng. "Mohammad Ali" Bdair	Member	18/10/1976	MA Engineering Management

Resigned Board Members

There were no resignations during the year 2023.

Biographies of Current and Resigned Board of Directors Members

**Appointment:**

21 June 2016

Representing:

Government
Investments
Management Co.

H.E. Eng. Said Samih Darwazah

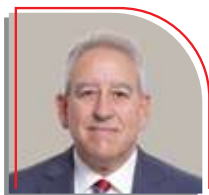
Chairman of the Board
Dependent / Non-Executive

Eng. Darwazah has chaired the RJ Board of Directors since 21 June 2016 upon being appointed as a representative of the Government Investments Management Company in the RJ Board of Directors on 19 June 2016.

Eng. Darwazah assumes the following positions in several leading entities:

- Executive Chairman of Hikma Pharmaceuticals PLC.
- Chairman of the Queen Rania Foundation, which focuses primarily on providing youth with learning opportunities.
- Member of the Board of Trustees of the American University of Beirut (AUB).
- Founder of the Health Care Accreditation Council in Amman; a non-profit organization that accredits healthcare providers and works across the MENA region to improve healthcare standards.
- Minister of Health (2003-2006).

Eng. Darwazah holds a Master's Degree from INSEAD (France) and a Bachelor's Degree in Industrial Engineering from Purdue University (USA).

**Appointment:**

30 March 2021

Representing:

Government
Investments
Management Co.

H.E. Eng. Samer Abdelsalam Majali

Vice Chairman / Board Designee- CEO
Dependent/ Executive

Eng. Majali draws on a wealth of experience managing and operating multiple airlines across the region. He was designated as RJ CEO as of 30 March 2021.

Eng. Majali held the following positions in several leading entities:

- Founder of Plane Vision for Corporate Strategy & Organization Advisory in Bahrain (2009).
- Senior Advisor at Alton Aviation Consultancy in New York and Dublin.
- CEO of Saudi Gulf Airlines (2013-2019).
- Senior Advisor to the Chairman of Oman Air (Omani Minister of Finance) (2013).
- CEO of Gulf Air (2009-2012).
- President and CEO of RJ (2001-2009), playing a significant role in restructuring and achieving profitability, culminating in a oneworld Alliance membership in 2007 and privatizing the company in 2008 in cooperation with Citigroup.
- Aviation career began with RJ in 1979, assuming top executive positions across flight operations, corporate planning, information technology, passenger services, engineering and maintenance.
- Former Member of the IATA Board of Governors (2005-2012).
- Chairman of the IATA Board of Governors (2008).
- Former Board Member of the Central Bank of Jordan (2011-2020).
- Member of the Board of Directors of several aviation organizations and other business councils.

Eng. Majali obtained a Master's Degree in Air Transport Management from Cranfield Institute of Technology (UK) in 1983 and a Bachelor's Degree in Aeronautical Engineering and Design from Loughborough University of Technology (UK) in 1979.



Appointment:
17 April 2016

Representing:
Government
Investments
Management Co.

H.E. Eng. Bassem Khalil Al-Salem

Board Member
Dependent/ Non-Executive

Eng. Al-Salem holds the following positions in several leading entities:

- Chairman of the Board of Directors of Capital Bank Group since April 2010 and founder of Capital Bank.
- Chairman of the Association of Banks in Jordan.
- Board Member in various private and public corporations, including the General Mining Corporation and RJ.

Eng. Al-Salem previously served in the following capacities:

- Minister of Labor and Minister of Finance consecutively (2005 – 2009).
- Chairman of the Board of King's Academy.
- Board Member of the Social Security Corporation (2005-2009).
- Board Member of the Central Bank of Jordan.
- Member of the Jordanian Senate (2010-2011).
- Commenced his professional career within the private sector, founding several manufacturing companies in Jordan.

Eng. Al-Salem holds a Bachelor's Degree in Chemical Engineering from Imperial College (UK).



Appointment:
8 May 2018

Representing:
Government
Investments
Management Co.

H.E. Dr. Abdelhakim Mousa Shibli

Board Member
Dependent/ Non-Executive

Dr. Shibli held the following positions throughout his professional career:

- Secretary General of the Ministry of Finance, upon Royal Decree in 2018.
- Chairman of the Directorate of Studies and Economic Policies at the Ministry of Finance (2010-2018).
- Member of several government committees and worked as part of the core economic teams of the Ministry of Finance, IMF Program, World Bank and Arab Monetary Fund.
- Working actively in economic and financial policy formulation and the implementation of key national and international programs - such as the Economic and Social Reform Initiative, Financial Reform Program and Modernization of Financial Management and Revision Program with the IMF.
- Economic Advisor at the Ministry of Planning and International Cooperation (2004-2007).
- Part-time lecturer at the Faculty of Business Administration at the University of Jordan, Department of Economics, in 2002.
- Economist at the Central Bank of Jordan (1991-2004).

Dr. Shibli holds a PhD. in Economics, specializing in Macroeconomics and Fiscal Policy, from Leeds University Business School (UK).



Appointment:
30 March 2021

Representing:
Government
Investments
Management Co.

H.E. Mr. Omar Munther Fahoum

Board Member
Dependent/ Non-Executive

Mr. Fahoum leverages 30 years of experience as Partner and the last 20 years as CEO of Deloitte & Touche M.E. - holding the following positions:

- Member of the Board of Directors of Deloitte Touche Tohmatsu (2007-2011 and 2017-2019).
- CEO in the Middle East (2001-2020).
- Operations Manager in Saudi Arabia (1998).
- Partner in charge of evaluation work (1995).
- Responsible for company business in the Eastern Province of Saudi Arabia (1995).

Mr. Fahoum holds the following positions in other firms:

- Board Member of Arab Bank.
- Co-founded the Young Presidents Organization (YPO) of Jordan and Bahrain Chapters. YPO is a global leadership community empowering youth towards leadership in the global economy.
- Chairman of privately owned companies in Jordan.
- Board Member of Injaz Al Arab.
- Board Member of the Engineering Academy for Training and Development.

Mr. Fahoum holds a Bachelor's Degree in Accounting from the University of Texas (USA) and is a Certified Public Accountant (CPA) in both the USA and Jordan.



Appointment:
30 March 2021

Representing:
Government
Investments
Management Co.

H.E. Mr. Rajaie Kamal Dajani

Board Member
Dependent/ Non-Executive

Mr. Dajani is a member of the Jordan Bar Association. He specializes in civil and commercial practice relating primarily to foreign investment, banking, electricity, insurance, international trade, construction, joint ventures, general corporate matters and contract drafting.

Mr. Dajani holds the following positions:

- Member of the International Chamber of Commerce in Jordan.
- Served on the Panel of Arbitrators maintained by the International Centre for Settlement of Investment Disputes / The World Bank.
- Member of Zaha Mango Center.

Mr. Dajani was previously a Board Member of the following companies:

- Al Nisr Alarabi Insurance Company.
- Al Estishari Hospital Company.
- Jordan Post.
- Arab Palestine Investment Bank.
- The Royal Committee for Developing the Judiciary and Enhancing the Rule of Law (2016-2017).
- Named by the Council of Ministers as a Member of the Expertise Board (2018-2021).
- Chairman of the Arab Orphan Committee.

Mr. Dajani holds a Master's Degree in Commercial Law from the University of London (UK).



Appointment:
19 June 2022

Representing:
Social Security Corporation.

H.E. Mr. Sameer Abdallah Shahrour

Board Member
Independent/ Non- Executive

Mr. Shahrour serves as Project Finance and Tourism Portfolio Director at the Social Security Investment Fund - Jordan (SSIF). He draws on over 25 years of experience in investments, corporate finance, portfolio management and banking with reputable financial institutions and the GCC.

- Worked with multi-billion international groups in the GCC under the position of Investment Manager (2007-2017).
- Held various positions in Arab Bank and JIF Bank as Credit Officer and Head of Credit Review Manager (1994-2005).
- Served as Section Head of Corporate Valuation at the Project Finance Department at SSIF in 2005 before rejoining in 2018.

Mr. Shahrour holds a Master's Degree in Applied Finance from the University of Western Sydney (Australia). He also attained several professional certificates - Certified Lender Business Banker (CLBB) and Certified Risk Professional (CRP) - from the American Bankers Association.



Appointment:
27 March 2008

Representing:
Mint Trading Middle East Ltd.

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

Board Member
Dependent/ Non-Executive

Eng. Bdair currently holds the position of General Manager of Best Dimension Investment Company.

Throughout his professional career, he held the following positions:

- Chairman of the General Mining Company.
- Board Member of the Jordan Electric Power Company.
- Former General Manager of the International Company for Communication Technology (2000-2005).
- Former Board Member of the Jordan Investment Board.

Eng. Bdair holds a Master's Degree in Engineering Management from the American University of Beirut (Lebanon) and a Bachelor's Degree in Industrial Engineering from Purdue University (USA).

Current and Resigned Senior Executive Management Members

Current Senior Executive Management Members

Name	Position	Date Appointed	Date of Birth	Qualifications	Specialty	Graduation
Eng. Samer Majali	Vice Chairman/Board Designee-CEO	30/3/2021	14/9/1957	M.Sc.	Air Transport Management	1983
Mr. Feras Qarrain	Executive Chief Finance & Resources Officer	7/10/2019	14/11/1969	BA	Accounting	1991
Mr. Karime Makhoul	Chief Commercial Officer	14/6/2021	10/11/1973	Diploma	Aviation	1996
Captain Ghassan Obeidat	Chief Technical Officer	2/11/1996	13/4/1976	Diploma	Commercial Pilot	1996
Ms. Amal Hattar	Chief Finance Officer	15/12/2004	20/8/1980	BA	Accounting	2002
Ms. Suha Al Arda	Chief Treasury Officer	28/8/2007	26/2/1979	MBA	Finance	2007
Dr. Fawzi Mulki	Special Projects Senior Advisor	9/9/2012	27/3/1981	PHD	Informatics	2009

Biography of Senior Executive Management members



Appointment:
30 March 2021

Date of Birth:
14 September 1957

H.E. Eng. Samer Abdelsalam Majali

Vice Chairman / Board Designee- CEO
Dependent/ Executive

Eng. Majali draws on a wealth of experience managing and operating multiple airlines across the region. He was designated as RJ CEO as of 30 March 2021.

Eng. Majali held the following positions in several leading entities:

- Founder of Plane Vision for Corporate Strategy & Organization Advisory in Bahrain (2009).
- Senior Advisor at Alton Aviation Consultancy in New York and Dublin.
- CEO of Saudi Gulf Airlines (2013-2019).
- Senior Advisor to the Chairman of Oman Air (Omani Minister of Finance) (2013).
- CEO of Gulf Air (2009-2012).
- President and CEO of RJ (2001-2009), playing a significant role in restructuring and achieving profitability, culminating in a oneworld Alliance membership in 2007 and privatizing the company in 2008 in cooperation with Citigroup.
- Aviation career began with RJ in 1979, assuming top executive positions across flight operations, corporate planning, information technology, passenger services, engineering and maintenance.
- Former Member of the IATA Board of Governors (2005-2012).
- Chairman of the IATA Board of Governors (2008).
- Former Board Member of the Central Bank of Jordan (2011-2020).
- Member of the Board of Directors of several aviation organizations and other business councils.

Eng. Majali obtained a Master's Degree in Air Transport Management from Cranfield Institute of Technology (UK) in 1983 and a Bachelor's Degree in Aeronautical Engineering and Design from Loughborough University of Technology (UK) in 1979.



Appointment:
7 October 2019

Date of Birth:
14 November 1969

Mr. Feras Qarrain, CPA

Executive Chief Finance & Resources Officer

Mr. Qarrain boasts extensive industry experience, as outlined below:

- Executive Vice President / Finance and Resources of RJ in October 2019. Per the latest corporate structure, Executive Chief Finance and Resources Officer.
- Chief Financial Officer of RJ (October 2015 - June 2018).
- Former Deputy General Manager for Finance in several companies, including Abdali Investment and Development, Al-Rajihi Cement Holding and Zara Holding.
- Former General Manager of Al-Rajihi Cement Holding.
- Former Chief Auditor at Ernst & Young and Arthur Anderson.

He holds a bachelor's in accounting - from University of Jordan - 1991. He also holds an American (CPA) certificate and is a Jordan certified public accountant.



Appointment:
14 June 2021

Date of Birth:
10 November 1973

Mr. Karime Makhoulf
Chief Commercial Officer

Mr. Makhoulf possesses extensive experience within the air transport and commercial aviation industry, as outlined below:

- Vice President / Commercial of RJ in June 2021. Per the latest corporate structure, Chief Commercial Officer in July 2021.
- Former CCO for several airlines, including Saudi Gulf, Gulf Air, Malev Hungarian and SkyEurope (2006-2020).
- Member of the founding team of Germanwings (a subsidiary of Lufthansa), where he served as Head of Revenue Management.
- Various roles in Lufthansa since 1997.

Mr. Makhoulf holds an Aviation Diploma from Lufthansa in 1996.



Appointment:
2 November 1996

Date of Birth:
13 April 1976

Captain Ghassan Suleiman Obeidat
Chief Technical Officer

Capt. Obeidat has more than 25 years of experience with RJ in the following positions:

- Vice President / Operation of RJ in September 2019. Per the latest corporate structure, Chief Technical Officer in July 2021.
- Head of Flight Operations in May 2015.
- Head of Crew Training and Standards in May 2013.
- Project Manager for the 'Boeing 787 Fleet' Project in 2014 when the first aircraft was successfully introduced to the RJ fleet.
- Managerial roles within the Flight Operations Department, alongside his main duty as Captain via the RJ fleet.

Capt. Obeidat holds a Commercial Pilot Diploma since 1996.



Appointment:
15 December 2004

Date of Birth:
20 August 1980

Ms. Amal Rafiq Hattar
Chief Finance Officer

Ms. Hattar boasts more than 19 years of experience with RJ in the following positions:

- Vice President / Finance of RJ in September 2019. Per the latest corporate structure, Chief Financial Officer in July 2021.
- Head of the Revenue Accounting and Outstations Department in January 2013.
- Management Accounts Director in January 2012.
- Joined the Finance Department in 2004.

Ms. Hattar obtained a Bachelor's Degree in Accounting from the University of Jordan (Jordan) in 2002.



Appointment:
28 August 2007

Date of Birth:
26 February 1979

Ms. Suha Jamal Al Arda
Chief Treasury Officer

Ms. Al Arda has more than 16 years of experience with RJ in the following positions:

- Vice President / Treasury and Management Accounts of RJ in September 2019. Per the new corporate structure, Chief Treasury Officer in July 2021.
- Head of Treasury in January 2016.
- Joined the Finance Department in 2007.

Ms. Al Arda holds a Master's Degree in Finance from the New York Institute of Technology (Jordan) in 2007.



Appointment:
9 September 2012

Date of Birth:
March 1981

Dr. Fawzi Hani Mulki
Special Projects Senior Advisor

Dr. Mulki held the following positions at RJ and other entities:

- Special Projects Senior Advisor in February 2023.
- Chief Services Officer in July 2021.
- Vice President / Services and Product in September 2019.
- Head of Airport and Cargo Services in June 2017.
- Executive Assistant to the CEO for the Strategy Management Office in November 2015.
- Director of Business Development in September 2012.
- Prior to RJ, he assumed several positions at the Royal Hashemite Court, the Ministry of Information and Communications Technology and the Arab Potash Company.

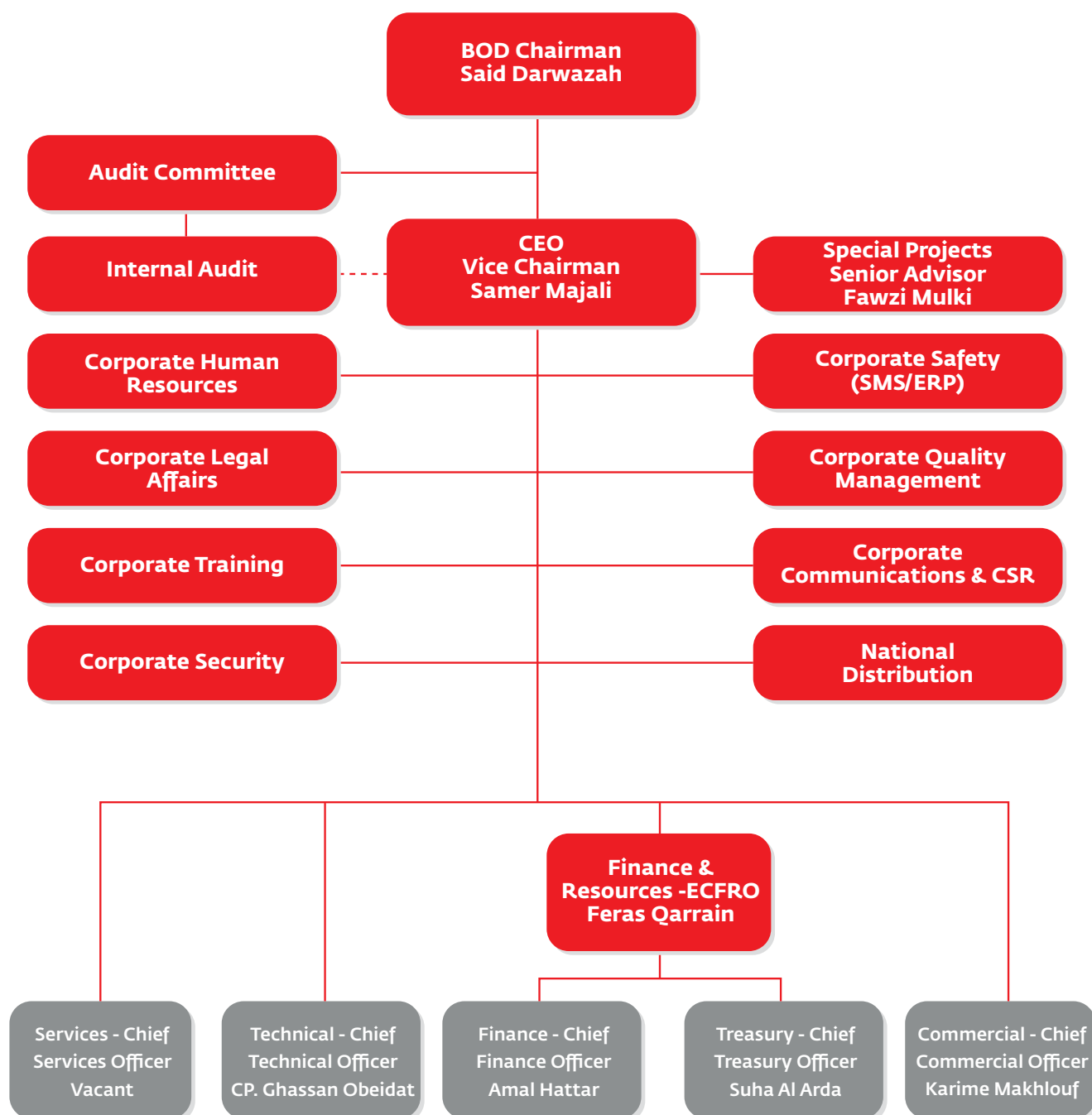
Dr. Mulki holds a PhD. in Informatics - Information, Government and Democratic Societies from the State University of New York (USA) in 2009.

Resigned Senior Executive Management Members

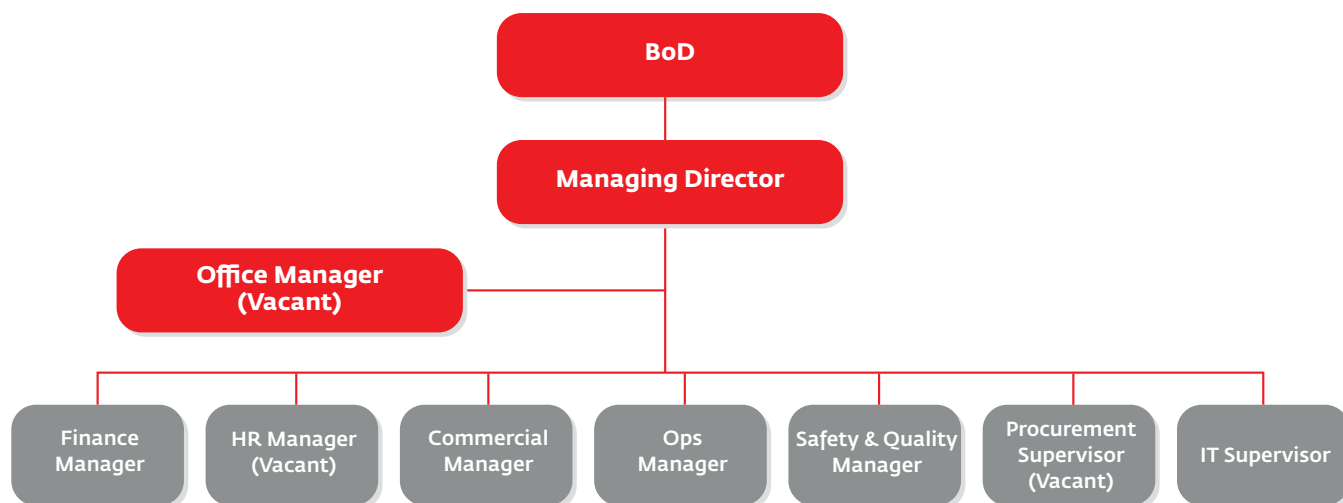
There were no resignations during the year 2023.

Organizational Structures of RJ and Subsidiaries

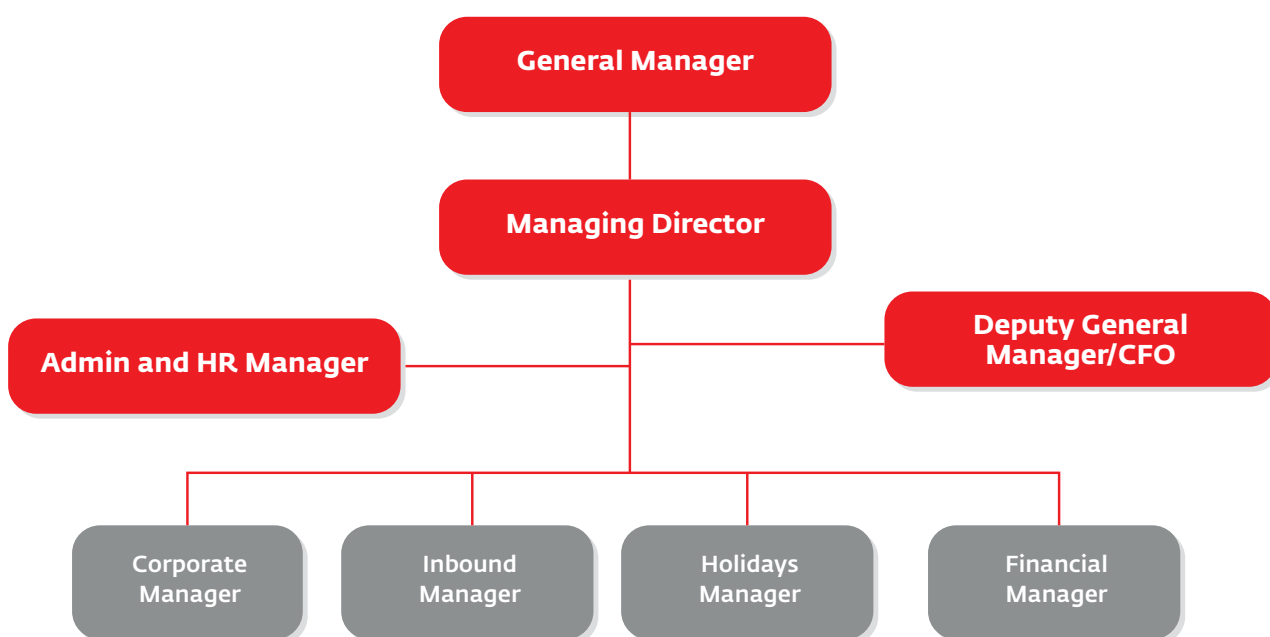
Organizational Structure - RJ



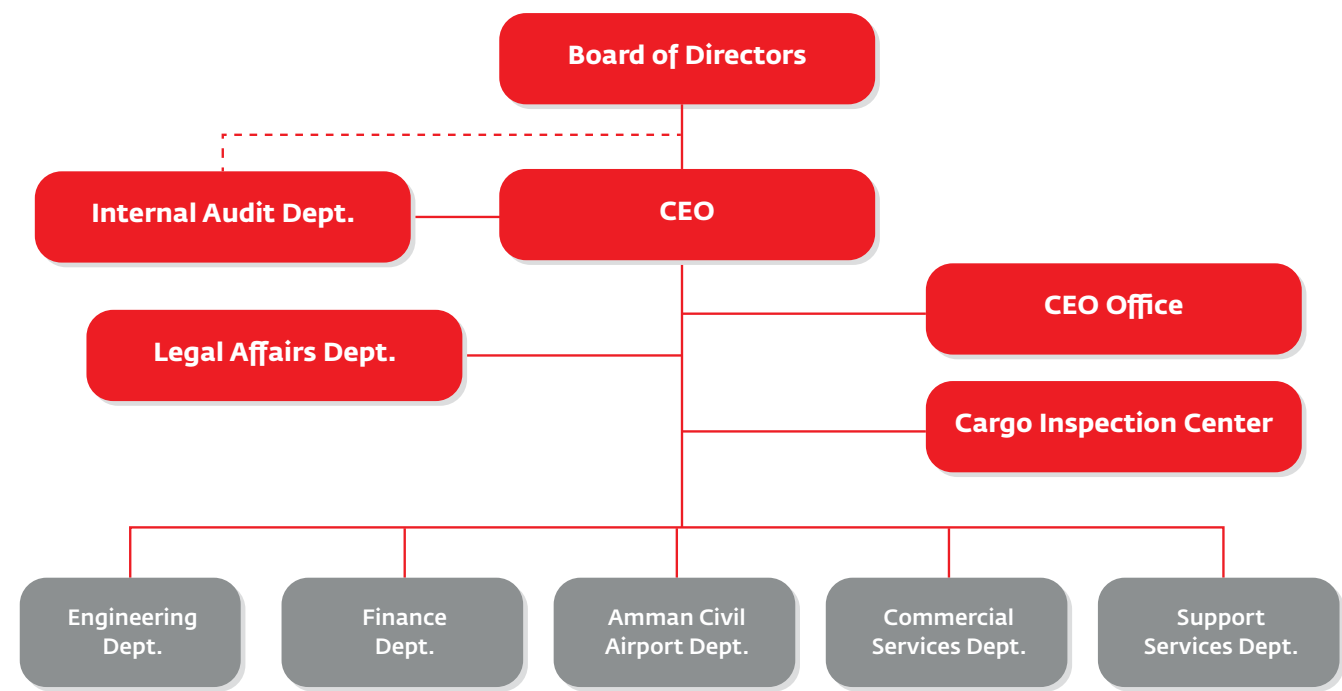
Organizational Structure - Tikram



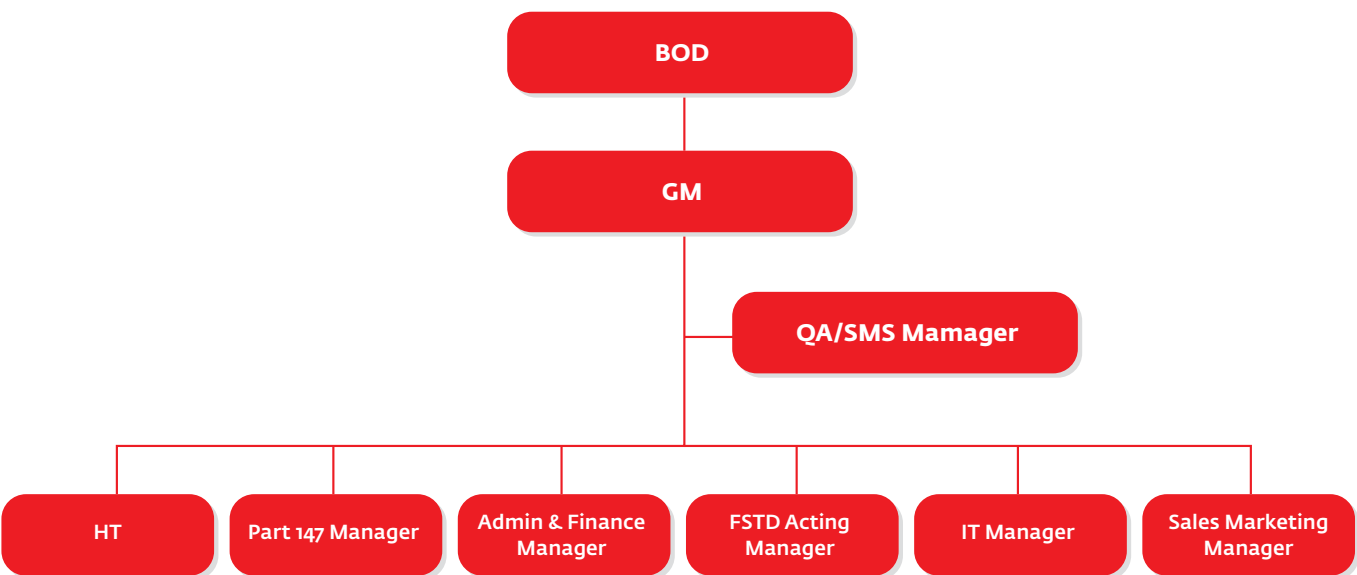
Organizational Structure - Royal Tours



Organizational Structure - Jordan Airports Company (JAC)



Organizational Structure - Jordan Airline Training and Simulation (JATS)



Shares Owned by RJ Board Members and Senior Executive Management Members and their Relatives

Shares Owned by Current and Resigned RJ Board Members and their Relatives

The following table outlines RJ Board Members and their ownership of shares compared to the previous year:

Board Member	Number of Shares as of	
	31/12/2023	31/12/2022
H.E. Eng. Said Samih Darwazah	-	-
H.E. Eng. Samer Abdelsalam Majali	20,946	54,999
H.E. Eng. Basem Khalil Al-Salem	-	-
H.E. Dr. Abdelhakim Mousa Shibli	2,380	6,250
H.E. Mr. Omar Munther Fahoum	2,976	7,699
H.E. Mr. Rajaie Kamal Dajani	-	-
H.E. Mr. Sameer Abdallah Shahrour	-	-
H.E. Eng. "Mohammad Ali" Bdair	-	-

No shares are owned by the relatives of RJ Board Members as of the end of 2023.

Shares Owned by RJ Senior Executive Management Members and Their Relatives

The following table outlines RJ Senior Management Members and their ownership of shares compared to the previous year:

Name	Nationality	Number of Shares as of	
		31/12/2023	31/12/2022
Eng. Samer Majali	Jordanian	20,946	54,999
Mr. Feras Qarrain	Jordanian	-	-
Mr. Karime Makhlof	Jordanian	-	-
Captain Ghassan Obeidat	Jordanian	-	-
Ms. Amal Hattar	Jordanian	112	296
Ms. Suha Al Arda	Jordanian	-	-
Dr. Fawzi Mulki	Jordanian	-	-

No shares are owned by the relatives of RJ Senior Executive Management Members as of the end of 2023.

Companies Controlled by RJ Board Members and Senior Management Members and Their Relatives

No companies are controlled by RJ Board Members or Senior Management Members and their relatives.

Benefits and Remuneration of RJ Chairman, Board Members and Senior Executive Management Members

Benefits and Remuneration of RJ Chairman and Board Members

The following table outlines the benefits and remuneration received by RJ Chairman and Board Members during 2023:

Board Member	Position	Rep. Allowance / Transport Allowance (JOD)	Remuneration	Travel Allowance	Total Benefits (JOD)
Government Investments Management Company					
H.E. Eng. Said Samih Darwazah	Chairman of the Board	6,000	-	-	6,000
H.E. Eng. Samer Abdelsalam Majali	Vice Chairman/ Board Designee- CEO	6,000	-	-	6,000
H.E. Eng. Basem Khalil Al-Salem	Member	6,000	-	-	6,000
H.E. Dr. Abdelhakim Mousa Shibli	Member	6,000	-	-	6,000
H.E. Mr. Omar Munther Fahoum	Member	6,000	-	-	6,000
H.E. Mr. Rajaie Kamal Dajani	Member	6,000	-	-	6,000
Social Security Corporation					
H.E Mr. Sameer Abdallah Shahrour	Member	6,000	-	-	6,000
Mint Trading Middle East Ltd.					
H.E Eng. "Mohammad Ali" Bdair	Member	6,000	-	-	6,000
Total		48,000	-	-	48,000

Benefits and Remuneration of RJ Senior Executive Management Members

The following table outlines the net salaries, wages and allowances received by RJ Senior Executive Management Members during 2023:

Name	Title	Annual Salaries (JOD)	Annual Remuneration (JOD)	Travel Allowance (JOD)	Total Annual Benefits (JOD)
Eng. Samer Majali	Vice Chairman/Board Designee-CEO	204,706		0	204,706
Mr. Feras Qarrain	Executive Chief Finance & Resources Officer	163,675		520	164,195
Mr. Karime Makhoulf	Chief Commercial Officer	121,405		4,125	125,530
Captain Ghassan Obeidat	Chief Technical Officer	118,179		808	118,987
Ms. Amal Hattar	Chief Finance Officer	62,017		0	62,017
Ms. Suha Al Arda	Chief Treasury Officer	61,698		380	62,078
Dr. Fawzi Mulki	Special Projects Senior Advisor	62,001		0	62,001

Donations and Grants during 2023

The following table outlines RJ donations and grants during 2023:

Description	Amount JOD
Um-Alqusair School Renovation	31,400
RJ Club Annual Rent	10,000
Ramadan Iftar	8,105
Humanitarian Assistance / For those affected by the earthquakes in Syria and Turkey	5,000
Humanitarian Assistance / Gaza	5,000
Children's Museum Jordan	2,341
Breast Cancer Awareness Event	638
Total	62,484



Business Spotlights

Government Protection or Privileges Enjoyed by the Company or any of its Products under Laws, Regulations or Otherwise

The Council of Ministers decided in its session held on 15 November 2022 to approve exempting the contracts of purchase, sale, lease and finance of aircraft and their engines and the contracts concluded by RJ from taxes and fees, including general and special sales tax and customs duties, with the exception of income tax, national contribution and stamp duties, provided that the Ministry of Finance bears the income tax, national contribution and stamp duties resulting from these contracts and allocates the necessary budget for such within Ministry of Finance allocations in the General Budget Law.

The Council of Ministers decided in its session held on 24 November 2021 to approve exempting machinery and equipment serving aircraft and passengers at Jordanian airports (except spare parts) from customs duties, general and special sales tax and other fees until 31 December 2023, provided that the machinery and equipment are used exclusively for the benefit of RJ inside the airport premises to serve passengers and aircraft, and the assignment of machinery and equipment - invalid ones belonging to RJ - in favor of the government treasury.

RJ has obtained no patents or franchises.

Decisions Issued by the Government, International Organizations or Others that Had a Material Impact on Company Business, Products or Competitiveness

Comprehensive Agreement with the European Union:

The Government of Jordan concluded a Comprehensive Agreement with the European Union on 15 December 2010, which primarily established unrestricted open space between Jordan and EU Member States according to the third and fourth freedoms of the air. It also committed Jordan to adopt legislation similar to those of Europe in the field of civil aviation and air transport. As a result, this agreement subjects RJ to unbalanced competition with European airlines, as they can operate from any point in Europe to Jordan with greater flexibility than RJ can reciprocate. Additionally, RJ is disadvantaged by the lack of suitable time slots at major European airports, most notably Heathrow Airport in London.

The Council of Ministers resolved in its session held on 28 December 2017 to approve the allocation of the tax amount due from Ryanair, the largest low-cost airline in Europe, in return for the promotion of Jordan and RJ on the Ryanair website. This initiative aimed to encourage and incentivize Ryanair to operate flights to and from the Kingdom by concluding an agreement between the Jordan Tourism Board and a company that provides marketing services for Ryanair on the condition that Ryanair does not operate an air route identical to one of RJ's routes. This is in addition to supporting other low-cost carriers, such as Wizz Air and easyJet, incentivizing them to operate to and from the Kingdom in 2022. This decision had a significant material impact on the performance and results of RJ, especially within the European network, including destinations such as London, Amsterdam, Paris, Madrid, Milan, Rome, Larnaca and Abu Dhabi. It also indirectly affected remaining European destinations in 2022 and considerably impacted RJ's expansion plans over the next seven years.

Contracts, Projects and Commitments Concluded by the Company with Subsidiaries, Sister or Affiliate Companies, the Chairman or Board Members and the CEO or Any Employee of the Company or Their Relatives

- Service Agreement relating to the exchange of employees with Royal Tours.
- Travel-Related Service Agreement with Royal Tours.
- Personnel Supply Service Agreement with "Tikram".
- "Tikram" Employee Transfer Agreement.
- Share Purchase Agreement to acquire all Jordan Airline Training and Simulation shares.

Suppliers and Customers

RJ engages with many 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, except its aircraft fuel supply from Jordanian Petroleum Products Marketing Company. On the other hand, RJ serves a broad range of local and foreign clients with flight services. The company does not rely on particular clients, whether local or foreign, who constitute 10% or more of its total sales.

Financial Effect of Non-Recurring Operations

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

Timetable of Realized Profits or Losses

The following table outlines realized profits or losses, dividends, net shareholders' equity and share prices during the past five years:

Statement	Year				
	2023	2022	2021	2020	2019
Realized profit/ loss (JD'ooo)	(8,693)	(78,860)	(74,259)	(161,060)	10,383
Dividends	-	-	-	-	-
Shareholders' equity (JD'ooo)	110,286	(68,257)	(59,100)	(9,679)	126,732
Share Price*	0.37	0.19	0.24	0.19	0.36

* As the end of the year

Competitive Positioning

RJ - the national carrier of Jordan - is the first and largest airline in the Kingdom, operating regular flights to 45 cities worldwide, as illustrated below:



Of these 45 destinations, RJ faces direct competition from other companies in only 33 destinations.

Business Partnerships and Alliances

Through the commercial partnerships established by RJ, the company has maintained the size of its network to enhance its market competitiveness, as follows:

1. Jordan Tourism Board (JTB)

RJ and JTB formed a strategic partnership in 2022 and 2023 to promote Jordan as a premier tourist destination, in line with the company's new strategy focusing on local tourism.

The partnership primarily aims to boost awareness and enhance the attractiveness of Jordan as an exciting tourist destination, showcasing enticing tourist locations such as Petra, Wadi Rum, Aqaba and other sites.

Both parties combined online and offline marketing activities, alongside cobranded offices worldwide, to encourage tourism, changing original RJ offices into cobranded RJ and Visit Jordan offices.

JTB and RJ also worked on attractive fares and conditions for international tour operators, emphasizing inbound tourism. This collaboration produced impressive results, tangibly growing the number of tourists visiting Jordan.

2. oneworld Alliance

On 1 April 2007, RJ joined the oneworld Alliance, which gathers a group of leading international airlines and is the current holder of four Best Airline Alliance Awards. RJ was chosen to join this alliance due to its excellent reputation and competitive passenger services.

At the time, RJ was the first Arab airline to join the global alliance, with the advantage that being a member offers passengers easy access to nearly 1,000 destinations in 170 territories around the world served by alliance member airlines with more than four million flights annually and a combined fleet of over 2,390 aircraft.

Besides RJ, the following carriers are oneworld Alliance members: American Airlines, British Airways, Cathay Pacific, Finnair, Iberia, Japan Airlines, Malaysia Airlines, Qantas, Qatar Airways, SriLankan Airlines, Royal Air Maroc and Alaska Airlines, with Oman Air joining in 2024.

RJ premium customers and frequent flyer gain access to over 600 airport lounges worldwide, granting them great value for money with round-the-world fares in economy, business and first-class cabins.

3. Codeshare Agreements

RJ has entered into commercial agreements with several international airlines to operate on a codeshare basis, whereby the RJ code appears on the flights of these airlines to destinations where the company does not operate directly, expanding both market presence and competitiveness. This includes non-stop flights serving RJ passengers from Amman to Abu Dhabi, Bahrain, Doha, Istanbul and Muscat.

Through the codeshare system, passengers can book their entire journey with one ticket via RJ, ensuring they have enough time for all connecting flights, even when traveling with multiple airlines, and providing a ticket that is protected in case of any delays.

In 2023, RJ increased the number of stations covered by codeshare agreements. In 2024, it will continue to grow this number by amending agreements with member companies of the oneworld Alliance and agreeing with other companies to expand its global coverage.

Application of International Quality Standards

One of the main responsibilities of the RJ Corporate Quality Management Department “CQM” is to ensure the effective and efficient implementation of the quality management system in operations departments. The primary goal of the department is to execute the quality assurance program, which aims to enhance confidence and ensure that safety and quality procedures are applied and adhered to across company-wide processes.

This program monitors and compares the methods used to perform tasks in all operations departments at various stages, ensuring they align with the standard methods stipulated in the company’s approved manuals and references. These methods also comply with RJ specifications and those applied by the Civil Aviation Regulatory Commission and other international organizations listed below:

CARC	Civil Aviation Regulatory Commission
IATA	International Air Transport Association
ISAGO	IATA Safety Audit for Ground Operations
IOSA	IATA Operational Safety Audit
EASA	European Union Aviation Safety Agency
SAFA	Safety Assessment of Foreign Aircraft
F.A.A	Federal Aviation Administration (USA)
CARS	Canadian Aviation Regulations
IFQP	IATA Fuel Quality Pool
DAQCP	IATA De-Icing /Anti-Icing Quality Control Pool
oneworld	A global airline alliance

Accordingly, the CQM Department follows up on required quality foundations and measures the extent of the company’s application, whether in terms of operations or services. After studying the general and special requirements for work and public safety, an internal and external program is prepared to audit and inspect the company’s operations departments and external service providers. Then, it compares work procedures according to the approved checklists through inspection sessions allocated based on a documented audit program approved by RJ management.

Main Achievements of the Quality Assurance Department in 2023:

- Completing the CQM internal audit cycle by performing onsite audits.
- Completing the CQM external audit cycle by performing onsite/desktop audits.
- Completing the CQM service provider/vendor audit cycle by performing onsite audits.
- Completing the DAQCP and IFQP audits to maintain the RJ DAQCP/IFQP IATA membership.
- Completing various inspections at all operations departments to ensure safety and quality measures are implemented.
- Completing the renewal of the RJA ISAGO certification.
- Maintaining the RJ IOSA certification.
- Continuing with standardizing work procedures adhered to by different company departments.
- Providing a monthly compliance report as a feedback tool on CQM activities and pending items to RJ management.
- Preparing for the Embraer E2 aircraft induction.

Risks

Pandemics Risks:

Since the end of 2019, the coronavirus pandemic has tremendously affected economic, commercial and industrial sectors worldwide, playing a key role in the significant decline in global air traffic due to the strict travel procedures and restrictions imposed by countries to limit the spread of the virus, complicating travel operations.

RJ strongly considers the risk of communicable diseases and epidemics through ongoing communication with relevant parties to continuously update its procedures to reduce the impact of any associated risks, implement the highest safety standards and mitigate the effect on travelers. RJ also periodically trains air crews and ground staff on how to deal with disasters and crises, including communicable diseases and epidemics. An integrated guide has also been prepared for employees on how to do the same.

Financial Risks, Including Debt Financing, Liquidity and Company Continuity Risks:

Since its establishment, RJ has been working to overcome any obstacles and difficulties that fundamentally threaten the company's continuity. Despite the many losses the company has incurred, the principle of continuity assures RJ that it will continue to practice its business for a sufficient period to achieve its goals and obligations.

RJ held an extraordinary general assembly meeting on 3 October 2023, during which it decided to approve the restructuring of its capital and reduce accumulated losses to approximately half of its capital, in line with the requirements of Article No. 266 of the Companies Law No. 22 of 1997 and its amendments.

RJ manages liquidity risk by ensuring the availability of cash and bank facilities to settle all company obligations, while managing cash effectively and efficiently.

RJ works within a clear plan to reduce debt risks. All company dues were analyzed, and negotiations with suppliers and banks were concluded to reschedule payments per available liquidity and future expectations.

Electronic Systems Risks:

The rapid pace of technological advancement in electronic systems presents a primary concern. System failures and aging infrastructure may jeopardize operational efficiency, emphasizing the critical need for continuous updates to align with evolving aviation requirements. Proactive measures, including the introduction of advanced systems and vigilant monitoring, are necessary to mitigate this risk. The company periodically follows up on all related developments, responding to them to avoid their occurrence.

Cyber Security Risks:

In an era dominated by digital transformation, cyber threats stand out as a formidable risk to the aviation sector. With data protection paramount, the industry must be vigilant against cyber-attacks that may disrupt operations and compromise sensitive information. Investments in cutting-edge cybersecurity measures, including robust detection and response platforms, are imperative to safeguard against evolving cyber threats.

Credit Risks:

RJ follows a clear credit policy when dealing with its sales agents across the globe. This entails providing bank guarantees by the agents in favor of the company. Given current economic circumstances, the company is currently following up on agents' performance to protect its rights and avoid unforeseen situations that may affect the agents and adversely impact operations.

Fuel-Price Fluctuation Risks:

Fuel cost constitutes a significant and escalating portion of the company's operational expenses, amounting to 32% of total operating costs for the year ended 31 December 2023. As such, any material changes in the price of crude oil and, subsequently, the price of jet fuel, could substantially affect the operational results of the company. In this regard, RJ has taken major steps to deal with rising fuel prices by imposing a fuel surcharge on tickets while focusing on increasing passenger numbers, managing revenue and maximizing yield. Additionally, RJ has entered into fuel hedging contracts that align with international best practices in this field. The company also obtained discounts on the fuel quantities consumed from Jordan Petroleum Refinery Company (JPRC) and is in continuous discussions to raise the discount or secure an import fuel license to reduce operating costs as much as possible.

Interest Rate Fluctuation Risks:

RJ is exposed to fluctuations in interest rates due to its engagement in lease contracts and securing medium- to long-term loans used to finance expansion projects. Before 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 CME Term SOFR was adopted as the basis for pricing all existing RJ 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, consequently, the cost of borrowing.

Exchange Rate Fluctuation Risks:

The company is exposed to exchange rate changes between the Jordanian Dinar and other currencies. The majority of RJ revenue comes from the sale of tickets abroad in the local currency of each country. To reduce the effect of the fluctuation of exchange rates of foreign currencies on the company's operations, RJ settles the revenues and expenditures of each currency separately. Any surplus is converted to JOD or USD, depending on the needs of the company, within a clear policy based on market study and trends. The USD, Euro and Sterling form the predominant part of RJ revenue, alongside the JOD, which poses no risk since its exchange rate is pegged to the USD.

Purchasing Risks:

In its daily operations, RJ purchases several types of raw materials and spare parts required for the airline business. Any delay in supply may disrupt the flow of operations and expose the company to losses. To avoid such situations, RJ frequently develops and monitors the purchasing mechanism and maintains positive relations with all suppliers in Jordan and abroad. As such, the company entered into several insurance contracts to limit the risks that could affect its performance.

Market Risks:

Competition among airlines has intensified within the Arab region lately, particularly with the emergence of low-cost carriers, constituting a major challenge for most airlines, large and small. To counter this type of competition, RJ prepared short- and long-term strategies to limit the effect of low-cost carriers on its market share by improving service standards, enhancing passenger satisfaction, simplifying travel procedures, providing wider travel choices and benefiting from its oneworld Alliance membership.

Geopolitical Risks:

Most RJ operations are concentrated within Jordan's borders, with all flights departing from Amman. As such, the geographical location of the Kingdom poses considerable challenges to the company, especially during periods of heightened political and economic tensions in neighboring Arab countries, such as the war in Gaza in October 2023 and Russia's invasion of Ukraine in February 2022. Following the latter event, the EU, UK and USA imposed extensive sanctions on Russia (as well as Belarus for its role in Russia's invasion). These sanctions comprised targeted restrictions on specific individuals and entities, export controls, economic relations, trade and financial constraints. The sanctions have had, and are expected to continue to have, a significant disruptive effect on global markets, including oil and gas, airport accessibility, associated travel routes and aircraft component supply chains. This may also restrict the company's ability to increase passenger numbers and secure new destinations, potentially adversely affecting its financial results. RJ must adapt its operations amidst such challenges that further burden its business.

Non-Delivery of Strategic Initiatives Risks:

RJ has adopted strategic plans aimed at expediting growth in destination offerings and passenger volumes, as well as expanding and modernizing its fleet through agreements with leading aircraft manufacturers. While working on achieving such a strategy, the company may be exposed to several external and internal factors that may affect attaining these goals. These include delays in receiving aircraft from manufacturers since particular RJ aircraft and spare parts are sourced from a single supplier, in addition to internal factors such as the inability to allocate adequate financing. The company mitigates these risks by following up with manufacturers, concluding binding agreements and delivering all required specifications on time. It also determines appropriate financing with shareholders and lessors and obtains necessary loans and guarantees.

RJ 2023 Achievements

RJ continues its journey towards excellence in the aviation service and air transport industry, implementing comprehensive plans and programs across all areas. The company places particular emphasis on initiatives that enhance both its air and ground services and strengthen its regional and global positions. With a vision to become the 'airline of choice' - connecting Jordan and the Levant to the world - RJ also prioritizes fostering inbound tourism.

In addition to its role as the longstanding national carrier, RJ significantly contributes to Jordan's development, serving as one of the main pillars of the national economy and a cornerstone of the local air transport and aviation industries. This contribution is aided by its extensive history, distinguished regional and global reputation, commitment to operational safety and highly skilled and trained staff. The company's fleet serves a robust network spanning four continents, leaving a tangible impact on the Kingdom's GDP.

Despite the challenges faced during 2023, including regional and global crises and surging fuel prices, RJ marked numerous milestones across operational, service and other business levels. The most prominent achievements include:

Fleet Modernization Program:

The RJ fleet consists of 26 aircraft. The company is currently in the process of modernizing and expanding its fleet as part of its strategic plan. By the end of 2028, the number of aircraft is intended to reach 41 as the company introduces new Airbus A320 neo, Embraer E2 jets and Boeing 787-9 aircraft.

The company conducted comprehensive feasibility studies to decide on the best aircraft to replace the current fleet. RJ chose to operate the same types of aircraft as the commonality helps reduce the cost of pilot and technician training and scheduling, lowering initial investment expenditure and operational and maintenance costs in service. Another factor influencing the selection process was the broad technical and logistical support available in the region and at all airports served by RJ. The chosen aircraft types align with the company's operational requirements, allowing RJ to achieve its goal of increasing flight frequencies to cater to passenger preferences.

Two New Embraer 195-E2 Join Fleet:

HRH Prince Feisal Bin Al-Hussein patronized the ceremony during which the first twin Embraer E195-E2 aircraft were delivered, joining the RJ fleet to serve short- and medium-range routes. The two new aircraft bear the names of the cities of Ramtha and Ma'an, offering seating for 110 passengers in Economy Class and 12 in Crown Class.

The features of this type of aircraft will be an important part of RJ's growth plan in the Levant, making it possible to increase flight frequencies to current markets, thus offering more travel options. With next-generation environmental efficiency, the E2 regional jets provide passengers with a relaxed atmosphere, comfortable seating and Wi-Fi connection during flights.

Airbus A320neo Aircraft:

RJ contracted with Airbus to introduce new factory-built Airbus A320neo family aircraft to its fleet, replacing the currently operating A320s after their leasing contracts expire. This step underscores the company's strategic plan to modernize its narrow-body fleet serving its core destinations across the Middle East, Africa and Europe.

Boeing Dreamliners 787-9:

The decision to add 787-9 Dreamliners to the RJ fleet is a testament to the company's dedication to providing an unparalleled travel experience. This aligns seamlessly with the broader fleet modernization strategy, emphasizing fuel efficiency, sustainability and passenger comfort. RJ, having been the first in the Middle East to order the 787 over 16 years ago, continues to lead in adopting advancements in aviation. The company's current fleet of 787-8 Dreamliners has successfully connected Amman to major global destinations.

Route Network:

The role of RJ as the flag carrier of Jordan drives it to support national efforts to place the Kingdom on the map as a gateway to the Levant by offering improved connectivity to a broader network. According to set plans, the number of RJ destinations will expand to around 60. Among the new destinations launched in 2023 were Stockholm, Düsseldorf, Brussels, Algiers and Bahrain.

Promoting Jordan:

RJ has been actively promoting Jordan as a tourist destination worldwide, participating in various travel fairs and international exhibitions. The company has cemented its role as the official partner and preferred carrier for guests attending different festivals and local and international conferences.

MoU with Jordan Society of Tourism and Travel Agents:

RJ and Jordan Society of Tourism and Travel Agents signed a memorandum of understanding (MoU) to boost inbound tourism. The MoU plays a key role in promoting Jordan abroad and encouraging tourists to choose RJ over other airlines, whether legacy or low-cost carriers.

RJ Shifa Healthcare Solution:

RJ launched a new medical concept called RJ Shifa; an innovative healthcare solution whereby medical patients in Iraq can easily and conveniently combine their medical treatment with flight logistics and book their journey package through RJ Shifa.

Partnership with Petra Development Tourism Regional Authority to Attract Inbound Tourism:

In partnership with the Petra Development Tourism Regional Authority, RJ passengers can purchase discounted entrance tickets to Petra directly through the company's booking engine. This agreement aims to further promote Petra - one of the New Seven Wonders of the World - as one of Jordan's most noteworthy touristic and cultural highlights.

oneworld Alliance:

The oneworld Alliance, which brings together RJ and several of the world's best airlines, serves more than 1,000 airports in 170 territories, thus offering an extensive network and diverse travel options for RJ passengers. Royal Club members can access 600 airport lounges around the world, as well as earn and redeem miles when boarding oneworld carriers.

Enhancing the Passenger Experience:

Improving Crown and Economy Class Meals:

RJ consistently introduces new enhancements to the meal menu offered to passengers traveling from Amman to its various destinations, particularly in the Crown Class. This includes adding a diverse array of options and refining food and dessert dishes with an assortment of flavors tailored to meet passenger desires and requirements.

Crown Lounge:

RJ has made significant improvements to the passenger experience at the Crown Lounge at Queen Alia International Airport. It now boasts a selection of high-quality food and beverages, including a dedicated section for oriental and western sweets. Additionally, a 16-square-meter display screen featuring new destinations served by the company has been installed to enhance the passenger experience and act as a promotional tool for marketing campaigns. Furthermore, a partnership agreement with MasterCard/DragonPass was successfully finalized, resulting in a substantial increase in revenue.

Duty-Free Kiosks:

Duty-Free kiosks enhanced the value of services for Crown Lounge passengers by simplifying their travel experience. This new service enables passengers to shop for duty-free items and have their purchases conveniently delivered to them within the lounge, thus facilitating the customer journey.

Cabin Crew Members:

A new program named Nashmi was adopted to deliver top-notch services to Crown Class passengers, complementing the existing Ya Hala service. The total number of cabin crew reached 859, comprising 58 Nashmi and 127 Ya Hala members qualified to offer Crown Class service. A dashboard was designed to provide a clear statistical overview. Various new programs were undertaken to enhance the skills of the cabin crew members and ensure they are trained to the highest international standards. Additionally, a new management system called the Products and Inflight Services System (PIS) was developed to streamline tasks related to SCCMS, cabin crew, performance, standards, safety and training.

In-Flight Entertainment System:

RJ has enhanced the wireless inflight entertainment system SkyConnect by updating its content and boosting its storage capacity. This means passengers can now browse diverse categories, such as extreme sports, relaxation and anime, in addition to movies and series. Additionally, the RJ promo video has been reintroduced to highlight the cycle content. Efforts have also been made to introduce the E2-Jets ViaSat inflight entertainment system and internet connectivity onboard.

iPads on Crown Class:

Crown Class passengers are offered iPad service with the Single App Mode feature to enjoy an onboard wireless inflight entertainment system.

Medallia Customer Experience Project

In 2023, RJ signed a three-year contract with Medallia/Kantar; a customer experience pioneer and market leader. Per the agreement, Medallia's customer experience journeys connect cross-channel experience signals to understand and optimize every journey, rendering personalized and predictive insights that can drive action with impactful business results.

New Boarding Pass Design:

A new boarding pass design was launched across all company stations worldwide. It includes the information passengers require to quickly obtain their flight number, date and time of departure, boarding gate, class of travel and seat number, with the larger part of the boarding pass remaining with the owner. It complies with the latest international standards, underscoring the continuous efforts of RJ toward enhancing its services and passenger experience.

Information Technology:

In 2023, RJ implemented an array of advanced IT systems aimed at fostering innovative solutions, enhancing adaptability to current circumstances, improving company operations and providing safe travel solutions for passengers, including:

RJ Unlimited

RJ introduced a new groundbreaking Flight Pass System to revolutionize the way frequent single-route customers travel. This innovative system offers unparalleled flexibility and convenience, allowing customers to enjoy the freedom of pre-purchasing a bundle of flights at a fixed rate. The Flight Pass System is designed to cater to the dynamic needs of modern travelers, providing a seamless and cost-effective approach to flight planning. With user-friendly features, such as easy and fast booking and real-time availability checks, customers can enjoy ultimate control over their travel itineraries.

Adopting Hyperconverged Infrastructure with Nutanix Technologies

RJ made a strategic move towards adopting Nutanix Hyperconverged Infrastructure (HCI) solutions, signaling a significant step toward modernizing its IT infrastructure. This transition promises enhanced agility, scalability and efficiency, as Nutanix HCI converges computing, storage and networking resources into a single, integrated platform. The company is poised to benefit from streamlined operations, reduced complexity and improved performance, ultimately translating into a more resilient and responsive IT environment. Nutanix's HCI technology aligns with RJ's commitment to innovation and technological advancement, ensuring a robust foundation for the company's digital transformation journey.

Switching to Ivanti IT Service Management

RJ opted for Ivanti IT Service Management (ITSM) solutions; a strategic decision that underscores its dedication to elevating its IT support capabilities. The move is expected to yield numerous benefits, including improved incident resolution times, enhanced user experience and streamlined IT processes. Ivanti's ITSM platform provides a comprehensive and integrated approach to service management, allowing RJ to manage and resolve IT issues efficiently. This adoption will likely result in increased operational efficiency, cost savings and heightened overall service quality, aligning seamlessly with the company's focus on delivering exceptional customer experiences.

Implementing RJ E-Payment Gateway

RJ successfully implemented a customized e-payment solution designed to meet the specific requirements of various business units, currently activated for the call center, cargo operations and RJ Unlimited transactions. The solution has been strategically crafted to deliver a seamless and user-friendly payment experience for customers, emphasizing compliance with the latest industry regulations and implementing robust security measures to safeguard sensitive customer information and elevate overall security for RJ. With an eye on the future, the solution is built with scalability, flexibility and seamless integration capabilities, ensuring it can adapt and provide total agility to support evolving business needs.

RJ Connected Flight Ops

RJ implemented cutting-edge solutions designed to integrate, coordinate and provide comprehensive online visibility for various aspects of flight operations. Leveraging advanced technology, mobility features and data-driven solutions, the project aims to establish a seamless connection among different functions, units and systems, ultimately enhancing overall efficiency, communication and decision-making. Currently, flight dispatchers, load controllers and ramp coordinators are enabled and operating within a connected environment. Ongoing efforts are directed towards extending this solution to include pilots, cabin managers and maintenance teams, further optimizing operational processes.

Renewed Partnerships with Leading Global Distribution System Providers

RJ has renewed its partnerships with leading global distribution system providers - Amadeus, Travelport and Sabre - for the next five years, yielding significant savings on global distribution costs. This achievement ensures the company continues efficiently distributing its content worldwide through travel partners, aligning with industry trends and embracing cutting-edge technologies to enhance customer-centricity and flexibility while fostering growth.

Commitment to Emergency Response

RJ consistently formulates well-designed emergency response plans that encompass all conceivable scenarios and align with industry best practices. To this end, the company partnered with Blake Emergency Services; a renowned organization specializing in emergency response training.

Frequent Flyer Program 'Royal Club'

The Royal Club frequent flyer program extends a range of privileges and services to uphold member loyalty and attract new customers. The program currently comprises 564,000 members, with 38,000 new members joining in 2023 alone.

Royal Club Launched New Co-Branded Cards

The Royal Club frequent flyer program launched two new RJ co-branded cards in partnership. The first is the RJ Visa Signature Debit Card by Capital Bank of Jordan, which is the first of its kind in Jordan. It rewards cardholders with Royal Club Award Miles for their transactions, whereby every JOD 1 spent using the card equals 1 Award Mile. The second is the RJ Visa Platinum Credit Card, issued by the National Bank of Iraq, which stands as the first credit card of its kind in Iraq. It rewards cardholders with 1 Award Mile for every USD 1.50 they spend using the card in Iraq or abroad.

Engineering and Maintenance

RJ maintains the technical preparedness of its aircraft fleet while reducing costs related to spare parts and maintenance and enhancing the company's competitive advantage through different measures. In its mission to regularly upgrade its air and ground services, the company leverages its various partnerships across different technical areas, aiming to sustain advanced levels of aircraft safety and airworthiness.

Ground-Handling Operations

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

RJ began offering Zurich-based low-cost carrier, Edelweiss Air, ground-handling services twice per week at Queen Alia International Airport and King Hussein International Airport as of February 2023. This service is part of RJ's ongoing efforts to expand the scope of ground-handling services extended to other airlines operating at Jordanian airports, reflecting positively on revenue and profit.

Fostering Global Presence

RJ participated in several events during 2023 - namely the Arab Media Forum, Nashama Society Forum, International Conference of Francophone Investors, Jordanian-Iraqi Finance & Business Forum, Amman Nights Festival, Pioneering Medical Surgeries Conference, Routes World 2023 and 56th AACO Annual General Meeting.



Analysis of RJ Financial Position and Business Results for 2023

Analysis of RJ Financial Position and Business Results for 2023

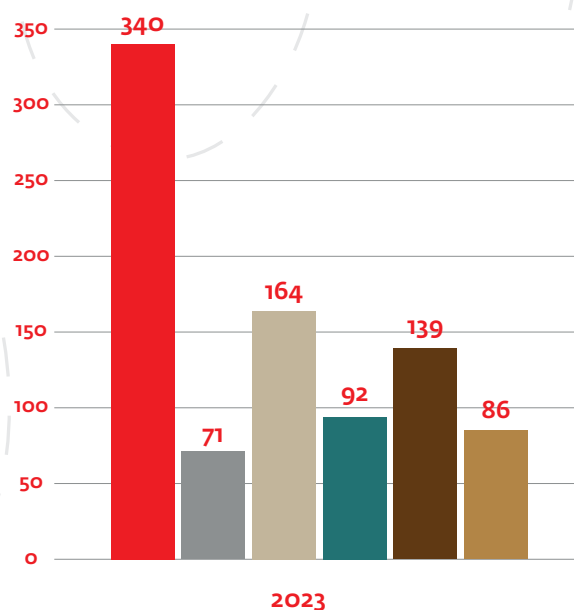
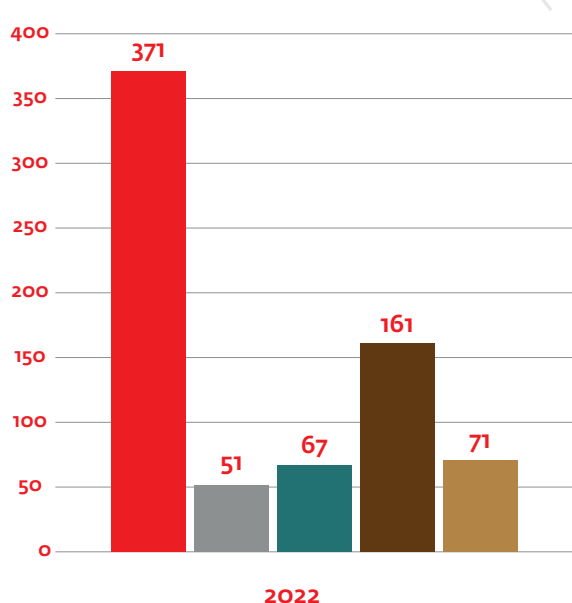
Financial Position Analysis

Assets

Total assets grew by 24%, at a value of JOD 171.3 million. This was primarily driven by the increase in investment properties worth JOD 164 million resulting from the acquisition of 90% of the shares of the Jordan Airports Company during the fourth quarter of 2023.

In addition, total property and equipment rose by JOD 19.9 million due to the acquisition of assets stemming from 100% ownership of Jordan Airline Training and Simulation (JATS) Company and 90% ownership of Jordan Airports Company. The combined value of these assets amounted to JOD 25.4 million. Moreover, RJ purchased equipment and property worth JOD 12.6 million during 2023, against periodic depreciation of JOD 17.7 million.

On the other hand, right-of-use assets decreased by JOD 31.6 million due to the depreciation of JOD 58.1 million for 2023, with additions amounting to JOD 30.3 million. Cash available at the end of the year also dropped by JOD 22.2 million due to the company being largely affected by the war on Gaza, which led to a decline in travel to Jordan.



Other Non-Current Assets Cash and Bank Balances Other Current Assets
Right of Use Assets Property and Equipment Investment Properties

Shareholders' Equity

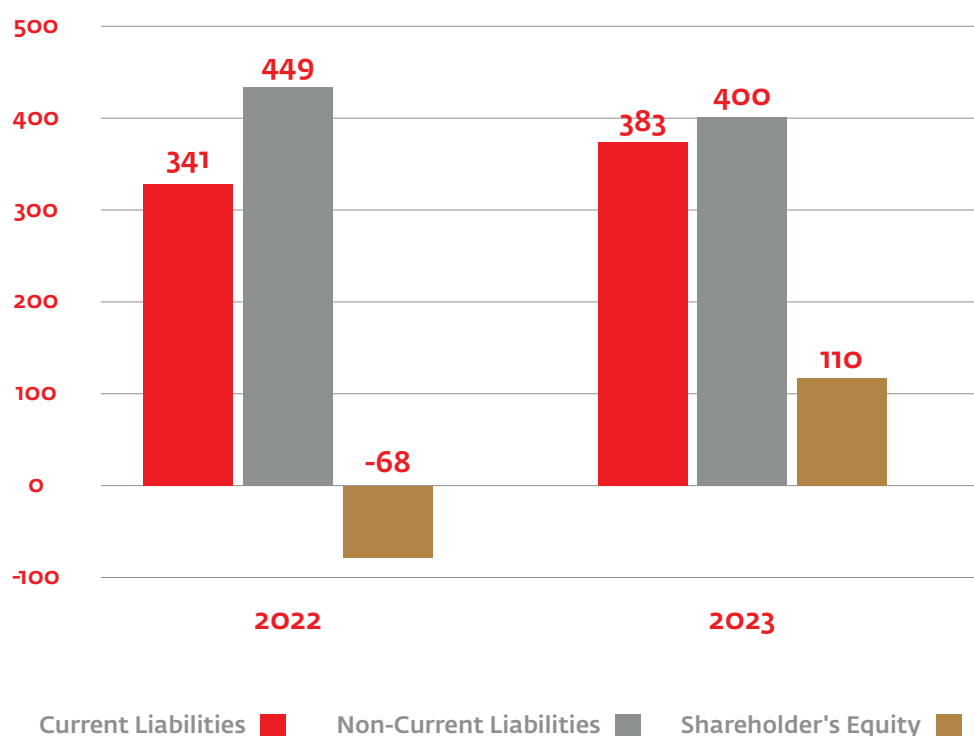
Net equity increased by JOD 178.5 million as a result of RJ completing capital restructuring procedures during the fourth quarter of 2023, writing off JOD 201 million of accumulated losses and the statutory reserve, while raising the capital by JOD 240 million (JOD 170 million through owning 90% of Jordan Airports Company shares, in addition to JOD 70 million from payments in respect to the capital increase).

Liabilities

Non-current liabilities decreased by JOD 49.2 million compared to the previous year, marking an 11% decline due to the drop in obligations under long-term lease contracts by JOD 51.3 million and in long-term loans by JOD 13 million. Meanwhile, other non-current liabilities increased by JOD 15 million.

Current liabilities grew by JOD 41.9 million, demonstrating a 12% rise. This was largely influenced by the increase in deferred revenues worth JOD 20.2 million and the increase in suppliers payables by JOD 8.9 million.

In addition, obligations under short-term lease contracts rose by JOD 6 million and short-term loans by JOD 5.8 million.



Analysis of Business Results

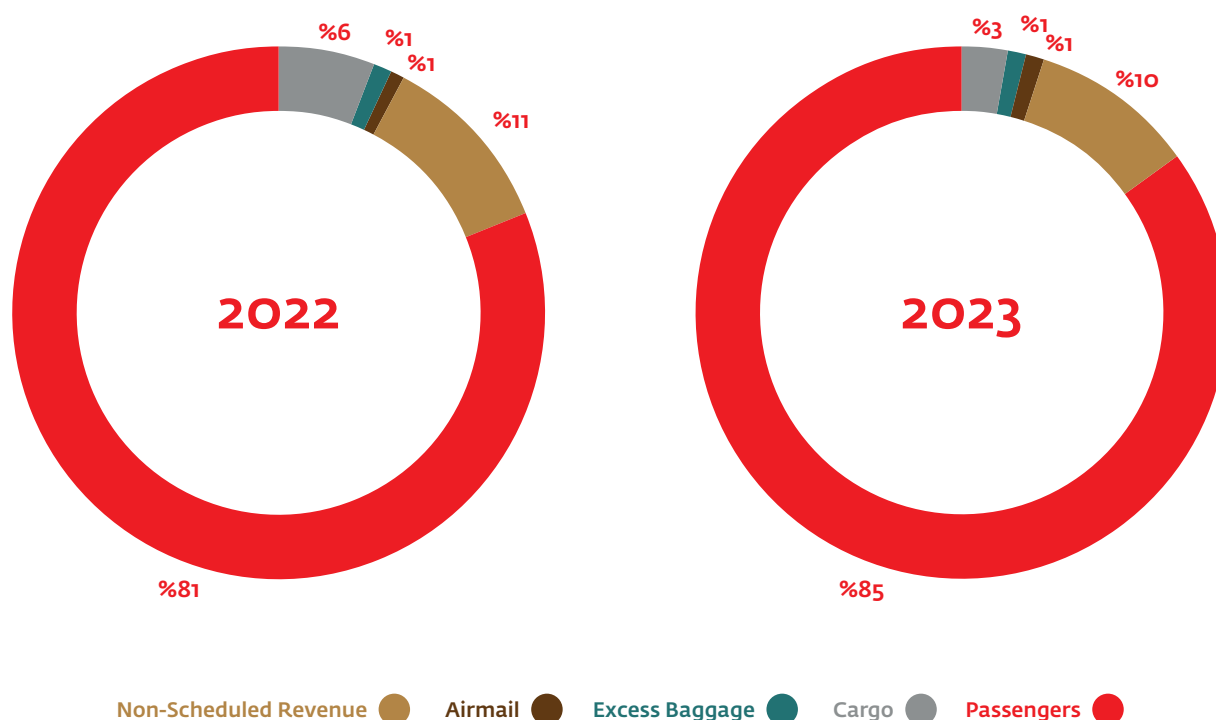
Revenues

Total revenues for the year 2023 amounted to JOD 733.3 million compared to JOD 612.8 million in 2022, representing a 20% increase.

The main reason for this growth was the rise in passenger revenues by JOD 127 million due to higher travel demand, up 18% compared to 2022. The increase was primarily from the USA, Europe and Levant, by approximately JOD 45.2 million, JOD 20.5 million and JOD 16.7 million, respectively.

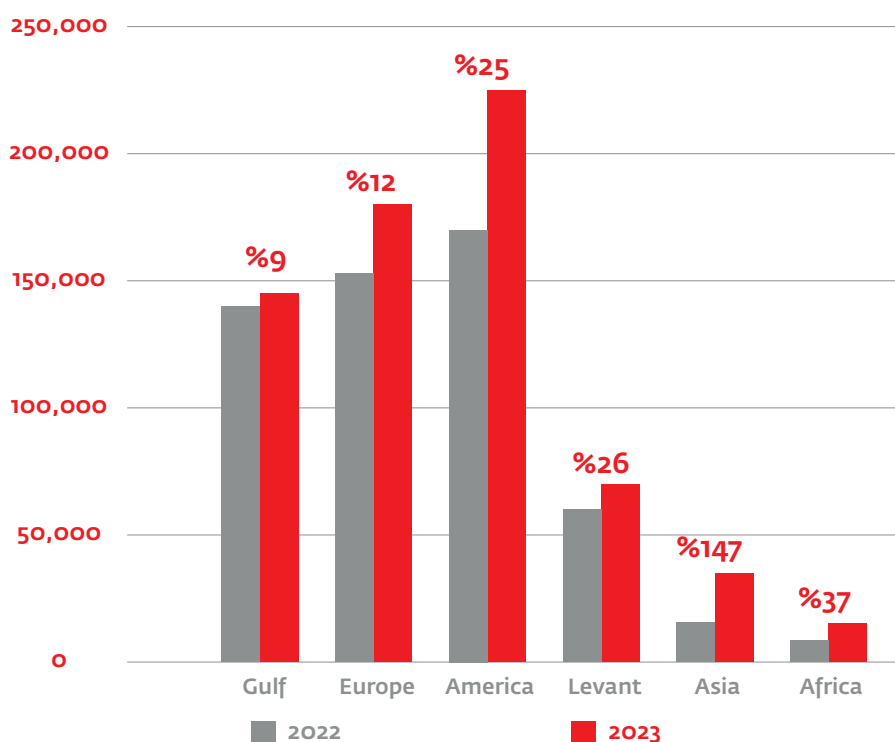
On the other hand, cargo revenues in 2023 amounted to JOD 23.8 million compared to JOD 36.2 million in 2022, noting a 34% decrease.

The figure below illustrates the distribution of revenue percentages for both 2023 and 2022:



The graph below illustrates the geographical distribution of revenues in 2023 and 2022:

% Change in Geographical Distribution between 2022-2023

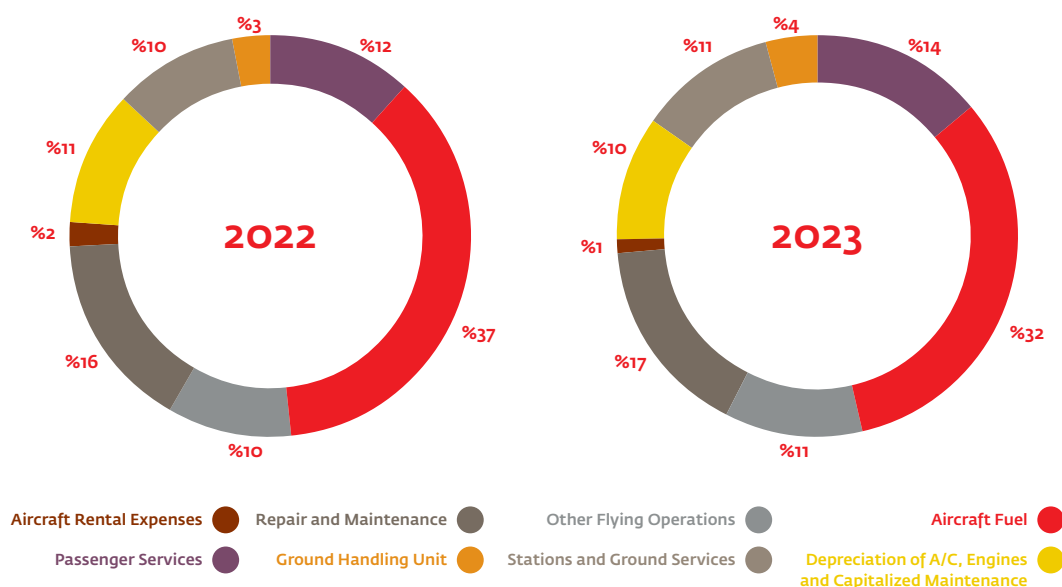


Cost of Revenues

Cost of revenues grew in 2023 by JOD 48.9 million, up 8% compared to 2022. This was driven by the following:

- Passenger service costs were up JOD 17.9 million, mainly due to the rise in the number of passengers by 543K, an 18% increase over last year.
- Station and ground service costs were up JOD 15.5 million, mainly due to the rise in landing and handling costs by JOD 5.6 million and JOD 8.5 million, respectively, as the number of departures rose by 14% and the total number of passengers increased by 18%.
- Repair and maintenance costs were up JOD 13.4 million, mainly due to the rise in flying hours by 14,761 hours, representing a 17% increase compared to 2022.

The figure below illustrates the distribution of the cost of revenue percentages for both 2023 and 2022:



Gross Profit and Net Operating Profit

Gross profit for the year 2023 amounted to JOD 67.4 million compared to a gross loss of JOD 4.1 million in 2022.

The primary reason for this was the increase in revenues for the current year, which outpaced the rise in revenue costs. This growth is mainly attributed to the surge in travel demand, coupled with the decline in aircraft fuel prices.

The company recorded a net operating profit of JOD 3.1 million in 2023 compared to a net operating loss of JOD 58 million in 2022, given that sales and marketing expenses increased by JOD 6.6 million, largely as a result of increased revenues.

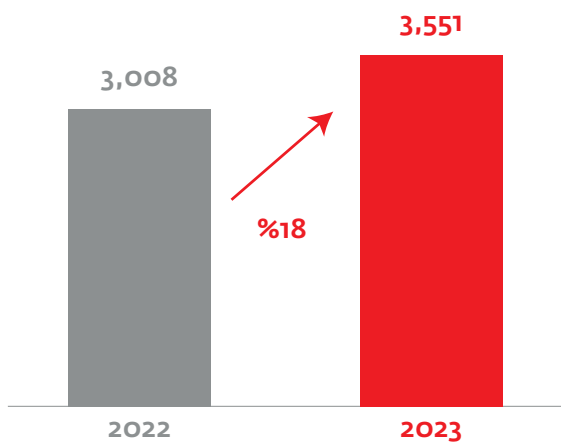
Net Loss

Net loss in 2023 amounted to JOD 8.7 million, marking a significant improvement from the JOD 78.9 million loss incurred in 2022. This can be primarily attributed to the uptick in passenger revenues and the decline in aircraft fuel prices compared to the previous year.

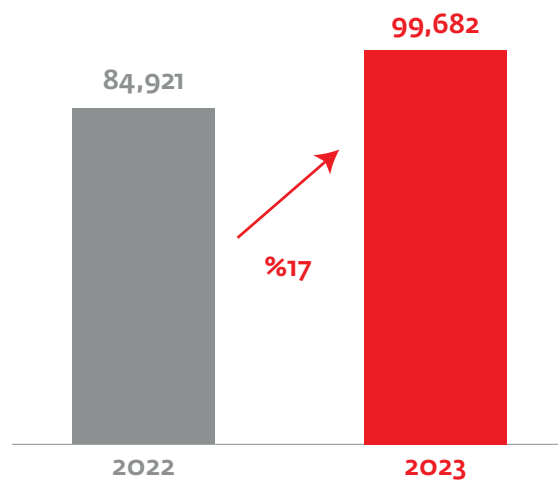
Financial and Operational KPIs for 2023

Operational KPIs

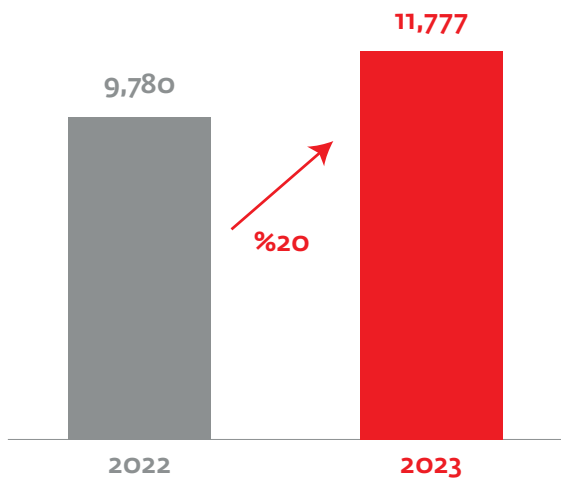
Number of Passengers ('000)



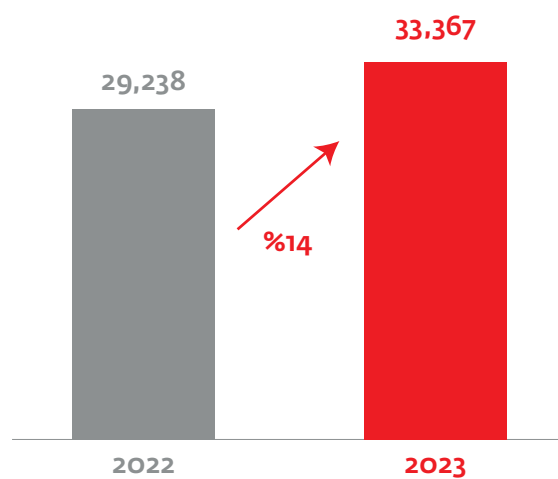
Flying Hours



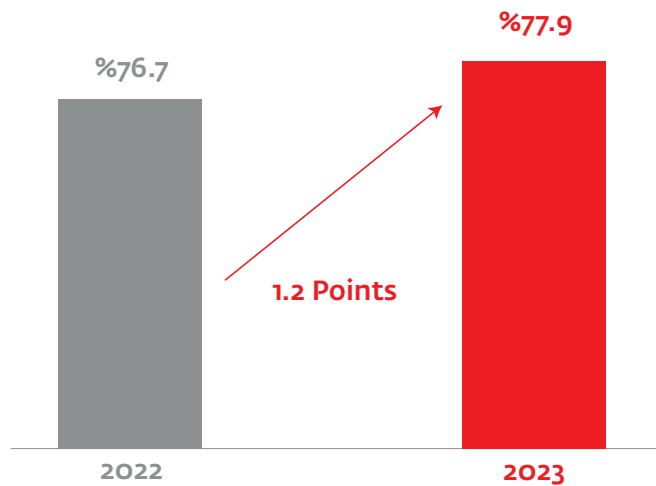
Available Seats Kilometers (ASK) ('000)



Departures



Seat Factor



Below is a summary of the key financial ratios and indicators for the years 2023 and 2022:

Financial Ratios	2023	2022	Variance %
Revenues	733,283	612,821	20%
Gross Profit (Loss)	67,430	(4,097)	1746%
Net Operating Profit (Loss)	3,109	(57,967)	105%
Net Loss	(8,693)	(78,860)	89%
Non - Current Assets	669,456	489,410	37%
Current Assets	223,631	232,382	(4)%
Net (Deficit in) Shareholders' Equity	110,286	(68,257)	262%
Paid in Capital	363,627	324,610	12%
Net Cash Flows from Operating Activities	118,105	61,031	94%
Return on Assets	(1.0)%	(10.9)%	(91)%
Current Ratio	58%	68%	(14)%
Debt to Total Assets Ratio	88%	109%	(20)%
Debt Ratio	80%	116%	(31)%
Share Price at End of Year (JOD)	0.37	0.19	95%
Earnings Per Share	(0.024)	(0.243)	(90)%
Number of Shares Paid and Subscribed at End of Year ('000)	363,627	324,610	12%

Audit Fees

The audit fees of RJ and its subsidiaries, inclusive of taxes in Jordanian Dinar for the year 2023, were as follows:

Subsidiaries	Amount JD
Royal Jordanian	81,200
Almashriq for Aviation Services (Tikram)	3,132
Royal Jordanian for Travel and Tourism (Royal Tours)	3,364
Jordan Airports Company (JAC)	6,000
Jordan Airline Training and Simulation (JATS)	4,000
Royal Wings (Under Liquidation)	1,700



Network and Fleet Future Plans

Network and Fleet Future Plans

RJ is developing its fleet and network through a new strategic plan spanning the next seven years to reach a total fleet size of 41 aircraft by 2028. Ongoing studies are also being prepared with diverse scenarios on how the aviation sector is recovering from the coronavirus pandemic and the direction the company must adopt to fortify its route network and alliances, leveraging modern technological systems and solutions. This concerted effort aims to bolster the competitiveness of RJ within the region, ultimately enhancing its performance over the medium and long term.

RJ has selected GTF Aviation Engines from Pratt & Whitney, the world's leading aircraft engine designer and manufacturer, to power 30 new aircraft as part of the company's fleet modernization plan for medium- and short-haul flights. The company has secured approval to operate up to 20 Airbus A320neo family aircraft and 10 Embraer E2 aircraft, as well as provide maintenance and technical support services for the engines through a comprehensive long-term agreement.

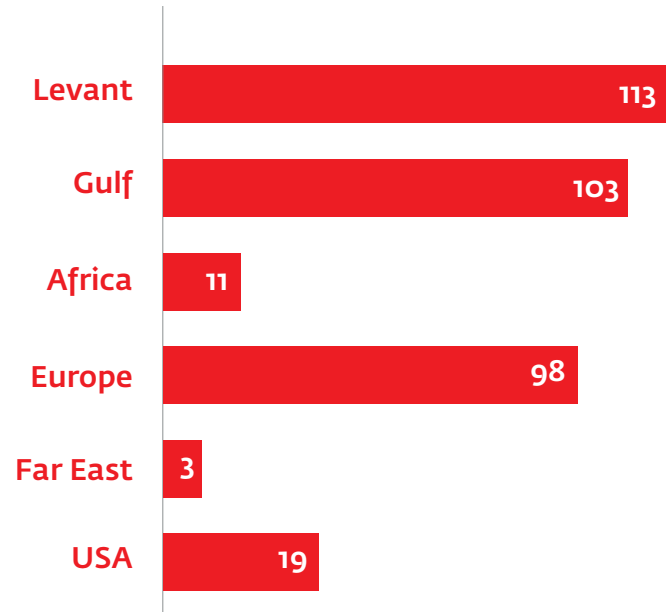
The company's policy is to review its network based on feasibility studies of operations that align with RJ's objectives to deliver top-notch services to passengers. These studies will be conducted periodically throughout the year. Accordingly, in 2024, operations will include Manchester, Stansted (London), Berlin, Alexandria, Benghazi, Tripoli and AlUla to enhance the network and profitability, contingent upon favorable operating conditions.



The new destinations - if all regulation requirements are met - are shown in green on the map below:



RJ is also following up on its plans to restore all its operations affected by the coronavirus pandemic, while adjusting the number of operational flights to currently serviced stations. In 2024, the company will extend its reach to seven new stations, thereby enhancing flight connectivity to and from Amman and aligning departure and arrival times to better accommodate transit passenger needs.



Throughout 2024, RJ will continue to serve most of its existing routes, operating a total of 347 weekly flights. This includes 98 flights to Europe, 103 to the Arabian Gulf, 113 to the Levant, 19-20 to North America, 3-4 to the Far East and 11 to North Africa.

RJ is steadfast in its efforts to introduce new aircraft as part of its policy of maintaining the efficiency and effectiveness of its fleet operations. This ongoing aircraft modernization initiative, combined with the maintenance of a young average fleet age, serves to reduce variable and fixed operating costs, as well as maintenance expenses. These measures not only lower operational overheads but also bolster the competitiveness of the company.

RJ remains committed to resuming flights to Damascus, Aleppo, Tripoli and Benghazi, pending improved security conditions in these cities.

Therefore, RJ fleet for 2024 will comprise the following aircraft:

	Our Fleet	Number of Aircraft
	Boeing B787	7
	Airbus A321	2
	Airbus A320	7
	Airbus A320 Economy	2
	Airbus A319	2
	Embraer EMJ 195	0
	Embraer EMJ 175	0
	Embraer E2-95	2
	Embraer E2-90	2
	Airbus A310 freighter aircraft	1
Total		25



Sustainability - Overview

Social Responsibility

RJ's activities and initiatives in sustainability and community service align with its operational priorities and position as Jordan's national carrier, making significant strides toward achieving several UN Sustainable Development Goals. Below are key contributions in this regard:

Renovating a Pubic School in Al Jizah

In line with its social responsibility programs, with a special focus on empowering youth, RJ rehabilitated and maintained Umm Qusseir Secondary School for Boys in Al Jizah near Queen Alia International Airport in cooperation with the Crown Prince Foundation. All facilities were renovated, and a multipurpose playground was established on the premises. Almost 400 students benefited from this project.

Collaboration with the Madrasati Initiative

RJ participated in Madrasati's career day; an initiative spearheaded by Her Majesty Queen Rania Al Abdullah. This event aimed to introduce female students at Princess Salma Secondary School for Girls to various careers within RJ that are forward-looking and in high demand. RJ colleagues, including a captain, flight attendant, engineer and marshaller, shared insights into their experiences and the nature of their work with the students.

Ongoing Support for King Hussein Cancer Foundation

In response to the third UN Sustainable Development Goal of promoting good health and wellbeing, RJ continued to support the King Hussein Cancer Foundation (KHCF) and King Hussein Cancer Center (KHCC) in their noble fight against the disease. This partnership reflects a shared dedication to advancing the humanitarian mission of KHCF and KHCC of delivering optimal care and treatment to patients.

King Hussein Cancer Foundation Honors RJ

Under the patronage of Her Majesty Queen Rania Al Abdullah, KHCF honored RJ during the Hope Gala fundraising event in the presence of HRH Prince Talal bin Muhammad and KHCF Chairperson HRH Princess Ghida Talal. This honor came in appreciation of RJ's unwavering support for KHCF programs and activities in the fight against cancer.

Donating Travel Miles

Royal Club members generously contributed by donating their miles to the KHCC to be used by patients and medical staff. In 2023, a total of 657,419 miles were collected.

Setting Up Donation Boxes for Cancer Patients

RJ provided passengers and employees with the opportunity to contribute to the fight against cancer through donations deposited in designated boxes located at RJ sales offices and the Crown Lounge at Queen Alia International Airport. These contributions pose the potential to help save the lives of many patients in need of treatment at KHCC. The total amount collected in the coin boxes reached JOD 48,000.

Contributing to Breast Cancer Awareness Month

RJ held an interactive awareness session at its head office, featuring a health educator from KHCC who emphasized the importance of early detection. Pink ribbon pins were distributed to the attendees to spread awareness about the cause. Moreover, employees had the chance to buy Pink October items from the Hope Shop booth, with proceeds supporting life-saving screening services for underprivileged women across Jordan.

Partnership with the Children's Museum Jordan

To acquaint Jordanian children with their national carrier, RJ renewed its partnership with the Children's Museum Jordan. This involved supporting the 'Up & Away Area' zone at the museum; a highly popular and visited area that offers children an exciting opportunity to learn in a fun and exciting way about aviation and the role of crew members.

Supporting Azem Program by Business Development Center

RJ supported the UNICEF-sponsored Azem Program by the Business Development Center (BDC), facilitating the graduation of 50 students as cabin crew members per specific RJ job criteria. The graduates completed a three-month skills training program, which included 'on-the-job' instruction. The company's commitment to developing the skills of young people and qualifying them to enter the labor market and aviation sector demonstrates its dedication to its social responsibility initiatives.

'Careers in Aviation' Program

RJ participated in the 'Careers in Aviation' program held in collaboration with Amideast Jordan and Boeing in partnership with the Ministry of Youth. The program provided intensive training to 54 talented individuals in English and digital and soft skills, equipping them with practical knowledge and industry-specific competencies essential for the aviation sector.

Employing University Students

RJ provided temporary employment opportunities to 37 students from public and private universities during the summer period. These students, with diverse academic backgrounds, were carefully selected to align with RJ staffing requirements. They received competitive salaries during peak season when the company required additional staff to help efficiently manage the increased number of passengers.

Empowering German Jordanian University Students

To empower Jordanian youth and support entrepreneurial endeavors, RJ and the German Jordanian University (GJU) signed a one-year Memorandum of Understanding (MoU). The agreement aims to train students in select majors, assist in the completion of their graduation projects and enable graduates to find job opportunities at RJ. Furthermore, the MoU supports GJU students and alumni with pioneering ideas to develop their entrepreneurial projects and transform them into real job opportunities.

Supporting Wasel for Awareness and Education

RJ extended its support to the Shabbek Wa Bader project by Wasel for Awareness and Education; a network catering to both public and private school students. The company contributed to four initiatives throughout the academic year, enabling students to acquire diverse skills and carry out joint initiatives to foster community engagement and break down societal barriers.

Supporting the University Education Fund

RJ continues to support the University Education Fund of the General Trade Union of Workers in Air Transportation and Tourism, which enables children of workers in the air transport sector who successfully passed the high school exam to benefit from 10 scholarships at Jordanian universities.

Women on the Frontlines Conference

RJ sponsored the Women on the Frontlines conference to empower females and encourage them to produce long-term outcomes that benefit the public good. The conference spotlighted the success stories of women and girls who contributed significantly to various fields. Captain Dima Saber was a key speaker at the event, sharing her experience as a female pilot.

Supporting the Jordan Basketball Federation

RJ has been the official carrier of the Jordan Basketball Federation, fostering its social role in supporting sports and enabling youth to represent Jordan. HRH Prince Feisal Bin Al-Hussein, President of the Jordan Olympic Committee, honored the company for its staunch support of national teams.

Jerash Festival for Culture and Arts

RJ has been sponsoring the Jerash Festival for Culture and Arts as the official carrier for participating Arab and international guests and delegations for 37 years. The company also facilitates the process of booking and issuing discounted tickets for festival participants, contributing to its overall success.

Charity Clothes Bank

Since 2014, RJ has been supporting the Charity Clothes Bank; a Jordan Hashemite Charity Organization initiative. The company has placed donation boxes at different company locations to allow staff to donate garments, shoes and toys to the beneficiaries. In 2023, 800kg of clothes were collected, sufficient to dress 200 individuals.

Environmental Responsibility

RJ is a leading airline in the Levant, dedicated to delivering the best service and travel experiences to esteemed passengers. As an airline, the company recognizes the significant impact of its operations on the environment and, thus, pledges to conduct business sustainably and responsibly to minimize its environmental footprint.

Mitigating environmental impact while also being an active contributor to the sustainable development of Jordan's economy is a strategic goal of RJ. As such, the company is committed to:

- Complying with all applicable environmental laws, rules, regulations and obligations through regular monitoring, measurement and reporting of its emissions and other actions that have an environmental impact.
- Reducing pollution and protecting the natural environment from the effects of both its domestic and international flight operations.
- Enhancing its Environmental Management System (EMS) and improving its environmental performance.
- Integrating environmental sustainability requirements into its business planning and strategy.

In pursuit of its commitments, RJ will continue its efforts to:

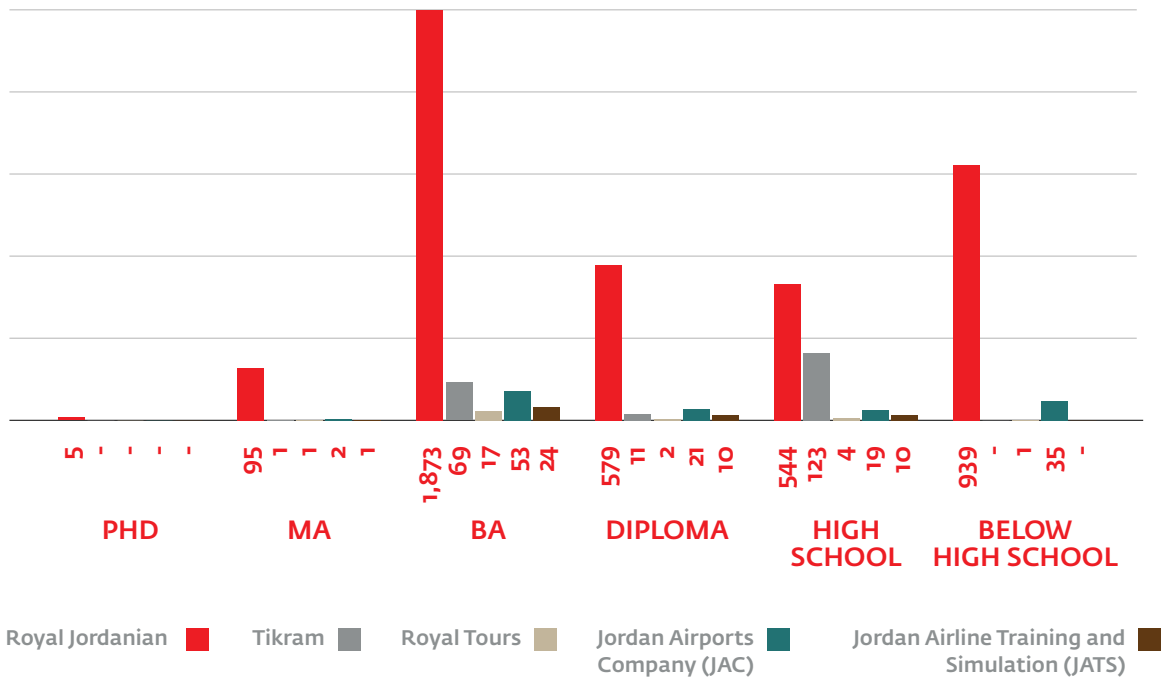
- Improve the use of resources (materials, processes, equipment and facilities).
- Modernize its fleet and enhance fuel efficiency.
- Manage and reduce energy consumption across the company.
- Minimize the generation of waste and noise.
- Limit the use of hazardous materials and the generation of hazardous waste.
- Recycle materials and promote the use of recycled products.
- Raise awareness and provide training to employees and stakeholders regarding its Environmental Policy.

RJ recognizes its commitment to sustainability is an ongoing journey and will continue to set ambitious targets and measure its progress. Since protecting the environment is a shared responsibility, the company communicates its Environmental Policy to its employees, suppliers, customers and other stakeholders. Demonstrating its leadership and commitment, RJ works collaboratively with them to achieve its global sustainability objectives.

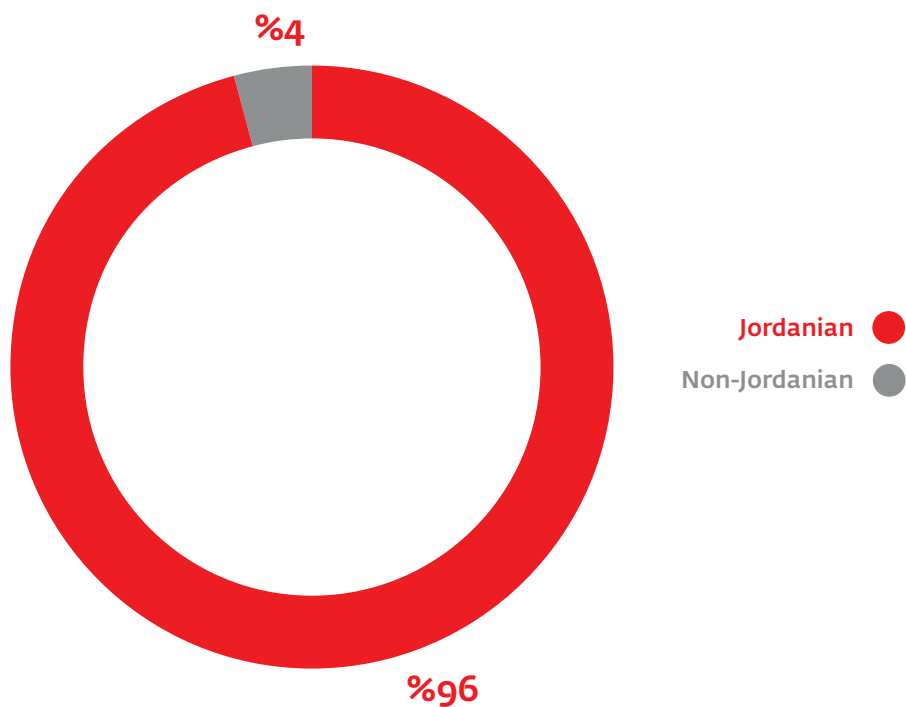
Human Resources

Number of employees and their educational qualifications

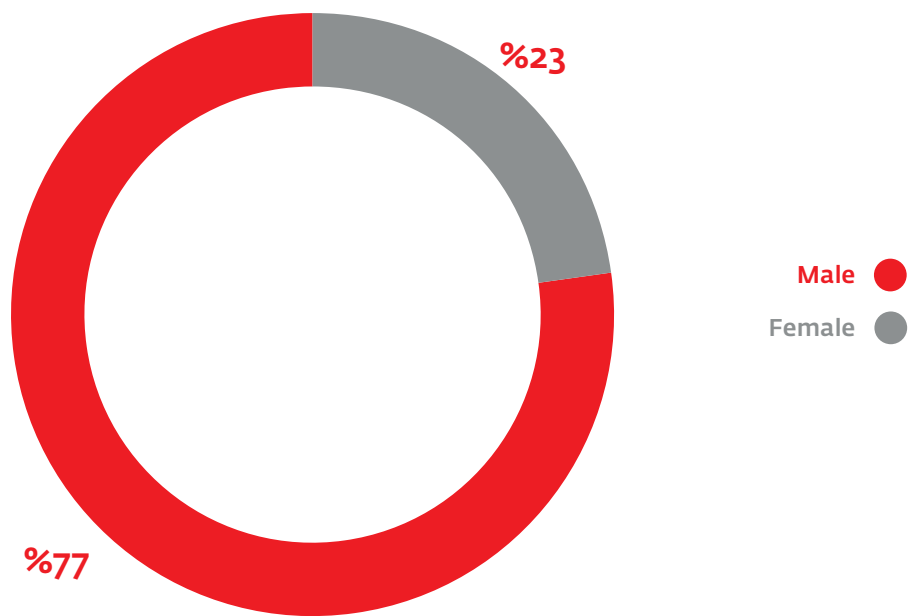
The following figure illustrates the number of employees across RJ and its subsidiaries and their educational qualifications as of the end of 2023:



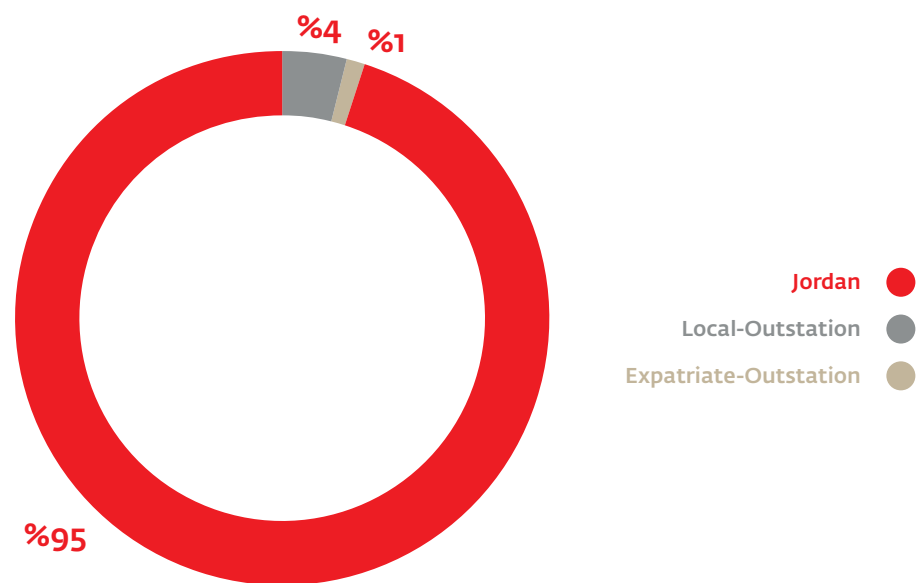
Total Number of Employees by Nationality



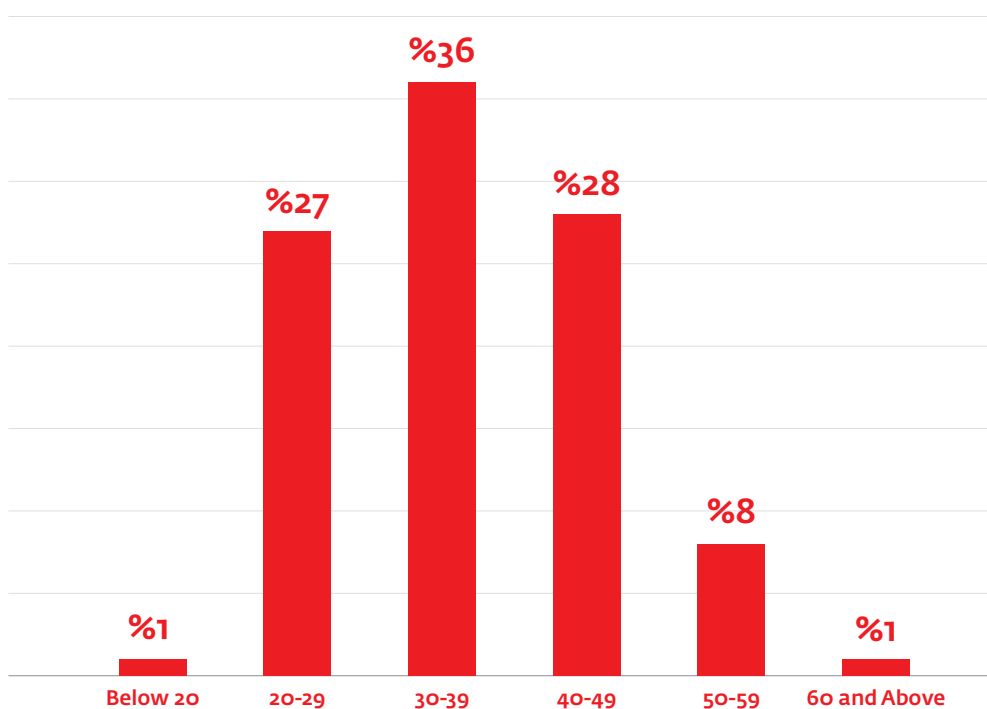
Total Number of Employees by Gender



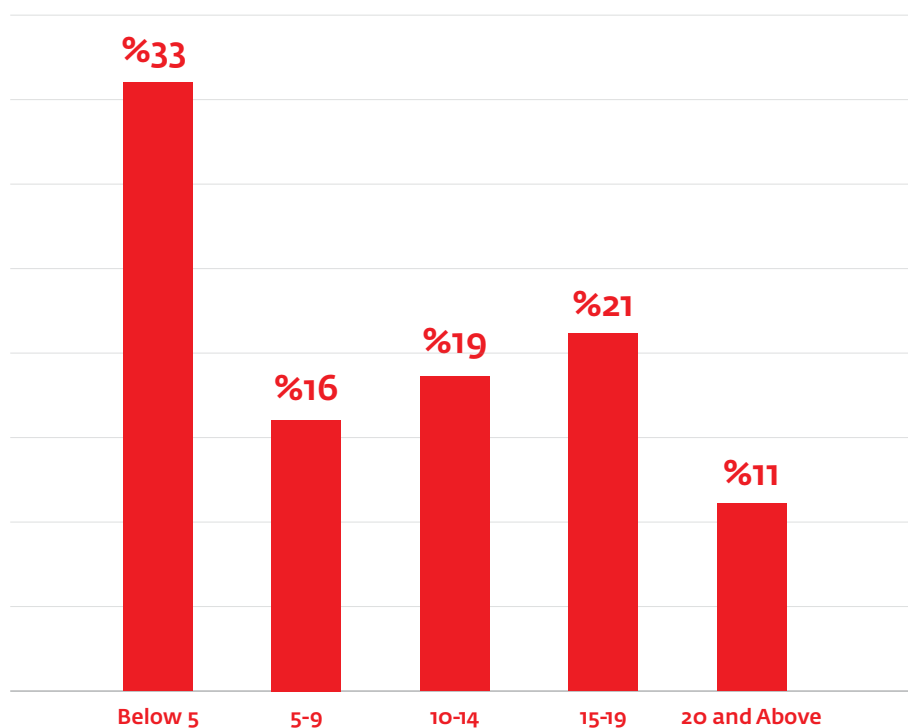
Total Number of Employees by Geographic Work Location



Total Number of Employees by Age Group



Total Number of Employees by Years of Experience



Training and Development

RJ firmly believes in the importance of providing the necessary opportunities and tools for its employees to develop and grow. Hence, the company is committed to providing training programs to support employees at every stage of their careers, encouraging them to expand their expertise, acquire new skills and chart paths for continual learning and development.

RJ is dedicated to delivering diverse training programs required by various aviation authorities. Frequent refresher courses are held for pilots, flight attendants and engineering and maintenance staff to elevate their competency levels and uphold safety and security standards for both passengers and aircraft.

In 2023, all employees benefited from comprehensive training and development programs, with an average learning duration of 14 hours per employee. Notably, 85% of the workforce completed mandatory and non-mandatory training programs.

Cumulatively, RJ provided 160,000 learning hours, engaging 11,580 employees across various departments. These programs encompassed administrative, technical and computer skills, as well as specialized courses in marketing, sales and passenger services.



**Consolidated financial statements
31 december 2023**



ALIA - THE ROYAL JORDANIAN AIRLINES COMPANY (ROYAL JORDANIAN)

A PUBLIC SHAREHOLDING COMPANY

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023



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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 2023, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting 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 2023, 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.

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 2023. 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 (24) to the consolidated financial statements	
Key Audit matter	How the key audit matter was addressed in the audit
<p>Passengers' and cargo revenues are reflected in the consolidated statement of financial position as deferred revenue and recognized as revenue in the consolidated income statement when the services are provided.</p> <p>We focus on revenue recognition because:</p> <ul style="list-style-type: none"> - 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 frequent flyer program, the Group provides a frequent flyer program in a form of free travel awards to its members on accumulated mileage earned from flights. A portion 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>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 fair value of the award credits.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> - Obtaining an understanding of management's process related to scoping and identifying the revenue streams. - 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. - 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.

2. Lease contracts

Refer to the note (19 - a) to the consolidated financial statements

Key Audit matter

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 (12 months or less) or the underlying asset has a low value.

We consider the application of IFRS (16) as a key audit matter due to the following:

- 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.
- 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.

How the key audit matter was addressed in the audit

Our procedures included:

- 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.
- 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 is 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.
- 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.

Other information Included in the Group's 2023 annual report

Other information consists of the information included in the Group's 2023 Annual Report other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2023 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Amman - Jordan
24 March 2024



ERNST & YOUNG
Amman - Jordan

Consolidated Statement of Financial Position
At 31 December 2023
(In Thousands of Jordanian Dinars)

	Notes	2023	2022
ASSETS			
Non-current assets			
Property and equipment	8	71,074	51,169
Investment properties	11	164,307	-
Right-of-use assets	19-a	339,809	371,377
Advances on purchase and modification of aircraft	9	9,715	3,697
Financial assets at fair value through other comprehensive income	10	2,087	2,087
Investments in associates	12	20,305	18,603
Restricted cash against lease contracts	19-b	42,289	30,155
Long-term loan granted to an associate	11	5,626	-
Deferred tax assets		12,322	12,322
		<u>667,534</u>	<u>489,410</u>
Current assets			
Other current assets	13	35,276	28,854
Spare parts and supplies	14	8,441	6,008
Current portion of long-term loan granted to an associate	11	1,922	-
Accounts receivable	15	40,803	36,212
Cash and bank balances	16	139,115	161,308
		<u>225,557</u>	<u>232,382</u>
Assets held for sale	33	79	103
TOTAL ASSETS		<u>893,170</u>	<u>721,895</u>
EQUITY AND LIABILITIES			
Shareholders' equity			
Paid-in capital	17	363,627	324,610
Share discount	17	(78,205)	(78,205)
Payments in respect of capital increase	17	-	70,000
Statutory reserve	17	-	14,808
Fair value reserve		133	133
Cash flow hedges		(61)	-
Accumulated losses		(195,178)	(399,965)
		<u>90,316</u>	<u>(68,619)</u>
Non-controlling interests		19,970	362
Surplus (deficit) in shareholders' equity		<u>110,286</u>	<u>(68,257)</u>
LIABILITIES			
Non-current liabilities			
Long-term loans	18-a	87,785	100,733
Long-term lease obligations	19-a	255,494	306,770
Long-term grants	18-b	2,558	4,874
Other long-term liabilities	20	54,230	36,912
		<u>400,067</u>	<u>449,289</u>
Current liabilities			
Current portion of long-term loans	18-a	25,082	19,262
Accrued expenses	21	90,199	89,762
Accounts payable and other current liabilities	22	86,947	78,007
Deferred revenues	23	106,441	86,199
Short-term lease obligations	19-a	70,548	64,594
Short-term grants	18-b	3,401	2,874
		<u>382,618</u>	<u>340,698</u>
Liabilities directly associated with the assets held for sale	33	199	165
Total liabilities		<u>782,884</u>	<u>790,152</u>
TOTAL EQUITY AND LIABILITIES		<u>893,170</u>	<u>721,895</u>

Consolidated Income Statement
For the Year Ended 31 December 2023
(In Thousands of Jordanian Dinars)

	Notes	2023	2022
Continuing Operations:			
Revenues from contracts with customers	24	733,283	612,821
Cost of revenues	25	(665,853)	(616,918)
Gross profit (loss)		67,430	(4,097)
General and administrative expenses	27	(15,517)	(11,644)
Selling and marketing expenses	28	(47,561)	(40,969)
Other provisions	14,15	(1,139)	(1,257)
Net operating profit (loss)		3,213	(57,967)
Group's share of profits of associates, net	12	5,118	2,992
Other income (expense), net	26	6,801	(29)
Loss on disposal of property and equipment		(157)	(435)
Provision for voluntary termination	30	(109)	(526)
Loss on foreign currency exchange	38	(1,447)	(1,235)
Finance costs	29	(29,649)	(26,028)
Interest income		7,601	3,923
Loss for the year from continuing operations before income tax		(8,629)	(79,305)
Income tax expense	32	(49)	-
Loss for the year from continuing operations		(8,678)	(79,305)
Discontinued operations:			
(Loss) profit for the year from discontinued operations after income tax	33	(15)	445
Loss for the year		(8,693)	(78,860)
Attributable to:			
Equity holders of the parent		(8,735)	(78,941)
Non-controlling interests		42	81
		(8,693)	(78,860)
Earnings per share			
Basic and diluted earnings per share attributable to equity holders of the parent	31	<u>JD (0,028)</u>	<u>(0,243) JD</u>

Consolidated Statement of Comprehensive Income
For the Year Ended 31 December 2023
(In Thousands of Jordanian Dinars)

	2023	2022
Loss for the year	(8,693)	(78,860)
Other comprehensive income items		
Other comprehensive income items that will be reclassified to profit or loss in subsequent periods (net of tax):		
Net loss on cash flow hedges	<u>(61)</u>	<u>(297)</u>
Total comprehensive income for the year	<u>(8,754)</u>	<u>(79,157)</u>
Attributable to:		
Equity holders of the parent	(8,796)	(79,238)
Non-controlling interests	<u>42</u>	<u>81</u>
	<u>(8,754)</u>	<u>(79,157)</u>

Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2023
(In Thousands of Jordanian Dinars)

	Attributable to equity holders' of the parent								Non-controlling interests	Total equity
	Paid-in capital	Share discount	Payments in respect of capital increase	Statutory reserve	Fair value reserve	Cash flow hedges	Accumulated losses	Total		
2023 -										
Balance as of 1 January	324,610	(78,205)	70,000	14,808	133	-	(399,965)	(68,619)	362	(68,257)
Loss for the year	-	-	-	-	-	-	(8,735)	(8,735)	42	(8,693)
Other comprehensive income items	-	-	-	-	-	(61)	-	(61)	-	(61)
Total comprehensive income for the year	-	-	-	-	-	(61)	(8,735)	(8,796)	42	(8,754)
Accumulated losses write off (Note 17)	(200,983)	-	-	(14,808)	-	-	215,791	-	-	-
Capital increase (Note 17)	240,000	-	(70,000)	-	-	-	-	170,000	-	170,000
Capital restructuring costs	-	-	-	-	-	-	(2,269)	(2,269)	-	(2,269)
Acquisition of subsidiaries (Note 11)	-	-	-	-	-	-	-	-	19,566	19,566
Balance as of 31 December	363,627	(78,205)	-	-	133	(61)	(195,178)	90,316	19,970	110,286
2022 -										
Balance as of 1 January	324,610	(78,205)	-	14,808	133	297	(321,024)	(59,381)	281	(59,100)
Loss for the year	-	-	-	-	-	-	(78,941)	(78,941)	81	(78,860)
Other comprehensive income items	-	-	-	-	-	(297)	-	(297)	-	(297)
Total comprehensive income for the year	-	-	-	-	-	(297)	(78,941)	(79,238)	81	(79,157)
Payments in respect of capital increase (Note 17)	-	-	70,000	-	-	-	-	70,000	-	70,000
Balance as of 31 December	324,610	(78,205)	70,000	14,808	133	-	(399,965)	(68,619)	362	(68,257)

Consolidated Statement of Cash Flows
For the Year Ended 31 December 2023
(In Thousands of Jordanian Dinars)

	Notes	2023	2022
OPERATING ACTIVITIES			
Loss for the year from continuing operations before income tax		(8,629)	(79,305)
Loss (profit) for the year from discontinued operations before income tax		(15)	445
		(8,644)	(78,860)
Adjustments:			
Depreciation of property and equipment	8	17,709	17,324
Depreciation of right-of-use assets	19-a	58,095	56,362
Share of profits of associate	12	(5,118)	(2,992)
Finance costs	29	29,649	26,028
Other income – amortization of grants	26	(3,183)	(2,769)
Gain on terminated lease contracts		-	(11)
Impairment loss on associates		-	800
Provision for expected credit losses	15	586	1,209
Provision for slow moving inventory	14	553	48
Loss from disposal of property and equipment		157	435
Provision for voluntary termination	30	109	526
Provision for end of service indemnity		121	48
Interest income		(7,601)	(3,923)
Legal cases provision		(3,000)	1,860
Working capital changes:			
Accounts receivable		(757)	(10,525)
Spare parts and supplies		(2,665)	(166)
Other current assets		(4,805)	(7,990)
Deferred revenues		19,732	30,939
Accounts payable and other current liabilities		7,385	14,429
Accrued expenses and other long-term liabilities		19,933	19,529
End of service indemnity payments	20	(83)	(74)
Voluntary termination payments		-	(627)
Legal cases payments		(68)	(569)
Net cash flows from operating activities		118,105	61,031
INVESTING ACTIVITIES			
Purchase of property and equipment	8	(12,645)	(9,174)
Proceeds from disposal of property and equipment		285	207
Interest income received		6,123	2,985
Change in restricted cash against lease contracts		(12,134)	(4,584)
Change in advances on purchase and modification of aircraft		(6,018)	-
Short-term deposits		18,073	(51,887)
Cash proceeds from acquisition of subsidiaries	11	3,817	-
Net cash flows used in investing activities		(2,499)	(62,453)
FINANCING ACTIVITIES			
Repayment of loans		(22,125)	(13,251)
Proceeds from loans		2,836	5,271
Capital increase costs		(2,269)	-
Advance payments in respect of capital increase	17	-	70,000
Payments of lease obligations	19-a	(92,165)	(61,638)
Interest paid		(5,984)	(5,238)
Net cash flows used in financing activities		(119,707)	(4,856)
Net decrease in cash and cash equivalents		(4,101)	(6,278)
Cash and cash equivalents at the beginning of the year		56,308	62,586
Cash and cash equivalents at the end of the year	16	52,207	56,308

(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 air-transport activities from and to the Kingdom and to carry out the handling for aircraft that land in and take off from the airports of the Kingdom.

The consolidated financial statements were authorized for issue by the Board of Directors in their meeting held on 20 March 2024.

(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 the 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.

(3) Fundamental Accounting Concepts

The Group's accumulated losses of JD 195,200 represents 54% of the Group's paid-in capital as of 31 December 2023. Also, the Group's current liabilities exceeded its current assets by JD 157,100 as of 31 December 2023. The Group's ability to continue depends on its ability to achieve operational and financial results in accordance with its business plan and to comply with the provisions of article (266) of the Jordanian Company's law no. (22) for the year 1997 and its amendments, which requires that the accumulated losses of a public shareholding company should not exceed 75% of its capital. otherwise, the Company shall be liquidated unless the General Assembly of the Company issues a decision on its extraordinary meeting to increase the Company's capital or to deal with the Company's losses.

The Company and its main shareholder, the Government Investment Management Company increased and restructured RJ's capital. The Council of Ministers resolved in their meeting no. (11944) held on 4 June 2023 that RJ acquires 90% of the capital of Jordan Airports Company through the issuance of new shares in RJ's capital in favor of the Government Investment Management Company. Capital increase procedures were completed during December 2023.

The General assembly resolved in their meeting held on 3 October 2023 to restructure RJ's capital. The restructuring plan is summarized as follows:

To write off the accumulated losses and the statutory reserve through the following:

- JD 14,8 million against the Company's statutory reserve.
- JD 201 million against the Company's paid-in capital.

Capital increase of JD 240 million shares (Par value of one Jordanian Dinar per share), through the following:

- Capitalization of payments in respect of capital increase of JD 70 million in favor of the Government Investment Company as authorized by the Prime Ministry of Jordan as per the resolution number (7056) which was resolved in their meeting held on 18 May 2022.
- Acquisition of 90% of the capital of Jordan Airports Company for JD 170 million through the issuance of new shares in RJ's capital in favor of the Government Investment Management Company.

Accordingly, paid-in capital became JD 364 million as of 31 December 2023 (note 17).

Moreover, the Company received a comfort letter on 8 June 2020 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.

(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 2023:

Company name	Ownership percentage		Country
	2023	2022	
Royal Tours for Travel and Tourism Company	80%	80%	Jordan
Al Mashriq for Aviation Services "Tikram"	100%	100%	Jordan
Royal Wings Company – under liquidation (Note 33)	100%	100%	Jordan
Jordan Airports Company (Note 11)	90%	-	Jordan
Jordan Airline Training and Simulator Company (Note 11)	100%	20%	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 or circumstances indicate that there are changes to one or more of the three elements of control.

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

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

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

Shareholders who have a significant influence over the Company

The Government of the Hashemite Kingdom of Jordan presented by Government Investment Management Company owns 95.32% from the Company's shares as at 31 December 2023 (31 December 2022: 86.23%).

(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 2022 except for the adoption of new amendments on the standards effective as of 1 January 2023 shown below:

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.

This standard is not applicable to 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 from 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 consolidated financial statements of 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 are effective from 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 consolidated financial statements of the Group.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The amendments are effective from 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 consolidated financial statements of the Group.

International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023. The Group is currently evaluating the impact of the amendments on the consolidated financial statements.

(6) USE OF ESTIMATES

The preparation of the consolidated financial statements requires 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, 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 customers segments that have similar loss patterns.

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

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

Provision for aircraft return conditions

The measurement of the provision for aircraft return conditions includes assumptions relating to expected costs, escalation rates, discount rates commensurate with the expected obligation maturity and long-term maintenance schedules. An estimate is therefore made at each reporting date to ensure that the provision corresponds to the present value of the expected costs to be borne by the 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 2023, the estimated liability for unredeemed points was approximately JD 9,793 (2022: JD 8,406).

Significant judgments and estimates related to the application of IFRS 16

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

Impairment of non-financial assets

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

(7) MATERIAL ACCOUNTING POLICIES

Business combinations and Goodwill

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

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

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.

Impairments 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 aircraft, aircraft engines and aircraft components	5 - 5.5
Machinery and equipment	10 - 15
Simulators	15
Computers	25
Furniture and fixtures	10
Vehicles	15 - 20
Buildings	2.5 - 10

	Period
Capitalized maintenance	24 - 120 months

The 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.

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.

Investment property

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

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

Right-of-use assets

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

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

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 USD annually). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

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

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

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

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

Restricted cash against lease contracts

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

Financial assets at fair value through other comprehensive income

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

Investments in associates

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

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

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

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

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

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

Spare parts and other supplies

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

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 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 (36) and (37).

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 (finance cost).

Revenue recognition

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

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

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

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

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

Maintenance and repair costs

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

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

Non-current assets held for sale and discontinued operations

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

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

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

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

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

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

(8) PROPERTY AND EQUIPMENT

2023 -	Aircraft	Spare engines	Capitalized maintenance on aircrafts' engines, and components	Aircrafts' main components	Machinery and equipment	Simulators	Computers	Furniture and fixtures	Vehicles	Land and buildings	Total
Cost:											
Balance as of 1 January	151,556	1,091	28,484	51,808	59,368	-	20,406	9,392	10,463	44,357	376,925
Additions	-	-	7,002	1,601	1,442	47	1,587	43	626	297	12,645
Disposals	-	-	(21,309)	(387)	(546)	-	(69)	(69)	(389)	(50)	(22,819)
Acquisition of a subsidiary – Jordan Airports Company (Note 11)	-	-	-	-	3,767	-	2,011	353	2,894	22,390	31,415
Acquisition of a subsidiary – Jordan Airline Training and Simulator Company (Note 11)	-	-	-	-	2,649	-	-	243	130	3,677	6,699
Transferred from right of use assets – Jordan Airline Training and Simulator (Note 19-a)	-	-	-	-	-	4,648	-	-	-	-	4,648
Balance as of 31 December	151,556	1,091	14,177	53,022	66,680	4,695	23,935	9,962	13,724	70,671	409,513
Accumulated depreciation:											
Balance as of 1 January	147,854	928	18,254	47,420	52,995	-	18,915	9,125	10,122	20,143	325,756
Depreciation expense for the year	3,003	-	6,995	1,754	2,573	369	606	106	156	2,147	17,709
Disposals	-	-	(21,299)	(36)	(508)	-	(69)	(67)	(388)	(10)	(22,377)
Acquisition of a subsidiary – Jordan Airports Company (Note 11)	-	-	-	-	2,602	-	1,756	332	2,316	6,258	13,264
Acquisition of a subsidiary – Jordan Airline Training and Simulator Company (Note 11)	-	-	-	-	1,556	-	-	223	113	1,326	3,218
Transferred from right of use assets – Jordan Airline Training and Simulator (Note 19-a)	-	-	-	-	-	869	-	-	-	-	869
Balance as of 31 December	150,857	928	3,950	49,138	59,218	1,238	21,208	9,719	12,319	29,864	338,439
Net book value as of 31 December	699	163	10,227	3,884	7,462	3,457	2,727	243	1,405	40,807	71,074

2022 -	Capitalized										Land and buildings	Total
	Aircraft	Spare engines	Capitalized maintenance on aircrafts' engines, and components	Aircrafts' main components	Machinery and equipment	Simulators	Computers	Furniture and fixtures	Vehicles			
Cost:												
Balance as of 1 January	156,057	1,091	49,501	51,198	59,144	-	20,189	9,444	10,499	44,357	401,480	
Additions	-	-	7,083	768	878	-	381	39	25	-	9,174	
Disposals	(503)	-	(22,627)	(158)	(654)	-	(164)	(91)	(61)	-	(24,258)	
Disposal of assets classified as held for sale (note 33)	(3,998)	-	(5,473)	-	-	-	-	-	-	-	(9,471)	
Balance as of 31 December	151,556	1,091	28,484	51,808	59,368	-	20,406	9,392	10,463	44,357	376,925	
Accumulated depreciation:												
Balance as of 1 January	146,127	928	40,815	46,957	50,759	-	18,655	9,002	10,018	18,258	341,519	
Depreciation expense for the year	5,725	-	5,475	550	2,886	-	424	214	165	1,885	17,324	
Disposals	-	-	(22,563)	(87)	(650)	-	(164)	(91)	(61)	-	(23,616)	
Disposal of assets classified as held for sale (note 33)	(3,998)	-	(5,473)	-	-	-	-	-	-	-	(9,471)	
Balance as of 31 December	147,854	928	18,254	47,420	52,995	-	18,915	9,125	10,122	20,143	325,756	
Net book value as of 31 December	3,702	163	10,230	4,388	6,373	-	1,491	267	341	24,214	51,169	

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

	2023	2022
Cost of revenues (note 25)	15,589	15,543
General and administrative expenses (note 27)	1,898	1,615
Selling and marketing expenses (note 28)	222	166
	<u>17,709</u>	<u>17,324</u>

(9) ADVANCES ON PURCHASE AND MODIFICATION OF AIRCRAFT

	2023	2022
Advances for the purchase of Boeing 787 aircraft	9,236	3,218
Advances for the purchase of Embraer 195 aircraft	479	479
	<u>9,715</u>	<u>3,697</u>

(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.

	2023	2022
Royal Jordanian Air Academy	1,748	1,748
SITA depositary certificates	317	317
Others	22	22
	<u>2,087</u>	<u>2,087</u>

(11) ACQUISITION OF SUBSIDIARIES

A. Jordan Airports Company

On 11 December 2023, the Government Investment Management Company approved the transfer of 90% of the shares of Jordan Airports Company to Royal Jordanian through the issuance of new shares in favor of the Government Investment Management Company. The ownership transfer procedures were completed on 27 December 2023. Accordingly, the Group became the owner of 90% of Jordan Airports Company shares and thus, the investment was classified as an investment in a subsidiary.

Since both companies are under the joint control of the Government Investment Management Company on the date of the transfer of ownership, the requirements of IFRS 3 did not apply to this transaction. Therefore, the Company recorded the assets acquired and the liabilities assumed at their net book value at the date of transfer.

The book value of the assets and liabilities of Jordan Airports Company as of the date of acquisition are as follows:

	2023 JD
Assets	
Non-current assets	
Property and equipment	18,151
Investment properties *	164,307
Long-term granted loan	<u>5,626</u>
	<u>188,084</u>
Current assets	
Accounts receivable	31
Other debit balances	2,791
Short-term granted loan	1,922
Cash and bank balances	6,523
Due from related parties	<u>87</u>
	<u>11,354</u>
Total Assets	<u>199,438</u>
Liabilities	
Non-current liabilities	
Long-term loan	<u>5,626</u>
Current liabilities	
Current portion of long-term loan	1,922
Accounts payable and other credit balances	1,814
Deferred revenues	<u>510</u>
Total liabilities	<u>9,872</u>
Total equity	<u>189,566</u>
Cash flow on acquisition:	
Net cash acquired with the subsidiary	6,523
Cash paid	<u>-</u>
Net cash received	<u>6,523</u>

* Investment properties include buildings and plots of land around Queen Alia International Airport valued at JD 83,870 and buildings and plots of land at Amman International Airport valued at JD 80,437 as of the acquisition date.

B. Jordan Airline Training and Simulator Company

During April 2023, the Company signed an agreement to acquire the remaining 80% of the shares of its associate Jordan Airline Training and Simulator Company, a limited liability Company for USD 5,400,000 which is equivalent to JD 3,829. Accordingly, RJ became the sole owner of the whole shares of Jordan Airline Training and Simulator Company. Accordingly, the investment was classified as an investment in a subsidiary.

The fair value of the identifiable assets and liabilities of Jordan Airline Training and Simulator Company as of the date of acquisition are as follows:

	Fair Value *	Carrying value
ASSETS		
Property and equipment	3,481	3,100
Right-of-use assets	4,480	6,200
Accounts receivable	451	451
Cash and bank balances	<u>200</u>	<u>200</u>
TOTAL ASSETS	<u>8,612</u>	<u>9,951</u>
LIABILITIES		
Loans	2,388	2,388
Lease obligation	1,380	1,380
Accounts payable and other current liabilities	<u>597</u>	<u>597</u>
TOTAL LIABILITIES	<u>4,365</u>	<u>4,365</u>
Net assets acquired	<u>4,247</u>	<u>5,586</u>
Goodwill resulted from acquisition (note 13)	<u>392</u>	

The investment in JATS held by the Company directly before achieving control was remeasured at the acquisition date at fair value and, accordingly, a loss of JD 64 was recognized in the consolidated income statement.

* The initial accounting for this business combination was determined provisionally, as the fair values to be assigned to the acquirees' identifiable assets and liabilities could be determined only provisionally by the end of the period in which the combination was affected. The Group will recognize any adjustment to those provisional values as a result of completing the initial accounting within twelve months from the date of acquisition.

Cash flow on acquisition:

	2023
Net cash acquired with the subsidiary	200
Cash paid	<u>(2,906)</u>
Net cash paid	<u>(2,706)</u>

(12) INVESTMENTS IN ASSOCIATES

	Country of incorporation	Ownership		Balance	
		2023	2022	2023	2022
Jordan Flight Catering Company Ltd.	Jordan	30%	30%	4,355	4,300
Jordan Aircraft Maintenance Company (Joramco)	Jordan	20%	20%	15,950	12,426
Jordan Airline Training and Simulator Company (JATS) (Note 11)	Jordan	20%	20%	-	1,877
				<u>20,305</u>	<u>18,603</u>

Movement on investments in associates was as follows:

	2023	2022
Balance as at 1 January	18,603	17,482
Group's share of profits for the year	5,118	2,992
Impairment loss – Jordan Airline Training and Simulator Company (JATS)	-	(800)
Acquisition of a subsidiary – Jordan Airline Training and Simulator Company (JATS)	(1,843)	-
Dividends received	(1,573)	(1,071)
Balance as at 31 December	<u>20,305</u>	<u>18,603</u>

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

	Jordan Flight Catering Company Ltd.		Jordan Aircraft Maintenance Company (Joramco)		Jordan Airline Training and Simulator Company (JATS)		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Statement of financial position								
Current assets	7,929	7,865	64,766	45,546	-	1,663	72,695	55,074
Non-current assets	3,188	3,601	24,867	29,374	-	7,694	28,055	40,669
Current liabilities	(5,409)	(5,658)	(23,258)	(19,343)	-	(1,438)	(28,667)	(26,439)
Non-current liabilities	(2,905)	(3,185)	(13,635)	(18,905)	-	(4,615)	(16,540)	(26,705)
Net assets	<u>2,803</u>	<u>2,623</u>	<u>52,740</u>	<u>36,672</u>	<u>-</u>	<u>3,304</u>	<u>55,543</u>	<u>42,599</u>
Group's ownership percentage	<u>30%</u>	<u>30%</u>	<u>20%</u>	<u>20%</u>	<u>20%</u>	<u>20%</u>		
Investment in associates	<u>841</u>	<u>787</u>	<u>10,548</u>	<u>7,334</u>	<u>-</u>	<u>661</u>	<u>11,389</u>	<u>8,782</u>

	Jordan Flight Catering Company Ltd.		Jordan Aircraft Maintenance Company (Joramco)		Jordan Airline Training and Simulator Company (JATS)		Total	
	2023	2022	2023	2022	2023 *	2022	2023	2022
Income statement								
Revenues	22,989	18,269	103,394	78,172	886	2,178	127,269	98,619
Cost of revenues	(16,788)	(13,201)	(61,952)	(48,863)	(630)	(1,259)	(79,370)	(63,323)
Other income and expenses	(768)	(755)	(23,820)	(20,332)	(419)	(1,391)	(25,007)	(22,478)
Profit (loss) before income tax	5,433	4,313	17,622	8,977	(163)	(472)	22,892	12,818
Income tax	(8)	(9)	-	-	-	-	(8)	(9)
Profit (loss) for the year	<u>5,425</u>	<u>4,304</u>	<u>17,622</u>	<u>8,977</u>	<u>(163)</u>	<u>(472)</u>	<u>22,884</u>	<u>12,809</u>
Group's Share of profits (losses) for the year	<u>1,628</u>	<u>1,291</u>	<u>3,523</u>	<u>1,795</u>	<u>(33)</u>	<u>(94)</u>	<u>5,118</u>	<u>2,992</u>

* These amounts represent the statement of comprehensive income of Jordan Airline Training and Simulator Company for the first four months of the year 2023 prior to the date the acquisition of JATS shares (note 11).

As of 31 December 2023, the associate Companies have contingent liabilities of JD 964 (2022: JD 711) in respect of guarantees and letter of credits.

(13) OTHER CURRENT ASSETS

	2023	2022
Receivables from lessors - maintenance claims	9,537	10,164
Advances to suppliers	8,082	5,619
Accrued revenues	5,562	4,848
Refundable deposits	4,335	3,990
Prepaid expenses	2,582	2,808
Credit notes from aircraft manufacturers	2,045	-
Goodwill	392	-
Employees' receivables	146	269
Financial derivatives (note 37)	61	-
Others	<u>2,534</u>	<u>1,156</u>
	<u>35,276</u>	<u>28,854</u>

(14) SPARE PARTS AND SUPPLIES

	2023	2022
Spare parts and supplies	19,627	16,641
Provision for slow moving inventory	<u>(11,186)</u>	<u>(10,633)</u>
	<u>8,441</u>	<u>6,008</u>

Movement on provision for slow moving inventory was as follows:

	2023	2022
Balance as at 1 January	10,633	10,585
Provision for the year	<u>553</u>	<u>48</u>
Balance as at 31 December	<u>11,186</u>	<u>10,633</u>

(15) ACCOUNTS RECEIVABLE

	2023	2022
Accounts receivable	56,759	50,996
Provision for expected credit losses	<u>(15,956)</u>	<u>(14,784)</u>
	<u>40,803</u>	<u>36,212</u>

Movement on provision for expected credit losses was as follows:

	2023	2022
Balance as at 1 January	14,784	16,861
Provision for the year	586	1,209
Reversal of provision during the year	(233)	-
Assets held for sale	-	(3,286)
Acquisition of subsidiaries	<u>819</u>	<u>-</u>
Balance as at 31 December	<u>15,956</u>	<u>14,784</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	
2023	5,249	18,148	5,795	3,579	4,442	3,590	40,803
2022	1,270	18,162	1,255	2,125	6,168	7,232	36,212

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.

(16) CASH AND BANK BALANCES

	2023	2022
Cash and bank balances	38,680	25,804
Short-term deposits *	1,080	13,667
Cash in transit **	<u>12,368</u>	<u>16,777</u>
Cash and cash equivalents	52,128	56,248
Short-term deposits mature after 3 months ***	<u>86,987</u>	<u>105,060</u>
Total cash and bank balances	<u>139,115</u>	<u>161,308</u>

* This item represents deposits in Jordanian Dinars in Jordanian Banks as of 31 December 2023 with an interest rate of 6,1% (2022: 4% - 5,63%) 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 2024.

*** This item represents deposit in Banks in Jordanian Dinar of JD 86,192 with an interest rate ranging between 6,05% and 6,75%, in addition to a deposit of 150,000 thousand Algerian Dinar equivalent to JD 795 with an interest rate of 3,18% as of 31 December 2023 and are due after more than three months. (31 December 2022: 104,811 Jordanian Dinar with an average interest rate ranging between 3,23 % and 5,6%, in addition to Libyan Dinar equivalent to JD 249 and are due after more than three months).

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

	2023	2022
Cash and cash equivalents	52,128	56,248
Add: discontinued operations (Note 33)	<u>79</u>	<u>60</u>
	<u>52,207</u>	<u>56,308</u>

(17) SHAREHOLDERS' EQUITY

Paid-in capital	2023	2022
Authorized capital (Par value of one Jordanian Dinar per share)	<u>363,627</u>	<u>324,610</u>
Paid-in capital	<u>363,627</u>	<u>324,610</u>

The General assembly resolved in their meeting held on 3 October 2023 to restructure RJ's capital. The restructuring plan is summarized as follows:

To write off the accumulated losses and the statutory reserve through the following:

- JD 14,8 million against the Company's statutory reserve.
- JD 201 million against the Company's paid-in capital.

Capital increase of JD 240 million shares (Par value of one Jordanian Dinar per share), through the following:

- Capitalization of payments in respect of capital increase of JD 70 million as authorized by the Prime Ministry of Jordan as per the resolution number (7056) which was resolved in their meeting held on 18 May 2022.
- Acquisition of 90% of the capital of Jordan Airports Company for JD 170 million through the issuance of new shares in RJ's capital in favor of the Government Investment Management Company.

Accordingly, paid-in capital became JD 364 million as of 31 December 2023 (note 17).

Share discount

Share discount amounted to JD 78,2 million as at 31 December 2023 and 31 December 2022. 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 18 May 2022, the Prime Ministry of Jordan resolved in its resolution number (7056) to authorize the Ministry of Finance to proceed with further procedures to increase the Company's capital by JD 70 million over two phases. An amount of JD 35 million was received during May 2023 and the remaining amount was received during August 2023. Capital increase procedures were completed on 27 December 2023.

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. The entire balance of the statutory reserve was written-off against the Company's accumulated losses and the procedures were completed on 28 November 2023.

(18) BANK LOANS AND GOVERNMENT GRANTS

(18 - a) Bank Loans

	2023		2022	
	Loans' Installments		Loans' Installments	
	Short-term	Long-term	Short-term	Long-term
Syndicated loan	16,681	23,632	16,682	40,313
Capital Bank loan	-	45,146	-	44,282
Social Security-"Himaya" program	5,626	10,946	3,115	16,183
Jordan Airline Training and Simulator Company – Arab Bank	708	2,128	-	-
Jordan Airline Training and Simulator Company – Ahli Bank	289	307	-	-
Rawabi Jordan Investment Company (a subsidiary of Jordan Airports Company) – Jordan Kuwait Bank	1,922	5,626	-	-
Less: directly attributable transaction costs	(144)	-	(535)	(45)
	<u>25,082</u>	<u>87,785</u>	<u>19,262</u>	<u>100,733</u>

Syndicated loan

On 20 December 2015, the Company signed a syndicated loan agreement amounted to USD 275 million which is equivalent to JD 195,000. 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 cash flows 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 30 September 2020 on a proportional basis.

On 1 April 2021, the Company 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 30 June 2021 on a proportional basis. During July 2021, the Company 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 30 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.

On 8 August 2022, the Company signed fifth amendment letter in which the Company was granted a grace period for the installments from June to November 2022 in return of extending the loan installment until 2026. The loan agreement contains loan covenants which require the Company to meet certain financial ratios. 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. In April 2022, the Company signed an amendment letter, whereas the Company is not required to meet the financial ratios until 31 December 2023. In April 2023, the Company signed an amendment letter, whereas the Company is not required to meet the financial ratios until 31 December 2024.

On 13 June 2023 the Company signed an amendment to the agreement, whereby the interest calculation was modified from the lending rate in the London markets (SOFR) to risk-free interest rates (one-month CME Term SOFR).

According to the loan agreement, the Company is obliged to transfer the proceeds from its sales from travel agents in 21 stations that are collected through IATA to the Company's account at Al-Mashreq Bank - UAE as a collateral.

Capital Bank loan

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 2023 and 31 December 2022. On 9 April 2023, the Company signed an amendment agreement whereby the loan will be repaid in one payment on 13 July 2025, at an interest rate of 2.5% starting from 13 July 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 18 - b).

Social Security - "Himaya" program

The Company implemented Defense Order No. (14) and No. (24) "Himaya" program and its related announcements 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 salaries and January 2021 through June 2022 salaries. The Social Security Corporation contributed 40% of employees' salaries with a ceiling ranging between JD 500 and JD 1,000 per employee per month.

The loan is repayable through 43 installments starting from June 2023. 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 2026. If the loan was not settled by December 2026, the Company will bear an annual interest according to the social security law and its related regulations.

Jordan Airline Training and Simulator Company – Arab Bank

On 30 July 2023, Jordan Airline Training and Simulator Company signed a loan agreement with Arab Bank amounting to USD 4 million which is equivalent to JD 2,836. The loan bears an annual interest rate of one-month Term SORF plus 2.5%. The loan is repayable in 48 monthly instalments amounting to JD 59 (USD 83,300) except for the last settlement amounting to JD 60 (USD 84,900). The first installment was due during February 2024.

Jordan Airline Training and Simulator Company - Ahli Bank

On 1 January 2017, Jordan Airline Training and Simulator Company signed a loan agreement with Ahli Bank amounting to JD 1.5 million. The loan bears an annual interest of 4.5%. The loan is repayable in 114 monthly instalments amounting to JD 13 per each.

On 6 July 2021, JATS signed an amendment for the loan adjusting the monthly payments to JD 18. In addition, the interest rate has been modified to become 4%. The loan is repayable in 52 monthly instalments starting from 1 January 2023.

Rawabi Jordan Investment Company (A subsidiary of Jordan Airports Company) – Jordan Kuwait Bank

Rawabi Jordan Investment Company (a subsidiary of Jordan Airports Company) obtained a loan of JD 13,475 (USD 19 million) at an annual interest rate of 8% from Jordan Kuwait Bank, with the full loan installments and accrued interest to be paid by the Jordan Aircraft Maintenance Company.

On 1 March 2023, Rawabi Jordan Investment Company amended the loan agreement and increased the interest rate to be 9,2%.

Principal instalments payable during the year 2024 and after are as follows:

Year	JD
2024	25,226
2025	69,450
2026	13,905
2027	1,614
2028 and after	<u>2,816</u>
	<u>113,011</u>

(18 - b) Government Grants

	Capital Bank's loan	2023 Related to Social security "Himaya" program's loan	Total	Capital Bank's loan	2022 Related to Social security "Himaya" program's loan	Total
Balance as at 1 January	5,719	2,029	7,748	3,692	3,230	6,922
Recognized during the year	1,468	(74)	1,394	3,965	(370)	3,595
Released to the consolidated income statement (note 26)	<u>(2,335)</u>	<u>(848)</u>	<u>(3,183)</u>	<u>(1,938)</u>	<u>(831)</u>	<u>(2,769)</u>
Balance as at 31 December	<u>4,852</u>	<u>1,107</u>	<u>5,959</u>	<u>5,719</u>	<u>2,029</u>	<u>7,748</u>
Non-current	2,082	476	2,558	3,692	1,182	4,874
Current	<u>2,770</u>	<u>631</u>	<u>3,401</u>	<u>2,027</u>	<u>847</u>	<u>2,874</u>
	<u>4,852</u>	<u>1,107</u>	<u>5,959</u>	<u>5,719</u>	<u>2,029</u>	<u>7,748</u>

(19) Leases

(19 – a) Right-of-use assets and lease obligations

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

Lease terms are as follows:

	Years
Aircraft	3 - 12
Aircraft's engines	8
Offices rent	2 - 13
Buildings	8

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 2023 and 2022:

	Right-of-use assets					Lease obligations*
	Aircraft	Aircraft's engines	Flight simulation equipment	Offices	Total	
2023 -						
At 1 January	323,312	31,967	-	16,098	371,377	371,364
Additions	23,287	-	-	7,041	30,328	30,328
Lease-term modifications	(4,480)	-	-	(22)	(4,502)	(4,502)
Acquisition of a subsidiary (note 11)	-	-	4,480	-	4,480	1,380
Transferred to property and equipment - Jordan Airline Training and Simulator Company (note 8)	-	-	(3,779)	-	(3,779)	-
Depreciation	(51,937)	(2,601)	(66)	(3,491)	(58,095)	-
Finance costs (note 29)	-	-	-	-	-	19,637
Payments	-	-	-	-	-	(92,165)
At 31 December	<u>290,182</u>	<u>29,366</u>	<u>635</u>	<u>19,626</u>	<u>339,809</u>	<u>326,042</u>
2022 -						
At 1 January	367,898	34,566	-	18,469	420,933	408,885
Additions	5,200	-	-	1,421	6,621	6,621
Lease-term modifications	513	-	-	-	513	513
Terminated contracts	-	-	-	(328)	(328)	(339)
Depreciation	(50,299)	(2,599)	-	(3,464)	(56,362)	-
Finance costs (note 29)	-	-	-	-	-	17,322
Payments	-	-	-	-	-	(61,638)
At 31 December	<u>323,312</u>	<u>31,967</u>	<u>-</u>	<u>16,098</u>	<u>371,377</u>	<u>371,364</u>

* Lease obligations details are as follows:

31 December 2023			31 December 2022		
Short-term	Long-term	Total	Short-term	Long-term	Total
<u>70,548</u>	<u>255,494</u>	<u>326,042</u>	<u>64,594</u>	<u>306,770</u>	<u>371,364</u>

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

(19 – b) Restricted cash against lease contracts

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

(20) OTHER LONG-TERM LIABILITIES

	2023	2022
Long-term accrued expenses related to lease contracts	53,732	36,559
Provision for end of service indemnity	<u>498</u>	<u>353</u>
	<u>54,230</u>	<u>36,912</u>

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

	2023	2022
Balance as at 1 January	353	379
Provision for the year	121	48
Payments during the year	(83)	(74)
Acquisition of a subsidiary	<u>107</u>	<u>-</u>
Balance as at 31 December	<u>498</u>	<u>353</u>

(21) ACCRUED EXPENSES

	2023	2022
Accrued expenses related to flying operations	55,418	53,915
Accrued expenses related to lease contracts	<u>34,781</u>	<u>35,847</u>
	<u>90,199</u>	<u>89,762</u>

(22) ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

	2023	2022
Spare parts suppliers and accounts payable	17,788	15,751
Ministry of Finance	2,864	2,707
Employees Provident fund (note 34)	2,502	5,327
Fuel suppliers	2,261	1,700
Others*	<u>61,532</u>	<u>52,522</u>
	<u>86,947</u>	<u>78,007</u>

* Included in this item international taxes, departure and airports usage taxes of JD 52,935 that are payable to international tax authorities and airports (2022: JD 46,550).

(23) DEFERRED REVENUES

	2023	2022
Unutilized passenger tickets, air waybills and other service sales	<u>106,441</u>	<u>86,199</u>

(24) REVENUES FROM CONTRACTS WITH CUSTOMERS

	2023	2022
Scheduled Services		
Passengers	622,900	495,949
Cargo	23,813	36,240
Excess baggage	7,046	5,912
Airmail	<u>5,622</u>	<u>6,808</u>
Total scheduled services (Note 35)	659,381	544,909
Chartered flights (Note 35)	5,304	7,788
Cargo warehouse revenues	17,175	14,720
Commercial revenues from arriving and departing aircraft of other Companies	17,578	14,787
Royal tours revenues (Tours operating revenues)	9,800	8,990
First class services revenues	6,495	5,300
Simulation training revenue	153	-
Frequent flyer revenues	3,235	3,170
Ancillary revenue	4,916	4,636
Revenues from technical and maintenance services provided to other Companies	3,947	3,341
Revenues from NDC (Galileo)	2,792	2,785
Other revenues	<u>2,507</u>	<u>2,395</u>
	<u>733,283</u>	<u>612,821</u>

(25) COST OF REVENUES

	2023	2022
Flying operations costs		
Aircraft Fuel	215,062	228,390
Other flying operations costs	<u>73,682</u>	<u>59,063</u>
Total flying operations costs	288,744	287,453
Repair and maintenance	109,681	96,327
Aircraft rental expenses	7,329	11,879
Depreciation of property and equipment and Right-of-use assets (Aircraft and engines and capitalized maintenance)	67,462	65,924
Stations and ground services	76,378	60,883
Ground handling unit	24,005	20,126
Passenger services	<u>92,254</u>	<u>74,326</u>
	<u>665,853</u>	<u>616,918</u>

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

	2023	2022
Salaries and wages	45,703	29,833
Social Security contribution	5,837	4,499
Provident Fund contribution	2,993	2,863
Overtime	2,168	1,894
Medical expenses	2,463	1,162
End of service indemnity	273	381
Other benefits	1,981	1,667
	<u>61,418</u>	<u>42,299</u>

(26) OTHER INCOME (EXPENSE), NET

	2023	2022
Other income – Amortization of government grants (note 18-b)	3,183	2,769
Reversal from (provision) of legal cases	3,000	(1,860)
Other income (expense)	618	(938)
	<u>6,801</u>	<u>(29)</u>

(27) GENERAL AND ADMINISTRATIVE EXPENSES

	2023	2022
Salaries and wages	5,215	3,384
Depreciation	2,487	1,733
Computer expenses	2,161	1,765
Professional and consultation expenses	814	1,150
Social Security contribution	782	471
Legal expenses	430	215
Water, electricity and heating	379	440
Medical expenses	347	336
Employees benefits	344	195
Provident Fund contribution	306	292
Maintenance and cleaning expenses	304	232
Life insurance	219	131
Governmental Fees	68	-
Communication expense	64	28
Overtime	49	24
Rent	15	15
Others	1,533	1,233
	<u>15,517</u>	<u>11,644</u>

(28) SELLING AND MARKETING EXPENSES

	2023	2022
Commissions	22,510	17,826
Salaries and wages	9,469	7,792
Marketing and advertisement	2,640	3,623
Computer expenses	1,664	1,321
Social Security contribution	1,518	1,325
Other employee benefits	1,343	1,385
Depreciation	892	890
Rent	839	546
Medical expenses	624	581
Communication expenses	589	713
Provident Fund contribution	307	298
End of service indemnity	307	230
Legal expenses	239	225
Maintenance and cleaning expenses	178	176
Water, electricity and heating	149	122
Overtime	147	108
Life insurance	128	93
Consulting expenses	97	88
Others	3,921	3,627
	<u>47,561</u>	<u>40,969</u>

(29) FINANCE COSTS

	2023	2022
Leases contracts – finance cost (Note 19-a)	19,637	17,322
Interest on loans	8,696	7,254
Other interest and bank charges	1,316	1,452
	<u>29,649</u>	<u>26,028</u>

(30) PROVISION FOR VOLUNTARY TERMINATION

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 109 (2022: JD 526).

(31) EARNINGS PER SHARE

	2023	2022
Loss for the year attributed to the equity holders of the parent ('000)	(8,735)	(78,941)
Weighted average number of shares ('000)	<u>309,727</u>	<u>324,610</u>
Basic and diluted earnings per share (JD)	<u>(0,028)</u>	<u>(0,243)</u>

(32) INCOME TAX

No provision for income tax was calculated by the Company for the year ended 31 December 2023 and 2022 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 from 2019 to 2022 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 from 2019 to 2022 are yet to be reviewed.

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 Tax Court of First Instance issued a decision to reject the claim, and the Tax General Attorney appealed the case and dismissed it. The decision of the Tax Court of Appeal, in its capacity, was issued to annul the decision of the Court of First Instance and claim the Company for the tax according to the court's decision. The decision of the Court of Cassation overturned the decision of the Court of Appeal, and the case was returned to the Court of Appeal again.

The Court of Appeal's decision was issued by cassation, and the Company dismissed the decision for another controversial point, for which there is no specific value. The Criminal Court of Appeal issued a decision not to follow the cassation, and the Company has appealed this decision, and in the opinion of the tax consultant, the probability of winning both cases is very high.

Royal Wings Company filed its tax return for the years from 2019 until 2022 within the statutory period. The Income and Sales Tax Department is currently reviewing the Company's tax returns at the first instance court. Royal Wings Company reached a final settlement with the Income and Sales Tax Department up to the year 2018 whereas the years from 2019 to 2022 are yet to be reviewed.

Royal Tours for Travel and Tourism Company filed its tax return for the years from 2019 to 2022 within the statutory period. The Income and Sales Tax Department did not review the Company's accounting records for the years from 2019 to 2022 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 2018.

Al-Mashriq for Aviation Services Company "Tikram" filed its tax returns for the years from 2020 to 2022. 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 "Tikram" reached a final settlement with the Income and Sales Tax Department up to the year 2021.

Jordan Airline Training and Simulator Company filed its tax return for the years from 2020 until 2022 within the statutory period. Jordan Airline Training and Simulator Company reached a final settlement with the Income and Sales Tax Department up to the year 2019 whereas the years from 2020 to 2022 are yet to be reviewed.

Jordan Airports Company filed its tax return for the years from 2020 until 2022 within the statutory period. Jordan Airports Company reached a final settlement with the Income and Sales Tax Department up to the year 2019 whereas the years from 2020 to 2022 are yet to be reviewed.

Reconciliation between accounting profit and taxable profit is as follows:

	2023	2022
Accounting loss	(8,693)	(78,860)
Non-taxable profits	(22,551)	(2,992)
Non-deductible expenses	40,785	16,397
Prior years' tax losses	(366,744)	(301,290)
Accumulated tax losses	(357,203)	(366,745)
Relates to:		
Total loss – Parent Company	(356,652)	(367,868)
Total (loss) profit – Subsidiaries	(551)	1,123
Effective income tax rate for subsidiaries	20%	20%
Statutory income tax rate	20%	20%
Income tax expense	49	-

(33) DISCONTINUED OPERATIONS

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

The results of Royal Wings Company for the years 2023 and 2022 are presented as follow:

	2023	2022
Revenues	-	-
Cost of revenues	-	(350)
Gross loss	-	(350)
General and administrative expenses	(16)	(56)
Other income (expenses), net	1	851
(loss) profit before tax from discontinued operations	(15)	445
Income tax	-	-
(loss) profit from discontinued operations	(15)	445

Major classes of Royal Wings Company's assets and liabilities classified as held for sale are as follows:

	2023	2022
ASSETS		
Accounts receivable and other debit balances	-	43
Cash and bank balances	79	60
Assets classified as held for sale	79	103
LIABILITIES		
Accounts payable and other credit balances	149	148
Accrued expenses	50	17
Liabilities associated with assets classified as held for sale	199	165
Net liabilities associated with assets classified as held for sale	(120)	(62)

(34) 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:

	2023		2022	
	Accounts receivable	Accounts payable	Accounts receivable	Accounts payable
Government of Jordan	6,255	506	4,687	850
Employees' Provident Fund (Note 22)	-	2,502	-	5,327
Social Security Corporation	7	19,262	-	-
Jordan Aircraft Maintenance Company (Joramco)	154	-	298	-
Jordan Flight Catering Company Ltd.	-	4,717	-	3,458
Jordan Airline Training and Simulator Company (JATS)	-	-	-	244
	<u>6,416</u>	<u>26,987</u>	<u>4,985</u>	<u>9,879</u>

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

	2023	2022
Government Investments Management Company (Note 17)	<u>-</u>	<u>70,000</u>

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

Jordan Aircraft Maintenance Company (Joramco):	2023	2022
Scheduled services revenues	<u>423</u>	<u>223</u>
Repair and maintenance expenses	<u>(3,304)</u>	<u>(3,032)</u>

Jordan Flight Catering Company Ltd.:		
Passenger services expenses	<u>(20,426)</u>	<u>(16,582)</u>

Jordan Aircraft Training and Simulation Company (JATS):		
Scheduled services revenues	<u>-</u>	<u>6</u>
Pilots training expenses	<u>(552)</u>	<u>(976)</u>

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. On 1 February 2021, the contract was renewed for unlimited period with three months' notice of termination.

The Company signed a 4 year training contract with Jordan Airline Training and Simulator Company (JATS) starting from July 2006 and in return the Company was granted a share of 20% in Jordan Airline Training and Simulator Company. On 31 January 2023, the contract was extended until the end of April 2023.

During the year 2010 the Company signed a 11 years and six months catering contract with Jordan Flight Catering Company, and in return the Company was granted an additional share of 10% in Jordan Flight Catering Company to reach a total share of 30%. On 1 March 2024, the Company signed an extension agreement with Jordan Flight Catering Company Ltd. which will expire on 30 April 2024.

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

	2023	2022
Scheduled services revenues – passengers	9,929	4,463
Scheduled services revenues – cargo	782	1,032
Chartered flights	-	213
	<u>10,711</u>	<u>5,708</u>

The Company's contribution to the employees' saving fund amounted to JD 3,606 and JD 3,453 for the years 2023 and 2022, respectively.

Compensation of key management personnel

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

	2023	2022
Salaries and other benefits	<u>1,028</u>	<u>929</u>
Board of Directors remuneration	<u>48</u>	<u>29</u>

(35) 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:

	2023				2022			
	Scheduled services	Chartered Flights Passengers	Cargo	Total	Scheduled services	Chartered Flights Passengers	Cargo	Total
Levant	80,353	62	328	80,743	63,109	43	884	64,036
Europe	183,424	339	1,770	185,533	162,546	471	1,978	164,995
Arab Gulf	137,258	864	34	138,156	125,483	1,196	-	126,679
America	221,968	-	1,907	223,875	176,667	-	1,943	178,610
Asia	25,121	-	-	25,121	9,067	-	1,114	10,181
Africa	11,257	-	-	11,257	8,037	43	116	8,196
Total Revenues	<u>659,381</u>	<u>1,265</u>	<u>4,039</u>	<u>664,685</u>	<u>544,909</u>	<u>1,753</u>	<u>6,035</u>	<u>552,697</u>

(36) FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

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

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

(37) 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 2023				
Financial assets:				
Financial assets at fair value through other comprehensive income	-	-	2,087	2,087
Derivative financial instruments (note 13)	61	-	-	61
	<u>61</u>	<u>-</u>	<u>2,087</u>	<u>2,148</u>
31 December 2022				
Financial assets:				
Financial assets at fair value through other comprehensive income	-	-	2,087	2,087
	<u>-</u>	<u>-</u>	<u>2,087</u>	<u>2,087</u>

(38) 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 2023 and 31 December 2022.

The following table demonstrates the sensitivity of the consolidated income statement to reasonably possible changes in interest rates as of 31 December 2023 and 2022, with all other variables held constant.

	Increase in interest rate (points)	Effect on loss
2023 -		
Currency		
USD	50	(537)
JD	50	94
2022 -		
Currency		
USD	50	(657)
JD	50	236

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

Credit risk

Credit risk is the risk that 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 2023 and 2022.

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 2023 and 2022, based on contractual payment dates and current market interest rates.

	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
31 December 2023					
Accounts payables and other current liabilities	87,130	-	-	-	87,130
Loans	5,091	24,796	94,519	2,357	126,763
Lease obligations	14,464	73,859	266,123	31,218	385,664
Other long-term liabilities	-	-	42,766	30,242	73,008
Total	106,685	98,655	403,408	63,817	672,565
31 December 2022					
Accounts payables and other current liabilities	77,013	-	-	-	77,013
Bank loans	3,698	21,566	112,719	-	137,983
Lease obligations	10,268	57,920	260,594	60,201	388,983
Other long-term liabilities	-	-	49,643	17,277	66,920
Total	90,979	79,486	422,956	77,478	670,899

Currency risk

The table below indicates the Group's foreign currency exposure at 31 December 2023 and 2022, as a result of its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the JD currency rate against the foreign currencies, with all other variables held constant, on the consolidated statement of income.

	Increase in foreign currency rate to the JD currency (%)	Effect on loss
2023 -		
Currency		
Euro	5	(1,077)
GBP	5	(212)
2022 -		
Currency		
Euro	5	(771)
GBP	5	126

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

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

Losses on foreign exchange rates amounted to JD 1,447 for the year ended 31 December 2023 (31 December 2022: JD 1,235).

(39) 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 JD 90,244 as at 31 December 2023 (31 December 2022: Deficit of JD 68,752).

The Company and its main shareholder, the Government Investment Management Company increased and restructured RJ's capital. The Council of Ministers resolved in their meeting no. (11944) held on 4 June 2023 that RJ acquires 90% of the capital of Jordan Airports Company through the issuance of new shares in RJ's capital in favor of the Government Investment Management Company. Capital increase procedures were completed during December 2023.

The General assembly resolved in their meeting held on 3 October 2023 to restructure RJ's capital. The restructuring plan is summarized as follows:

To write off the accumulated losses and the statutory reserve through the following:

- JD 14,8 million against the Company's statutory reserve.
- JD 201 million against the Company's paid-in capital.

Capital increase of JD 240 million shares (Par value of one Jordanian Dinar per share), through the following:

- Capitalization of payments in respect of capital increase of JD 70 million as authorized by the Prime Ministry of Jordan as per the resolution number (7056) which was resolved in their meeting held on 18 May 2022.
- Acquisition of 90% of the capital of Jordan Airports Company for JD 170 million through the issuance of new shares in RJ's capital in favor of the Government Investment Management Company.

Accordingly, paid-in capital became JD 364 million as of 31 December 2023.

Moreover, the Company received a comfort letter on 8 June 2020 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.

(40) CONTINGENCIES AND COMMITMENTS

Letters of credit and guarantees

As of 31 December 2023, the Group had letters of credit amounted to JD 24,372 and letters of guarantees amounted to JD 963 (31 December 2022: letters of credit: JD 22,789 and letters of guarantees: JD 1,086).

Claims against the Group

The Group is a defendant in a number of lawsuits amounting to JD 10,958 (2022: JD 10,774) 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 2023 is sufficient to cover any contingent liabilities and claims that may arise from these lawsuits.

Capital commitments

As of 31 December 2023, the Group had capital commitments of USD 1,180,147,957 (31 December 2022: USD 303,051,349), equivalent to JD 836,984 (31 December 2022: JD 214,930) relating to finance lease agreements signed for eight new aircraft (31 December 2022: two new aircraft).

(41) STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

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

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

In January 2020 and October 2022, 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

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments 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.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed.

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

(42) COMPARATIVE FIGURES

Some of 2022 balances were reclassified to correspond with the consolidated financial statements figures for the year 2023 presentation, with no effect on loss and equity for the year 2022.



Corporate Governance Report

RJ Governance Framework

RJ - a public shareholding company listed on the Amman Stock Exchange since 2007 - operates under the provisions of the Companies Law and its amendments, along with the Governance Regulations issued by the Jordan Securities Commission in 2017. Additionally, the company abides by its articles of association, internal rules and policies to shape its internal governance practices. Furthermore, RJ complies with Jordan's governance-related laws, regulations and instructions, as well as the Governance Principles outlined by the Organization for Economic Cooperation and Development (OECD). This dedication ensures the company practices good governance, fostering transparency, fairness and accountability while safeguarding shareholder rights and prioritizing stakeholder interests in its management approach.

In 2023, the RJ Board of Directors diligently adhered to the policies and procedures mandated and advised by the company's Governance Committee and established by the board itself. Their objective remained centered on transparency, benefiting both shareholders and stakeholders. This commitment included the steadfast application of policies regarding disclosure, transparency, conflict of interest and social responsibility. Additionally, they ensured the efficient handling of shareholder suggestions and complaints. The company consistently upheld its obligation to disclose all financial and non-financial information via the Jordan Securities Commission's electronic disclosure system. Annual reports and quarterly financial statements were readily accessible via the company's website. Furthermore, rigorous measures were in place to combat money laundering and terrorist financing, employing various established procedures and forms.

To monitor the company's compliance with governance requirements, a continuous review of policies, procedures and forms is conducted. Both the Board of Directors and Executive Management periodically complete questionnaires to disclose any affiliations with other public shareholding companies and ownership of RJ securities by themselves, their relatives or any company under their control that owns RJ shares. Additionally, a training session was held for board members appointed in 2023, focusing on governance principles, corporate governance regulations and their implementation within the company. Following governance regulations, the Remuneration and Incentives Committee evaluated the board's performance, identifying strengths and areas for improvement.

The company's Governance Committee, consisting of three members from the Board of Directors, convened twice in 2023 to review and approve the Corporate Governance Report for 2022. Additionally, they assessed the policies, procedures and forms related to the application of the company's governance system, ensuring its complete adherence to the requirements of the governance regulations.

Per the Corporate Governance Regulations for public shareholding companies for the year 2017, this report is compiled to incorporate the following data:

Board of Directors Members (Current/Resigned, Dependent/Independent, Juristic/Natural)

The table below lists all current and resigned board members, indicating their independence status and whether they hold executive or non-executive roles:

Name	Position	Independence	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	Vice Chairman	Dependent	Executive
H.E. Eng. Basem Khalil Al-Salem	Member	Dependent	Non-Executive
H.E. Dr. Abdelhakim Mousa Shibli	Member	Dependent	Non-Executive
H.E. Mr. Omar Munther Fahoum	Member	Dependent	Non-Executive
H.E. Mr. Rajaie Kamal Dajani	Member	Dependent	Non-Executive
Social Security Corporation			
H.E Mr. Sameer Abdallah Shahrour	Member	Independent	Non-Executive
Mint Trading Middle East Ltd.			
H.E Eng. "Mohammad Ali" Bdair	Member	Dependent	Non-Executive

Board of Directors Members (Current/Juristic)

The table below lists all current and juristic/representative board members, indicating their independence status and whether they hold executive or non-executive roles:

Name	Position	Independence	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	Vice Chairman	Dependent	Executive
H.E. Eng. Bassem Khalil Al-Salem	Member	Dependent	Non-Executive
H.E. Dr. Abdelhakim Mousa Shibli	Member	Dependent	Non-Executive
H.E. Mr. Omar Munther Fahoum	Member	Dependent	Non-Executive
H.E. Mr. Rajaie Kamal Dajani	Member	Dependent	Non-Executive
Social Security Corporation			
H.E Mr. Sameer Abdallah Shahrour	Member	Independent	Non-Executive
Mint Trading Middle East Ltd.			
H.E Eng. "Mohammad Ali" Bdair	Member	Dependent	Non-Executive

Senior Executive Management Members

The table below lists current senior executive management members and their positions:

Name	Position	Date Appointed
Eng. Samer Majali	Vice Chairman/Board Designee-CEO	30/3/2021
Mr. Firas Qarain	Executive Chief Finance & Resources Officer	7/10/2019
Mr. Karime Makhoul	Chief Commercial Officer	14/6/2021
Captain Ghassan Obeidat	Chief Technical Officer	2/11/1996
Ms. Amal Hattar	Chief Finance Officer	15/12/2004
Ms. Suha Al Arda	Chief Treasury Officer	28/8/2007
Dr. Fawzi Mulki	Special Projects Senior Advisor	9/9/2012

Memberships of Natural Board of Directors Members in Public Shareholding Companies

There are no memberships.

Governance Liaison Officer

Eng. Samer Ibrahim Samman has been appointed as Liaison Officer to follow up on all matters relating to the implementation of the company's governance system in coordination with the Jordan Securities Commission.

Board Meetings and Names of Attendees

The Board of Directors held seven meetings during 2023, as follows:

Name	No. of Meetings Attended	1 st Meeting 24/1/2023	2 nd Meeting 20/3/2023	3 rd Meeting 3/5/2023	4 th Meeting 26/7/2023	5 th Meeting 14/8/2023	6 th Meeting 28/8/2023	7 th Meeting 29/10/2023
Government Investments Management Company								
H.E. Eng. Said Samih Darwazah	7/7	✓	✓	✓	✓	✓	✓	✓
H.E. Eng. Samer Abdelsalam Majali	7/7	✓	✓	✓	✓	✓	✓	✓
H.E. Eng. Basem Khalil Al-Salem	6/7	✓	✓	✓	✓	X	✓	✓
H.E. Mr. Omar Munther Fahoum	5/7	✓	✓	X	X	✓	✓	✓
H.E. Mr. Rajaie Kamal Dajani	5/7	✓	✓	✓	X	✓	✓	X
H.E. Dr. Abdelhakim Mousa Shibli	7/7	✓	✓	✓	✓	✓	✓	✓
Social Security Corporation								
H.E Mr. Sameer Abdallah Shahrour	7/7	✓	✓	✓	✓	✓	✓	✓
Mint Trading Middle East Ltd.								
H.E Eng. "Mohammad Ali" Bdair	6/7	✓	✓	✓	✓	✓	✓	X

✓ Attended the meeting

x Did not attend the meeting

○ Was not a member

Board of Directors Committees

Audit Committee

Remuneration and Incentives Committee

Governance Committee

Risk Management Committee

Information Technology Steering Committee

Investment Committee

Audit Committee

The main purpose of the Audit Committee is to assist the Board of Directors in supervising the fairness of the company's financial statements, financial reporting mechanisms and internal control systems, as well as overseeing compliance with legislation and regulatory requirements, the independence and efficiency of the external auditor and the performance of the internal audit department.

The Audit Committee consists of four members as follows:

H.E. Mr. Omar Munther Fahoum (Head)

H.E. Dr. Abdelhakim Mousa Shibli

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

H.E. Mr. Sameer Abdallah Shahrour

Names, qualifications and experience of the head and members (current and resigned) of the Audit Committee:



Appointment:
30 March 2021

Representing:
Government
Investments
Management Co.

H.E. Mr. Omar Munther Fahoum

Board Member
Dependent/ Non-Executive

Mr. Fahoum leverages 30 years of experience as Partner and the last 20 years as CEO of Deloitte & Touche M.E. - holding the following positions:

- Member of the Board of Directors of Deloitte Touche Tohmatsu (2007-2011 and 2017-2019).
- CEO in the Middle East (2001-2020).
- Operations Manager in Saudi Arabia (1998).
- Partner in charge of evaluation work (1995).
- Responsible for company business in the Eastern Province of Saudi Arabia (1995).

Mr. Fahoum holds the following positions in other firms:

- Board Member of Arab Bank.
- Co-founded the Young Presidents Organization (YPO) of Jordan and Bahrain Chapters. YPO is a global leadership community empowering youth towards leadership in the global economy.
- Chairman of privately owned companies in Jordan.
- Board Member of Injaz Al Arab.
- Board Member of the Engineering Academy for Training and Development.

Mr. Fahoum holds a Bachelor's Degree in Accounting from the University of Texas (USA) and is a Certified Public Accountant (CPA) in both the USA and Jordan.



Appointment:
8 May 2018

Representing:
Government
Investments
Management Co.

H.E. Dr. Abdelhakim Mousa Shibli

Board Member
Dependent/ Non-Executive

Dr. Shibli held the following positions throughout his professional career:

- Secretary General of the Ministry of Finance, upon Royal Decree in 2018.
- Chairman of the Directorate of Studies and Economic Policies at the Ministry of Finance (2010-2018).
- Member of several government committees and worked as part of the core economic teams of the Ministry of Finance, IMF Program, World Bank and Arab Monetary Fund.
- Working actively in economic and financial policy formulation and the implementation of key national and international programs - such as the Economic and Social Reform Initiative, Financial Reform Program and Modernization of Financial Management and Revision Program with the IMF.
- Economic Advisor at the Ministry of Planning and International Cooperation (2004-2007).
- Part-time lecturer at the Faculty of Business Administration at the University of Jordan, Department of Economics, in 2002.
- Economist at the Central Bank of Jordan (1991-2004).

Dr. Shibli holds a PhD. in Economics, specializing in Macroeconomics and Fiscal Policy, from Leeds University Business School (UK).



Appointment:
19 June 2022

Representing:
Social Security
Corporation

H.E. Mr. Sameer Abdallah Shahrouh

Board Member
Independent/ Non- Executive

Mr. Shahrouh serves as Project Finance and Tourism Portfolio Director at the Social Security Investment Fund - Jordan (SSIF). He draws on over 25 years of experience in investments, corporate finance, portfolio management and banking with reputable financial institutions and the GCC.

- Worked with multi-billion international groups in the GCC under the position of Investment Manager (2007-2017).
- Held various positions in Arab Bank and JIF Bank as Credit Officer and Head of Credit Review Manager (1994-2005).
- Served as Section Head of Corporate Valuation at the Project Finance Department at SSIF in 2005 before rejoining in 2018.

Mr. Shahrouh holds a Master's Degree in Applied Finance from the University of Western Sydney (Australia). He also attained several professional certificates - Certified Lender Business Banker (CLBB) and Certified Risk Professional (CRP) - from the American Bankers Association.



Appointment:
27 March 2008

Representing:
Mint Trading Middle
East Ltd.

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

Board Member
Dependent/ Non-Executive

Eng. Bdair currently holds the position of General Manager of Best Dimension Investment Company.

Throughout his professional career, he held the following positions:

- Chairman of the General Mining Company.
- Board Member of the Jordan Electric Power Company.
- Former General Manager of the International Company for Communication Technology (2000-2005).
- Former Board Member of the Jordan Investment Board.

Eng. Bdair holds a Master's Degree in Engineering Management from the American University of Beirut (Lebanon) and a Bachelor's Degree in Industrial Engineering from Purdue University (USA).

Audit Committee Meetings

The Audit Committee held five meetings during 2023, as follows:

Name	No. of Meetings Attended	1 st Meeting 22/2/2023	2 nd Meeting 19/3/2023	3 rd Meeting 27/4/2023	4 th Meeting 25/7/2023	5 th Meeting 28/10/2023
Government Investments Management Company						
H.E. Mr. Omar Munther Fahoum	5/5	✓	✓	✓	✓	✓
H.E. Dr. Abdelhakim Mousa Shibli	3/5	✓	✓	✓	X	X
Social Security Corporation						
H.E Mr. Sameer Abdallah Shahrour	5/5	✓	✓	✓	✓	✓
Mint Trading Middle East Ltd.						
H.E Eng. "Mohammad Ali" Bdair	5/5	✓	✓	✓	✓	✓

✓ Attended the meeting

x Did not attend the meeting

○ Was not a member

External auditors attended four meetings of the Audit Committee during 2023.

Remuneration and Incentives Committee

The Remuneration and Incentives Committee is primarily responsible for preparing recommendations for the Board of Directors regarding proposed nominations for the company's senior executive management, remuneration, benefits and incentives policies and employee salaries. This includes evaluating the performance of the management, Board of Directors and its committees.

The Remuneration and Incentives Committee consists of three members, as follows:

H.E. Eng. Said Samih Darwazah (Head)

H.E. Eng. Bassem Khalil Al-Salem

H.E. Mr. Rajaie Kamal Dajani

Remuneration and Incentives Committee Meetings

The Remuneration and Incentives Committee held two meetings during 2023, as follows:

Name	No. of Meetings Attended	1 st Meeting 27/11/2023	2 nd Meeting 12/5/2023
Government Investments Management Company			
H.E. Eng. Said Samih Darwazah	2/2	✓	✓
H.E. Eng. Bassem Khalil Al-Salem	1/2	✓	X
H.E. Mr. Rajaie Kamal Dajani	1/2	X	✓

✓ Attended the meeting

x Did not attend the meeting

○ Was not a member

Governance Committee

The Governance Committee is primarily responsible for ensuring compliance with and enforcement of corporate governance requirements, regulations and instructions.

The Governance Committee consists of three members, as follows:

H.E. Mr. Rajaie Kamal Dajani (Head)

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

H.E. Mr. Sameer Abdallah Shahrour

Governance Committee Meetings

The Governance Committee held two meetings during 2023, as follows:

Name	No. of Meetings Attended	1 st Meeting 21/2/2023	2 nd Meeting 11/12/2023
Government Investments Management Company			
H.E. Mr. Rajaie Kamal Dajani	2/2	√	√
Social Security Corporation			
H.E Mr. Sameer Abdallah Shahrour	2/2	√	√
Mint Trading Middle East Ltd.			
H.E Eng. "Mohammad Ali" Bdair	2/2	√	√

√ Attended the meeting

x Did not attend the meeting

○ Was not a member

Risk Management Committee

The Risk Management Committee primarily assumes the responsibility of overseeing the risks to which the company may be exposed and developing strategies for their management and mitigation.

The Risk Management Committee consists of four members, as follows:

H.E. Eng. Bassem Khalil Al-Salem (Head)

H.E. Eng. Samer Abdelsalam Majali

H.E. Mr. Rajaie Kamal Dajani

H.E. Mr. Sameer Abdallah Shahrour

Risk Management Committee Meetings

The Risk Management Committee held two meetings during 2023, as follows:

Name	No. of Meetings Attended	1 st Meeting 16/3/2023	2 nd Meeting 22/8/2023
Government Investments Management Company			
H.E. Eng. Basem Khalil Al-Salem	2/2	✓	✓
H.E. Eng. Samer Abdelsalam Majali	2/2	✓	✓
H.E. Mr. Rajaie Kamal Dajani	2/2	✓	✓
H.E. Mr. Omar Munther Fahoum			✓
Social Security Corporation			
H.E. Mr. Sameer Abdallah Shahrour	2/2	✓	✓

✓ Attended the meeting

x Did not attend the meeting

○ Was not a member

Information Technology Steering Committee

The Information Technology Steering Committee was formed to support the Board of Directors in IT governance and management by providing strategic IT leadership, ensuring alignment between strategic IT objectives and the company's overarching goals.

The Information Technology Steering Committee consists of five members from the Board of Directors and Management, as follows:

H.E. Eng. "Mohammad Ali" Issam Bdair (Head)

H.E. Eng. Samer Abdelsalam Majali

Mr. Feras Qarrain - Executive Chief Finance and Resources Officer

Mr. Ashraf Ayoub - Head of Information Technology Department

Mr. Abdullah Qadadah - Executive Director - Internal Audit and Risk Management.

Information Technology Steering Committee Meetings

The Information Technology Steering Committee held one meeting during 2023, as follows:

Name	No. of Meetings Attended	Meeting 25/7/2023
Government Investments Management Company		
H.E. Eng. Samer Abdelsalam Majali	1/1	✓
Mint Trading Middle East Ltd.		
H.E. Eng. "Mohammad Ali" Bdair	1/1	✓
Executive Management		
Mr. Feras Qarrain	1/1	✓
Mr. Ashraf Ayoub	1/1	✓
Mr. Abdullah Qadadah	1/1	✓

✓ Attended the meeting

x Did not attend the meeting

○ Was not a member

Investment Committee

The Investment Committee was formed on 30 November 2023 to advance one of the company's strategic goals: revitalizing its investment units within the complementary activities of the aviation sector. Its mandate includes researching and evaluating investment opportunities within Jordanian airports and beyond, providing comprehensive assessments and submitting recommendations to the Board of Directors.

The Investment Committee consists of four members, as follows:

H.E. Eng. Said Samih Darwazah (Head).

H.E. Eng. Bassem Khalil Al-Salem.

H.E. Eng. Samer Abdelsalam Majali.

H.E. Mr. Omar Munther Fahoum.

Investment Committee Meetings

The Investment Committee held one meeting during 2023, as follows:

Name			No. of Meetings Attended	1 st Meeting 3/1/2023	2 nd Meeting 18/4/2023	3 rd Meeting 22/8/2023
Government Company	Investments	Management				
H.E. Eng. Said Samih Darwazah			3/3	✓	✓	✓
H.E. Eng. Bassem Khalil Al-Salem			3/3	✓	✓	✓
H.E. Eng. Samer Abdelsalam Majali			3/3	✓	✓	✓
H.E. Mr. Omar Munther Fahoum			3/3	✓	✓	✓

Chairman of the Board
Eng. Said Samih Darwazah



Board of Directors Declarations

1. The Board of Directors of the Company hereby declares that there are no substantial matters the may affect the Company's continuity as a going concern during the coming financial year 2024
2. The Company's Board of Directors hereby declares its responsibility for the preparation of the financial statements and providing an effective control system in the Company.



Said S. Darwazah
Chairman of the Board



Samer A. Majali
Vice Chairman



Bassem Kh. AlSalem
Member



Abdelhakim M. Shibli
Member



Omar M. Fahoum
Member



Rajaie K. Dajani
Member



"Mohammad Ali" I. Bdair
Member



Sameer A. Shahrour
Member

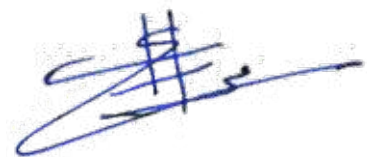
3. we, the undersigned acknowledge the correctness, accuracy and completeness of the information in the annual report for the year 2023.



Said S. Darwazah
Chairman of the Board



Samer A. Majali
Board Designee/CEO



Feras M. Qarrain
Executive Chief Finance &
Resources Officer



Addresses and Contact Details of RJ Offices in Jordan, Outstations and Subsidiaries

Addresses and Contact Details of RJ Offices in Jordan, Outstations and Subsidiaries

Inside Jordan		
Office	Address	Contact
Headquarters Sales Office	5 th Circle	+962 6 510 0000/ +962 6 520 2000
Abdali Sales Office	Opposite Parliament Council	+962 6 510 0000
City Terminal Sales	7 th Circle	+962 6 510 0000
Airport Sales Office	Queen Alia International Airport	+962 6 479 3170
Aqaba Sales Office	Shareef Hussein Bin Ali Street	+962 6 510 0000
Irbid Sales Office	Baghdad Street	+962 6 510 0000/ +962 2 727 7805
Royal Jordanian for Tourism & Travel (Royal Tours)	7 th Circle	+962 6 582 2811
Almashriq for Airport Services (Tikram)	Queen Alia International Airport	+962 6 520 4030
Jordan Airline Training and Simulation (JATS)	Queen Alia International Airport	+962 6 445 1888
Jordan Airports Company (JAC)	Amman Civil Airport - Marka	+962 6 489 1401

Europe		
Office	Address	Contact
London	London, Suite A, Heritage House, 2-14 Shortlands, London, W6 8DJ	+44 207 878 6300
Paris	Paris ,14, Rue Thérèse – 75001 Paris	+33 142 659 980
Lyon	Paris ,14, Rue Thérèse - 75001 Paris	+33 142 659 980
Rome	Rome , Via Barberini, 95 -00187 Rome	+39 647 870 55
Amsterdam	Amsterdam, Overschiestraat 63 1062 XD	+31 203 460 150
Athens	Athens, 4 th floor, 80-88 Syngrou Avenue Athens 11741	+30 210 924 42600/ 1
Larnaca	Larnaca, 66 Makarios Avenue Cronos Ct Nicosia 1077	+35 722 460 044
Vienna	1020 Vienna, Hedwiggasse 4/1-4	+4 315 853 6315
Madrid	Madrid, Calle Princesa 22 – 1 IZQ Madrid 28008	+34 692 036 156
Düsseldorf	Medborgarplatsen 25 118 72 Stockholm, Sweden	+46 854 525 952
Barcelona	Barcelona, T1, Dique, Sur, P-20 Floor Office 317, El Prat- Barcelona Airport -08820	+34 915 428 006
Geneva	Geneva, 66 Lavaterstrasse, 8002, Zurich	+41 442 869 920
Zurich	66 Lavaterstrasse, 8002, Zurich	+41 442 869 920
Milan	Milan, Piazza Della Repubblica, 32- 20124 Milan - Italy	+39 024 345 8370
Frankfurt	Frankfurt, Lyoner Str 15, 60528 Frankfurt am Main	+49 692 318 853/ 54

Europe		
Office	Address	Contact
Brussels	J.E.Mommaertsiaan 20B, 1831 Diegem, Belgium	+32 32 271 2049
Copenhagen	Copenhagen, Vester Farimagsgade 1, 2 nd floor, 1606 CPH-DK	+45 537 323 333/ +45 855 569 142
Moscow	Moscow, Komsomolsk Prospect House 14 / 1 Korpus 3, Office 149	+74 959 337 161
Stockholm	Medborgarplatsen 25 118 72 Stockholm, Sweden	+46 -(0)8- 5556
Istanbul	Istanbul, Büyükdere Caddesi, Ufuk Apt, No:15, 6 th fl, 34381, Şişli, Istanbul	+90 212 465 55106/ 7

Gulf		
Office	Address	Contact
Abu Dhabi	Abu Dhabi, Airlines Tower Building (Omeir Travel Agency), Khalifa St., Ground Floor, Abu Dhabi RJ Sales Office	+97 128 057 041
Dubai	Dubai, Business Avenue Building, Al Etihad Road	+97 147 024 200
Riyadh	Riyadh, 4083 Ash Shaikh Abdullah Al Anqari, Al Warud, Riyadh 12252	+96 611 293 36030/ 31/ 32/ 33/ 35
Jeddah	Jeddah, 1 st Floor, City Center Bldg., Medina Road, Mushrefah District, PO Box 3431, Jeddah 21471 KSA	+966 0 126 382500/01/02/03/04/05/06/07
Madina	Madina Munawara, Sultana Center, Sultana St.	+966 14 825 2262
Dammam	Dammam, King Abdul Aziz St. 19 th Cross Madinat Al Ommal	+966 13 894 9523/ +966 13 864 1231
Bahrain	Dadabhai Travel - Bldg. 93, Road 385, Block 304, Manama	+97 317 103 030
Doha	Doha, Darwish Travel Company, New Aslata Area, near Qatar Chamber of Commerce, Building No. 166, Zone No. 40	+97 444 423 888
Kuwait	Kuwait. Sharq - Jaber Almubarak St. - Sanabil Tower - next to Amiri Hospital - M2 Floor	+96 522 923 3017/ 18/ 19/ 22

Levant		
Office	Address	Contact
Baghdad	Baghdad	+964 7 819 777709/ +964 7 821 104437/ +964 7 730 77779/ +964 7 823 300001
Basra	Basra, Basra - Al Jazair St. - opposite Dollar Exchange Co.	+964 780 198 2285
Erbil	Erbil, Azadi St. next to Franso Hariri Football Stadium, near Carrefour (Tablo Mall)	+964 750 900 6166
Sulaymaniyah	Sulaymaniyah, Sulaimani, Bakhtyari St.	+964 770 333 0400
Cairo	Cairo, The Lane Complex / Palm Hills Oct./ Unit 19 - Floor No. 1 / Sheikh Zayed / o6 October City - 26 July Corridor	+20 238 860 033
Tel Aviv	Tel Aviv	+97 235 381 100
West Bank	West Bank	+970 2 296 1780/ +970 2 274 3717/ +972 8 282 5403/ 13
Beirut	Beirut	+961 1 379 990 +961 1 493 320/ +961 149 380

Africa		
Office	Address	Contact
Tunis	Tunis, 14 Avenue de Carthage, 1000 Tunis	+216 7 125 5194/ +216 7 133 0514
Algiers	Algiers 15 Hamdani Lahcen, Hydra - Alger (near BLS -visa Espagne)	+213 56 960030

Far East		
Office	Address	Contact
Bangkok	Bangkok, 4 th Floor C.P. Tower ,313 Silom Road, Bangrak, Bangkok 10500	+66 2 6382960

USA and Canada		
Office	Address	Contact
New York	New York. 55 Lexington Ave, Fl.14 New York, NY 10017	+12 129 490 060
Chicago	Chicago, 3701 Algonquin Road, Suite# 240, Rolling Meadows, IL 60008	+12 245 398 300
Detroit	Detroit	+12 245 398 300
Montréal	P.E Trudeau Airport, 975, boul. Roméo-Vachon Nord, Suite 441, Dorval (Québec) H4Y 1H1	+15 146 312 403/ +15 142 881 647
Toronto	P.E Trudeau Airport, 975, boul. Roméo-Vachon Nord, Suite 441, Dorval (Québec) H4Y 1H1	+15 146 312 403/ +15 142 881 647



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