John Menzies plc

React. Reset. Rebuild.

John Menzies plc
Annual Report and Accounts 2020

INTRODUCTION FROM OUR CHAIRMAN & CEO

Welcome to our Annual Report and Accounts 2020.

During what continues to be an unprecedented period for the aviation industry, I am pleased to be able to introduce our year in review.

In acknowledgement of this and the impacts experienced from COVID-19, we have shared details and stories relating to the Group's initial response to protect our business and People, how we reset our business practices and focus, and how we are building back even better for the future.

We look forward to 2021, proud of how far we've come since 1833.

Philipp Joeinig
Chairman & CEO
9 March 2021

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Our purpose

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React.

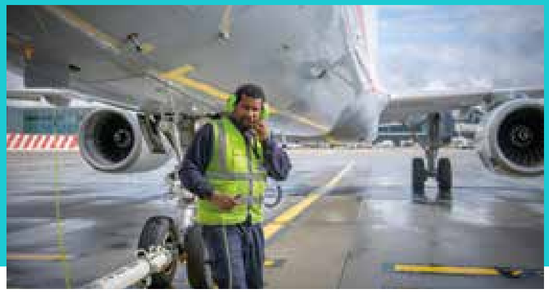
> Read more on pages 6 and 7

Reset.

> Read more on pages 8 and 9

Rebuild.

> Read more on pages 10 and 11



FINANCIAL HIGHLIGHTS

- Revenue down 37% in constant currency, with decrease in flight activity leading to a 49% year on year reduction in flight volumes in ground handling and fuel services.
- Air cargo services more resilient and cargo forwarding business delivered a record performance, boosted by strong yields.
- Revenue impact partly mitigated by significant cost management and global government support schemes, limiting the underlying operating loss to £18.5m before exceptional costs.
- Exceptional costs of £70.2m primarily reflect costs of reshaping the cost base, one off costs associated with refinancing, asset write downs and the resolution of historical claims.
- Underlying operating cash flow, ahead of expectations, resulted in year end net borrowings of £355.9m, with undrawn banking facilities and available cash of £141.8m.

OPERATIONAL HIGHLIGHTS

- Commenced operations in Baghdad.
- Acquisition of Royal Airport Services completed in January 2021, delivering ground and air cargo services at eight locations across Pakistan.
- Five year contract signed with Wizz Air at their main hub in Budapest.
- Significant air cargo contracts with Qatar Airways at seven locations on three continents.
- Outsourcing gains from Qantas across Australia.

> View more online

Our investor site gives you direct access to further information about John Menzies plc:

https://menziesaviation.com/investor-centre/

WHO WE ARE

Menzies Aviation is a leading global provider of landside and airside services operating in 198 airports in 34 countries, across 6 continents. Best in class safety and security is the number one priority each and every day. Menzies Aviation manages its operating locations in three regional segments: Americas, EMEA and Rest of World.

OPERATING LOCATION REVENUE BY REGIONAL SEGMENT

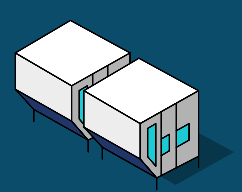
Americas	EMEA	Rest of World
45%	41%	14%

NUMBER OF STATIONS BY REGIONAL SEGMENT

Americas	EMEA	Rest of World
108	65	25

TOP 10 CUSTOMERS BY REVENUE

Air China
Air France-KLM
American Airlines
Cathay Pacific
easyJet
Frontier Airlines
IAG
Qatar Airways
Southwest
United Airlines



WHAT WE DO

We operate in a range of markets that serve the needs of the growing Aviation Services sector. Our core products are:

Ground services

We provide frontline airport services, both above and below wing, ensuring passengers and aircraft complete journeys efficiently and on schedule.

Our services include welcoming and serving passengers at check-in and baggage drops, sorting, loading and unloading baggage, ramp handling services, de-icing aircraft in icy conditions, cleaning cabins ready for the next flight, providing premium experiences for travellers via executive lounges, VIP meet-and-greet services, and more.

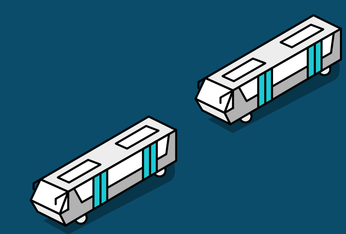
Every passenger journey can have multiple seen and unseen interactions with Menzies and we always do our best to deliver safe and trusted service and a world-class passenger experience for every customer, every time.

Read more page 18

Air cargo services

Air cargo travels the world every day either in dedicated freighter aircraft or in the holds of passenger aircraft. We provide an important role in this vital part of global logistics. We support our airline customers with reliable, safe, secure and timely handling of their cargo. These shipments tend to be high value and/or time critical. Our role includes receiving cargo, security screening, storing and readying it for onward transit. We also wholesale air cargo capacity.

Read more page 19



Fuelling services

We provide into-plane fuelling services and fuel farm management to airlines, airports, oil companies and other partners across the world.

Managing the refuelling of aircraft and the infrastructure required to support this service, is a precision activity which must operate to exacting government and industry standards, including safety and environmental regulations.

Read more page 19

Our purpose is to provide safe and trusted aviation services and flexible solutions, serving the needs of our customers now and for the future.

Our purpose is underpinned by our vision, ethos, values and strategy, which together help us achieve our goals and deliver value for all our stakeholders.

OUR VISION

Our vision is to make Menzies Aviation the handling provider of choice wherever we operate by always being solutions oriented and working with our customers to deliver their goals safely and securely.

OUR ETHOS

- People
- Passion
- Pride
- Since 1833

People are at the heart of the company. We are passionate about providing great customer service and we take pride when a job is done well. Our heritage is part of who we are.

OUR CORE VALUES

Each core value reflects a key ingredient for making Menzies a great business. Helping us create and maintain an ethical and inclusive culture, guide our decisions and actions and deliver the best for our customers.

- We put **SAFETY** and **SECURITY** first
- We are one Menzies **TEAM** – everyone matters
- We are **AGILE AND RESPONSIVE**
- We **DO THE RIGHT THING**, always
- We deliver for our **CUSTOMERS**

> Read more about people, culture and approach to sustainability on pages 46 to 63

> Read more about our stakeholders on page 19

> Read more about our strategy on page 20

Our initial response to the COVID-19 crisis

React.

The first signs of the impact of COVID-19 were seen by our team in Macau when flights from mainland China stopped in January. This was swiftly followed by widespread border closures and national lockdowns in Europe in February and around the world in March.

Whilst some airports closed completely, others maintained an essential skeleton service which saw our colleagues assisting with a variety of services including repatriation flights and emergency cargo of personal protective equipment and medical personnel. Such was the demand for cargo space, our teams had to devise new ways to unload cargo packed in passenger seats.

We reacted quickly to reduce the number of employees in the workplace to match the levels of flight activity and to respond to emerging guidance around social distancing. At the height of the restrictions our headcount was half the level at the same point in 2019. This was achieved by reducing agency personnel and placing many permanent staff on different types of leave including temporary leave and government funded furlough schemes. The majority of our office based employees moved to working from home supported by our recent investment in Microsoft Teams.

In this initial period, non-essential capital expenditure and discretionary spend was halted and all unnecessary ground service equipment was tracked and 'mothballed'. New communication channels including an employee extranet were created to provide a simple way for our colleagues around the world to stay in touch with the business.

Team leader ensuring accurate load reconciliation

Supporting repatriation flights
In April, our team in Sydney welcomed the longest flight ever made by Austrian Airlines. The record-breaking flight returned to Austria with 280 nationals who had been stranded due to the COVID-19 outbreak.

Supporting communities
In March some members of our Oslo team swapped their Menzies uniforms for the Norwegian Home Guard uniform and supported the rescue and repatriation operation at Oslo airport.

Special cargo
In April, the Menzies team in St. Maarten handled four special flights bringing mobile medical units sent from the Netherlands to help St. Maarten and St. Eustatius.

The eight units, known as hospitainers, come fully equipped with intensive care beds and were sent by the Dutch Ministry of Health, Welfare and Sport to supplement the capacity of the Caribbean islands.

How we adapted and evolved our operations

Reset.

As air travel began to increase again over the summer, our first priority was the continued roll out of COVID-19 safety measures and training for all returning team members.

We supplemented this with 'Welcome back' refresher training in areas such as driver safety to make sure no skills had become rusty while our colleagues were not in the workplace.

Our good relationships with major customers helped us develop coordinated plans to match resourcing levels to the fluctuating flight volumes which were a feature of the summer schedules and continued on throughout the year. Previous pricing arrangements which were based on full schedules no longer applied in many cases because of the large drop in flight volumes. Therefore a process of negotiations to reset pricing arrangements was put in place by our commercial teams in all regions. Our ground service equipment managers began similar negotiations with our equipment suppliers to 'hand back' all surplus equipment.

Our teams continued to flex both in size and to respond to changing schedules and last minute changes with willingness and professionalism. We have done everything possible to minimise job losses across the network by accessing all government supports available and implemented part-time working, shorter working weeks and voluntary severance programmes. We also investigated alternative work options and provided wellbeing and career support through specialist websites in the UK, Australia, Norway and the Czech Republic.

Support for our leaders continued by adapting our 'Living Leadership' development programme for online delivery with great success.

Melbourne Cargo Team

In August, when Melbourne was experiencing its highest infection levels since the pandemic began, our cargo team came to the rescue of a competitor cargo and ground handling operator.

They had been forced to close by the state's health authority due to the diagnosis of positive cases within their team. The Menzies team stepped in and took on their entire cargo workload which included urgent medical supplies for hospitals and the wider community.

The unexpected volumes doubled regular throughput but the team rose to the challenge, attracting much praise and positive feedback.

Chartering planes for AMI

Our cargo forwarding business, Air Menzies International, reacted swiftly and innovatively to the shortage of passenger flights over the spring and summer. They chartered their own aircraft and filled them with air cargo to meet unprecedented demand and helped to keep cargo moving on key trade routes such as Los Angeles to Sydney.

Supporting employees on furlough

We supported several initiatives in the UK to offer furloughed Menzies staff opportunities to work and support key services at the same time. Some, like Dajean Smith, supported the Asda supermarket in their distribution centre whilst many others joined Royal Mail to support the run up to Christmas.

Preparing the headset ahead of pushing back the aircraft

Pushback commences at London Heathrow

Budapest successes
Budapest was the centre of two commercial wins this year. In August the team welcomed new customer, Cargolux for the first time. And in September, Wizz Air, Europe's fastest growing airline, awarded the team a five year contract to deliver passenger, ramp and cleaning services, building on our existing relationships in London, Prague, Cluj, Timisoara, Iasi and Sibiu.

Loganair
With our long Scottish history, we were naturally delighted to announce a new three year ground services contract with Scotland's major carrier, Loganair, in November.

Preparing to move vaccines around the world
In autumn, a specialist project team of senior cargo managers began working with airport authorities around the world to prepare for the global transportation of vaccines. They focused on three things to expand our capacity and make sure we were ready to support our airline customers:

- Availability of temperature-controlled facilities and equipment.
- Maximising our existing infrastructure on key logistical lanes.
- Expedited handling from ramp through the cargo warehouse to handle vulnerable vaccine shipments quickly and reliably in all airport environments.

How we gained strength through our strategic decision making

Rebuild.

Despite the pandemic, 2020 was a strong year commercially with key contracts won across the product portfolio and we successfully deepened relationships with a number of key airlines.

Major new contracts were announced with customers such as with Qatar Cargo in seven new locations, Cargolux and Wizz Air in Budapest, Jetstar in Melbourne, Swoop Air in Toronto, Mango Airlines and Lift Air in South Africa, and Loganair in Scotland.

This was matched with good progress with our strategy to diversify through entering emerging aviation services markets. The effort and patience to establish a ground and cargo service business at Baghdad, Iraq reached a successful conclusion and operations started in January 2021. In November, we received news about a new licence to enter the Cyprus market and the year ended with the announcement of the acquisition of a majority stake in Royal Air Services in Pakistan.

Meanwhile our cargo teams came together across the world to prepare for the transportation of COVID-19 vaccinations in numbers and on routes which have never been seen before. This involved providing updated training on vaccine handling for all of our global cargo operational team, which was developed to support our application in some key airports for IATA CEIV Pharmaceutical – the industry quality benchmark for handling pharmaceuticals.

As an unprecedented year came to a close, we announced the formation of the Menzies 100, an initiative to support our leaders across the globe to work more closely together. They are all individuals who lead our regions, countries, support functions and largest stations globally and will play a key part in leading our Menzies teams as we rebuild and grow throughout 2021 and beyond.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S STATEMENT

Ready to emerge strongly

I want to start by saying thank you to our employees worldwide for their response to the challenges caused by the pandemic.

Our teams have acted admirably throughout, reacting efficiently to a constantly evolving situation and continuing to serve our customers safely and sensitively, often in difficult circumstances. They should be proud of the part they have played in helping us navigate this year.

Growth Strategy

During the year we responded proactively as the COVID-19 crisis unfolded, taking difficult decisions where required to protect the Company and continued to stay focused on executing our long term growth strategy, ensuring we are ready to emerge strongly as the aviation market recovers.

Our long term growth strategy is centred on our five strategic priorities:

1. Optimise portfolio mix
We are targeting a wider spread of activities by promoting the organic growth of air cargo and fuelling services. We will continue to grow our ground services business but our focus will be on areas where we know future growth opportunities are stronger and returns will be higher. We are also pursuing selective growth of our ancillary services offering, where operating margins are typically higher.

2. Targeted growth
We are expanding our network into emerging markets where margins are typically higher, the recovery rate is forecast to be considerably stronger and there is potential for Menzies to enhance standards and processes for customers. Expanding our network into these markets with strong growth dynamics will be a key part of our growth, utilising all of our product categories. Within the ground handling market, we will target high volume, high value contracts in key locations making better use of resources and enabling increased customer service and engagement. Where market dynamics are favourable, we will also seek to selectively expand our ancillary product portfolio.

3. Focus on margin improvement
We are committed to driving a structural improvement in the Group's operating margin. This will be achieved by focusing our organic and inorganic growth in structural growth markets, a relentless focus on strong cost management and active portfolio management across the existing business.

4. Customer orientated
Having strong customer relationships is the key to success in our industry. We seek to be solutions orientated, working with customers to deliver their goals with the aim of making Menzies Aviation the handling provider of choice wherever we operate. Our customer relationships have never been so important as they were in 2020. As the industry emerges from the pandemic, we believe their strength will be vital to the delivery of our growth strategy.

5. People centric
This year we have put people at the heart of the Menzies brand. Since 1833, it is the people at Menzies who have made us unique and we recognise that investing in our employees will be a key component of our success. We want to build a team of motivated and passionate people who we will support with industry leading working environments, training and leadership.

Despite the challenges we faced in 2020, we have demonstrated tangible success in delivering on our strategy. Operations have now commenced in Iraq and our acquisition in Pakistan has recently completed. With significant contract wins with Qantas, Qatar Airways and Wizz Air, and these new operations, we have demonstrated our strong emerging market and fast growing market focus. I am particularly excited by the strength of our new opportunities pipeline across our full suite of products for the remainder of 2021 and beyond.

Aviation Market Recovery

The impact of the COVID-19 pandemic on both the global economy and global aviation markets in 2020 was unprecedented. However, with vaccine programmes being rolled out across the world, there is cause for cautious optimism as we look to the future.

As predicted, passenger markets in the first quarter of 2021 have remained weak, and we anticipate a slow recovery starting in the second quarter with a more sustained recovery in the second half of 2021. We do not anticipate global aviation activity levels making a full recovery to 2019 levels until 2023. Analysing our markets, we believe that domestic and regional passenger travel will recover earlier and faster driven by narrow bodied, single aisle aircraft, with long haul travel recovering more slowly. This partly reflects forecast demand and also reflects the impact of the long haul capacity removed by airlines during the crisis. This trend would play to Menzies' strengths, given our long standing core focus on servicing high volume, narrow bodied, single aisle aircraft.

The competitive environment remains relatively unchanged from a year ago, with global government support schemes ensuring that the raft of business closures that might ordinarily result from such a severe downturn has not occurred. However, as this support reduces and aviation volumes gradually return, we do expect to see this dynamic change.

As we look to the future, I am confident that due to our proactive approach, our restructured cost base and reshaped business portfolio will enable us to start generating structurally improved operating margins as volumes recover.

I am pleased that, whilst we had to work with our banking partners to renegotiate our covenants through to June 2022, we did not take on more borrowing and therefore have maintained a healthy liquidity position throughout the year. We are also confident that our current forecasts are robust and we will continue to trade within our agreed covenant limitations.

Group Performance Overview

2020 has presented the business with a number of significant challenges. Until the impact of the restrictions on flight volumes imposed as the COVID-19 pandemic accelerated globally in late March 2020, the Group had been trading well, with the cost reduction actions taken and the renewed focus on commercial activity showing positive results.

The many travel restrictions imposed due to the outbreak of COVID-19 have significantly affected the Group's revenue, with ground and fuelling services particularly badly impacted by the dramatic reduction in flights. Ground service turns were down

OUR VISION AND VALUES

We expect all of our employees to role model and champion our values, to create a culture where everyone feels supported in their role and can perform at their highest level.

- We put **SAFETY & SECURITY** first
- We are one Menzies **TEAM** – everyone matters
- We are **AGILE AND RESPONSIVE**
- We **DO THE RIGHT THING**, always
- We deliver for our **CUSTOMERS**

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S STATEMENT CONTINUED

59% in the year and fuelling service events were down 46%. Our air cargo handling and our cargo forwarding service lines have been more resilient with reduced capacity on passenger flights driving yields to historical highs. Overall, air cargo service tonnage was down 18%.

Swift and decisive actions were taken in response to the impact of the flight restrictions. We have flexed our headcount in line with projected volumes, agency personnel schemes have been discontinued, underutilised staff have been put on furlough and in some countries, regrettably some staff were made redundant. We have optimised our use of the various government support schemes around the world, some of which have added to the Group's level of liquidity. In addition, only essential capital expenditure has been authorised and discretionary spend is at a historically low level. Our actions taken and our strict credit and expense control has resulted in a strong and sustainable level of liquidity.

Revenue for the year was £824.2m (2019: £1,325.6m), a 37% reduction in constant currency from the prior year. The Group recorded an operating loss of £96.2m in the year compared with a £39.6m profit in the prior year. Excluding exceptional and other items, the underlying operating loss for the year was £18.5m compared with a profit of £52.5m in the prior year. The reduction in profit was a direct result of the impact of the flight restrictions imposed by governments in response to the COVID-19 pandemic. The loss was mitigated by various grants received and released during the year totalling £139.2m. Grant income is released from when monies are received over the period in which in-country revenue is expected to be impacted by travel restrictions in response to COVID-19. The release is calculated as a set proportion of payroll expense until the monies are utilised. The most significant grant was US$82.8m grant funding from the US government of which £38.9m was recognised as grant income in the year. The loss before tax was £120.5m (2019: profit of £17.3m). The underlying loss per share was 61.8p (2019: 24.9p earnings per share).

Philipp Joeinig, Chairman & Chief Executive Officer of John Menzies plc said:

"The COVID-19 pandemic has brought about unprecedented challenges to our business as the effects on travel continued to have a significant impact on our global operations. Despite the difficulties it presented we acted decisively, adjusting the size of our operations and ensuring sufficient liquidity was maintained. We remain a strong business and well placed to benefit as the market recovers and the industry returns to structural growth."

Our commercial teams around the world have been very active in the period and have made encouraging progress winning and renewing significant new business, and also preparing to start-up in new stations in new regions of the world. In 2020 we added a number of significant contracts and our net gain in annualised revenue was significantly up on previous years. The emphasis has been on all areas of the business, not only ground services but also the higher margin air cargo and fuelling services businesses.

Our response to the flight restrictions has been swift and decisive. We have engaged with our customers to seek and secure interim price arrangements and also to match as closely as possible our headcount to the expected volumes of flights. Consequently, we have had to reduce our headcount. At the height of the COVID-19 related flight restrictions, our headcount was 50% lower than the same period in the prior year, with agency personnel arrangements ended, and many permanent staff on temporary leave or furlough schemes. Since then, staff have begun to return to work and at the end of the year our workforce was around 18,000, 40% lower than the previous year.

In the first half of 2021, we will continue to welcome back more of our people as we scale up our operations to meet the growing volumes of flights. As we will be a smaller business in the near term, we recognise the significant impact this has had on our colleagues that have left us. Throughout the process of change we have been doing everything we can to minimise the number of job losses across the network. To ensure we are as competitive as possible as the recovery continues, we have addressed multiple contract terms at single locations by working with our staff to harmonise pay and conditions. We believe that our success in harmonisation is vital to ensure that we can compete effectively and win new profitable business.

Outlook

The Board is confident about the Group's long term outlook. Despite the crisis we are well placed to prosper as the aviation sector gradually recovers. We have a clear strategy in place, based around our strategic priorities and we believe this disciplined approach will deliver sustainable growth in the future.

As anticipated, the aviation sector in the first quarter of 2021 continues to be heavily impacted by ongoing travel restrictions. Continued tight control on costs and ongoing support from global government schemes have enabled us to maintain our operational capability as well as a strong liquidity position. As the market recovers and we exit the pandemic, we are ready to scale up our operations to meet the demands of our customers.

Overall, we anticipate a slow increase in volumes through the second quarter with a stronger recovery during the second half of the year. However, we currently do not anticipate a return to the volumes witnessed in full year 2019 before full year 2023. As the markets recover, our restructured cost base and reshaped business portfolio should enable the Group to generate structurally improved operating margins from growth in revenues.

Despite the pandemic, 2020 was a strong year commercially with key contracts won across the product portfolio and we successfully deepened relationships with a number of key airlines. Our pipeline in all geographic regions is strong as we continue to seek out new opportunities, and as a result we expect further strategic progress during the year. Since the year end, we have commenced operations at five new locations in Canada with WestJet. We have also successfully strengthened our well established relationship with Qantas in Australia following the award of an outsourcing contract for domestic ground handling to Menzies at four airports across Australia. Despite anticipated ongoing low flight volumes, we expect that the Group will maintain significant liquidity headroom throughout the year ahead. Once activity levels start to recover, Menzies' strong fundamental cash generation will provide the Group with the capability to invest in support of our commercial objectives and reduce leverage.

Governance

As a Company we are dedicated to understanding how we can be better and this year we are focused on making big changes to enhance our Environmental, Social and Governance (ESG) impact. We will shortly be launching our own ESG vision and targets in this year's Annual Report.

I am committed to promoting good governance and the principles of the Corporate Governance Code. During the year, following the departure of Giles Wilson, it was agreed that I also assume the position of Chief Executive Officer to best navigate the Company through the immediate crisis, effectively execute our strategy and deliver growth in the years to come. I am delighted with the progress we have made and with the strong team I work with.

We are also in the process of recruiting a further non-executive director. The Board is focused on finding the right candidate who will add to our existing skill set and assist in driving forward our growth agenda. This process continues and we are confident to make an announcement later this year.

Finally, I would like to thank everyone who has been supportive during the year. In particular our shareholders, customers and suppliers together with my fellow colleagues around the world. Whilst we still live in very uncertain times, I look forward with confidence and see a prosperous future for the Group.

"Looking forward we will continue to deliver against our strategic priorities. We are winning new contracts, entering new markets and optimising our portfolio. As flight volumes recover, I am confident that we will emerge as a more agile, resilient and profitable business with a sharply focused footprint and portfolio."

Philipp Joeinig
Chairman & CEO
9 March 2021

MARKET REVIEW

Responding to market opportunities

Following the restructure of our commercial teams in 2019, we were well positioned in 2020 to maximise market opportunities in a challenging environment.

GLOBAL AND INDUSTRY MARKET TRENDS

Air cargo services

Despite the challenges of the pandemic, air cargo continues to travel the world every day usually in dedicated freighter aircraft or in the holds of passenger aircraft. 2020 saw a significant increase in carriers operating passenger aircraft to carry only air cargo. This resulted in cargo volumes remaining at the same levels as 2019 levels in many locations despite a reduction in scheduled activity by most carriers.

Our role involves the acceptance, security screening, build up, breakdown and delivery of the cargo at the airport. We continued to support our airline customers with reliable, safe, secure and timely handling of cargo which, this year, included vast quantities of personal protective equipment for frontline health workers. Our teams handled many chartered aircraft operations at short notice carrying much needed supplies related to the pandemic across our network.

Fuelling services

Menzies is the major global player in the aircraft fuelling sector with extensive operations in North America, UK and France. We are a specialist, independent aviation fuel management partner with over 70 years' experience and have strong relationships with airlines, airports and oil company partners.

Fuelling services comprise two activities: the management of fuel farm assets and the provision of into-plane fuelling when aircraft need to be ready for takeoff. Fuel farm operations are usually centred on jet fuel storage facilities but may also include the management of underground hydrant facilities at some larger airports.

Our services form a critical part of the supply chain as we ensure fuel supplies are received, stored and distributed safely to each individual aircraft. Our focus is on safety, environment, quality assurance and corporate governance and we operate to exacting safety and technical standards laid down by governing bodies, the fuels industry and our customers.

Various commercial models can be deployed with Menzies as we contract directly with airlines, consortia, airports or in the capacity of a subcontractor to oil companies.

As with all sectors of the aviation industry, the COVID-19 pandemic has affected the fuelling services business in the short term, particularly with regard to into-plane fuelling volumes, although the impact has varied greatly across our network of fuel services. However, there continues to be a consistent requirement for the ongoing activity around fuel farms, ensuring these facilities are managed and maintained properly whatever the fluctuations in fuel demand.

The outlook remains positive and we see further potential for oil companies to divest operations, creating more opportunities for both fuel infrastructure management and into plane fuelling. These are being actively pursued.

Ground services

Ground services are an intrinsic part of the aviation value chain. Every passenger aircraft has to be handled as efficiently and as safely as possible when it is on the ground. This involves activities such as ensuring all passengers, baggage and cargo are safely loaded and unloaded, passengers are properly checked in and boarded to the aircraft, cabin areas are cleaned and prepared for departure and in colder weather that aircraft are de-iced before flying.

Menzies offers these key services at some 198 airports around the world. We are one of four major global players in the market and can offer services at multiple locations across their networks to global or multi-regional airlines, allowing us to build far reaching relationships. To do this we place great value on our industry leading approach to safety and compliance backed up by a rigorous approach to training and developing our frontline teams.

Airline customers seek the following key attributes from a ground services provider: a strong service ethos, a robust approach to risk management, commercial terms that represent value for money and the ability to deliver continuous improvement. Most airlines across the globe are willing to outsource these services away from major hub operations because setting up their own ground services function is likely to be less cost effective when compared with the synergies in labour and equipment generated by the scale of operations of major handlers such as Menzies.

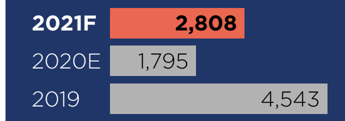
The COVID-19 pandemic has had a substantial impact on passenger aircraft flights and we have seen large year-on-year reductions in turns handled between 2019 and 2020. The impact has varied across our different operating regions with intercontinental flights particularly affected, although the pandemic has driven demand in some services such as the handling of repatriation flights, enhanced cabin cleaning protocols and more extensive passenger services check-in procedures.

Looking ahead, there is still huge potential for further outsourcing in the market, and for experienced ground services providers to bring their expertise to bear on emerging markets. With our well established credentials and huge experience with most of the world's most prominent airlines, Menzies is well placed to benefit from further growth in the market.

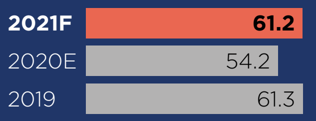
"Various commercial models can be deployed with Menzies as we contract directly with airlines, consortia, airports or in the capacity of a subcontractor to oil companies."

Global and Industry Statistics

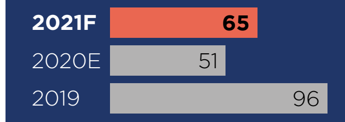
Scheduled passenger numbers (millions)



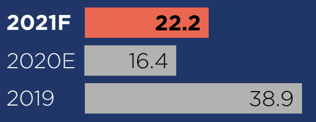
Freight tonnes (millions)



Fuel consumption (billion gallons)



Flights (millions)



Source: IATA Fact Sheet, November 2020, https://www.iata.org/


WARNING
PINCH AREA
KEEP AWAY
REMOVE BEFO

OUR BUSINESS MODEL

We want to be the handling provider of choice wherever we operate by always being solutions oriented and working with our customers to deliver their goals safely and securely, delivering stakeholder value and sustainable returns.

Key resources and inputs

Key resources are essential in the delivery of our strategy.

OUR PEOPLE

We have a workforce of 23,000 highly trained employees who drive our productivity.

OUR NETWORK

An established network gives us the reach to service customers from more than 198 locations in 34 countries.

IT AND INNOVATION

We seek out and invest in new solutions to support stronger performance, improved data and greater efficiency and prioritise new thinking in order to find innovative ways of satisfying our customers and gaining competitive advantage.

PARTNERS

We have reinvigorated our approach to engaging with our customers and developing trusted and valued relationships with all our stakeholders.

GOVERNANCE

We provide clear corporate governance and compliance processes and controls to drive quality, reduce risk and support effective working throughout our business.

Our strategy

We are passionate about being a customer-centric business: engaging with our customers to meet their needs and delivering safe, secure and innovative solution-oriented services. We are focused on driving profitable organic growth, developing in emerging markets and maximising our impact and offering at our key locations across our global network.

1 OPTIMISED PORTFOLIO MIX

2 TARGETED GROWTH

3 FOCUS ON MARGIN IMPROVEMENT

4 CUSTOMER ORIENTATED

5 PEOPLE CENTRIC

Our enablers:

SAFETY & SECURITY | COMMERCIAL | TECHNOLOGY | PEOPLE

> Read more about our strategy on page 20

WHAT SETS US APART

We are very proud of our heritage and the part that we've played as a trusted service provider since 1833. We are striving to build a stronger legacy for the next generation by serving the sustainable growth needs of the aviation services sector.

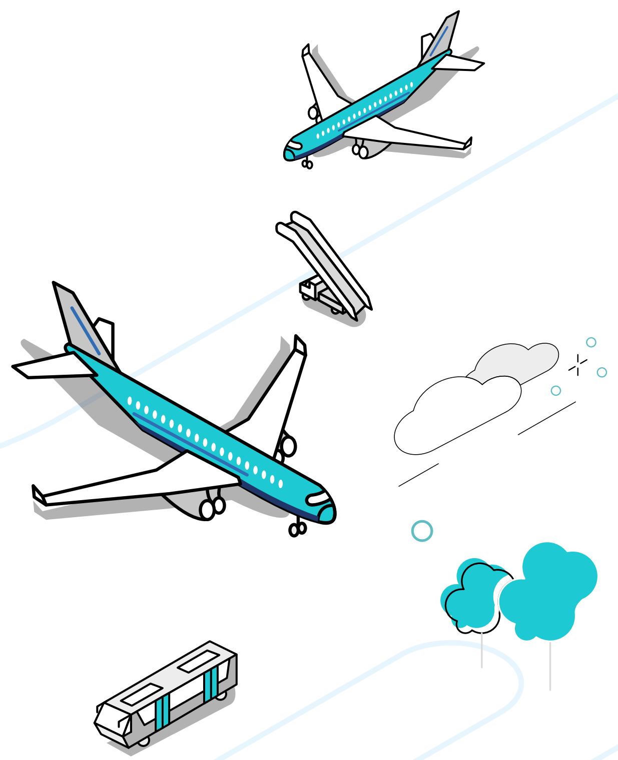
Ground services

We provide frontline airport services, both above and below the wing, ensuring passengers, crew and aircraft complete journeys efficiently and on schedule.

Our fully rounded ground services offering includes: tailored passenger check-in services, customer relations, VIP meet and greet experiences, executive lounge services, full ramp handling services, baggage sorting, loading and tracing, de-icing services, cabin cleaning and presentation, asset maintenance, aircraft washing, and more.

WHAT DIFFERENTIATES US

Our teams take immense pride in delivering quality, efficient service through best practice processes, industry leading solutions, and exceptional risk and safety management.

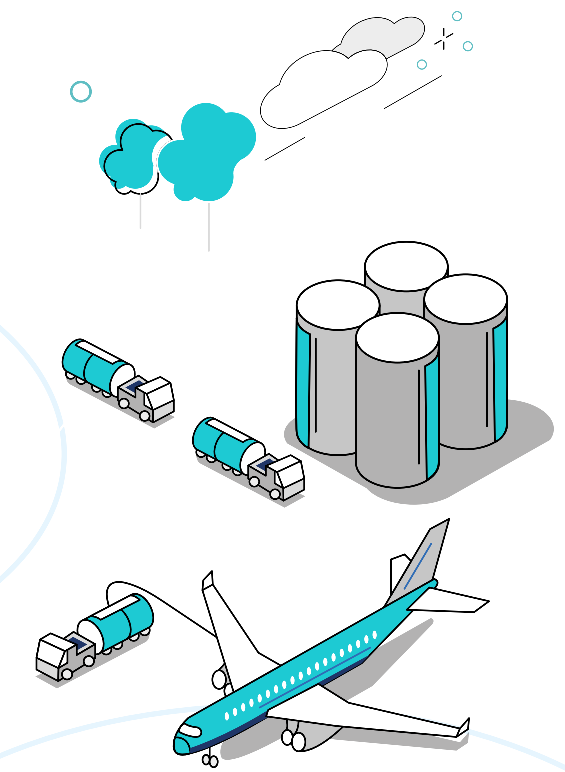


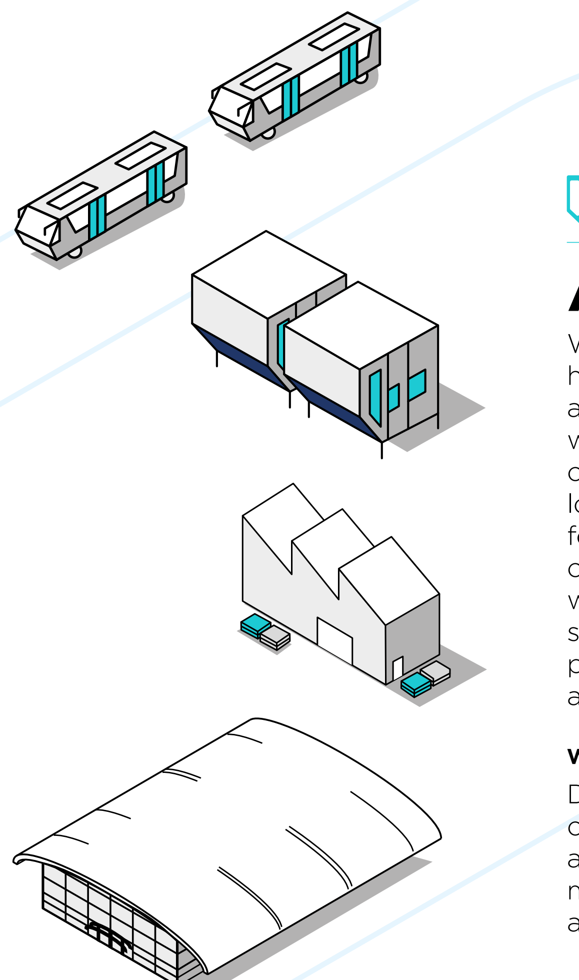
Fuelling services

We provide into-plane fuelling services and fuel farm management to airlines, airports, oil companies and other partners across the world, adhering to highest standards of safety at all times.

WHAT DIFFERENTIATES US

We are recognised for our safe operations and seek to support airlines and oil companies in trialling and implementing new safe aviation fuel initiatives. We work with our customers to offer and develop flexible, sustainable solutions that improve efficiency, service and changing industry needs.





Air cargo services

We manage the global transportation of high value and time critical cargo by accepting, storing and preparing cargo for worldwide transit for our airline and cargo customers throughout our multi-airport location network. Within our cargo forwarding business, we are a neutral consolidator of air cargo, providing wholesale airfreight and express services exclusively to freight forwarders, packaging companies, customs brokers and courier agents.

WHAT DIFFERENTIATES US

Decades of experience, supported by cost-effective and smart logistics solutions and our highly trained and dedicated teams means we are trusted to provide a reliable and secure service.

DELIVERING STAKEHOLDER VALUE

We believe that proactive and effective consideration and engagement with our stakeholders when making decisions is key to creating value, ensuring our long term success and achieving our purpose to provide safe and trusted aviation services and flexible solutions, serving the needs of our customers now and for the future.

SHAREHOLDERS

We seek to maintain an open and effective dialogue with our shareholders and shareholder bodies, and always act in a way that is likely to enrich the success of the Company for the benefit of its members as a whole.

EMPLOYEES

We offer varied careers in dynamic environments, ensuring our employees remain engaged in delivering results. The safety, wellbeing and ongoing development of our employees is core to developing pride in the workplace and creating great teams.

SUPPLIERS

We seek to work with suppliers who share the same values and sustainable aspirations as we do and who can support our growth and add value to our business. Developing resilient, ethical and sustainable supply chains globally is our priority.

CUSTOMERS

We work with customers to ensure our service offering is the right one to help them meet their own business challenges. As a professional aviation services business, our customers benefit from our best in class services, approach to safety and flexible technical solutions.

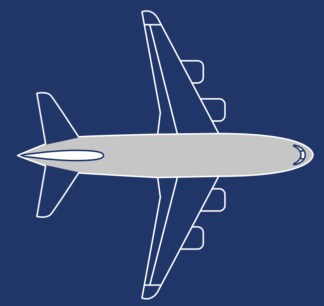
COMMUNITIES & ENVIRONMENT

We rely on, and aim to make a positive impact on, the local communities and environments in which we operate by reducing environmental impacts, creating employment opportunities, supporting local charities and community initiatives and providing sustainable solutions for our customers.

OUR STRATEGY

Building back better

During 2020 we re-affirmed our strategic approach and re-aligned our priorities. With a strong leadership team in place and clear direction, we have the ingredients in place to build back better, deliver our strategy and grow sustainably.



Our strategy

1 OPTIMISED PORTFOLIO MIX

Targeting a wider spread of activities by promoting the organic growth of air cargo and fuelling services. We will continue to grow our ground services business but our focus will be on areas where we know future growth opportunities are stronger and returns will be higher. We are also pursuing selective growth of our ancillary services offering, where operating margins are typically higher.

2 TARGETED GROWTH

Expanding our network into emerging markets with strong recovery growth dynamics and higher margins will be a key part of our growth, utilising all of our product categories. Within the ground handling market, we will target high volume, high value contracts in key locations making better use of resources and enabling increased customer service and engagement. Where market dynamics are favourable, we will also seek to selectively expand our ancillary product portfolio.

3 FOCUS ON MARGIN IMPROVEMENT

We are committed to driving a structural improvement in the Group's operating margin. This will be achieved by focusing our organic and inorganic growth in structural growth markets, a relentless focus on strong cost management and active portfolio management across the existing business.

4 CUSTOMER ORIENTATED

Having strong customer relationships is vital to success in our industry. We seek to be solutions orientated, working with customers to deliver their goals with the aim of making Menzies Aviation the handling provider of choice wherever we operate. Our customer relationships have never been so important as they were in 2020. As the industry emerges from the pandemic, we believe their strength will be vital to the delivery of our growth strategy.

5 PEOPLE CENTRIC

People are at the heart of the Menzies brand. Since 1833, it's the people at Menzies who have made us unique and we recognise that investing in our employees will be a key component of our success. We want to build a team of motivated and passionate people who we will support with industry leading working environments, training and leadership.

What we did in 2020

1 Optimised portfolio mix
- Developed new key customer relationships across all markets including significant cargo contract wins with Qatar Airways.

2 Targeted growth
- Prepared for our new operations in Iraq and Pakistan.
- Secured operating licences at Paphos and Larnaca in Cyprus.

3 Focus on margin improvement
- Renegotiated customer contracts to reflect fluctuating volumes.
- Exited unprofitable locations.
- Secured enhanced contractual terms with some customers.

4 Customer orientated
- Developed new key customer relationships and deepened existing partnerships e.g. Qantas across Australia and new five-year Wizz Air in Budapest and Oslo.

5 People centric
- Implemented new employee communications e.g. via Microsoft Teams, employee surveys, employee extranet.
- Delivered leadership training virtually.

KEY PERFORMANCE INDICATORS

We measure and track our performance against a carefully selected set of financial and non-financial key performance indicators to provide a balanced assessment of the performance of our operations and progress against the Group's strategic objectives.

Operational delivery success

Employee turnover (%)

2020	**65.1**
2019	58.2
2018	61.4

Why we measure this
Our people are our most important resource and so employee turnover is an important measure for how our business is performing. This KPI is measured on a station-by-station basis to ensure that we are able to identify and address trends that impact turnover. The challenges of 2020 have meant that our overall turnover has increased compared to 2019. However, our voluntary turnover rate has reduced significantly showing that our people recognise our strong leadership through crisis and are responding positively to our employee value proposition.

Strategic link – People centric

Employee hours per fuelling services turn

2020	**2.1**
2019	1.8
2018	1.7

Why we measure this
Into-plane fuelling is a core service for our business and measuring the average number of employee hours utilised for each fuelling turn provides critical information on how efficiently we perform this activity throughout our operations.

Strategic links – Focus on margin improvement

Employee hours per ground services turn

2020	**39.6**
2019	32.7
2018	31.9

Why we measure this
Although changes in the mix of wide and narrow-bodied aircraft handled by our business can impact this measure, the average number of employee hours invested to perform each ground handling turn remains a critical measure of how efficiently we operate.

Strategic link – Focus on margin improvement

Employee serious injuries per 100 full-time equivalents

2020	**0.15**
2019	0.19
2018	0.16

Why we measure this
Our People are our greatest asset and deliver our industry-leading service. We operate in areas with heavy machinery and must ensure that training is appropriate to minimise injuries.

Strategic link – People centric

Serious aircraft damage per 1,000 turns

2020	**0.015**
2019	0.016
2018	0.018

Why we measure this
Aircraft damage per 1,000 turns underpins our quality service provider reputation and ensures we maintain an industry-leading position in safety and service delivery. Insurance costs are also monitored and controlled.

Strategic link – Customer orientated

Daily cargo volumes (tonnes)

2020	**3,301**
2019	4,110
2018	4,384

Why we measure this
The average volume of cargo handled each day is a key measure for how effectively and efficiently our cargo operations operate, and an indicator of cargo business growth.

Strategic link – Targeted growth

Delivering value and profitable growth

Group revenue growth (%)

2020	**-37.8**
2019	2.7
2018	1.4

Why we measure this
We are committed to growing our Aviation business and revenue growth is therefore a key metric.

Strategic link – Targeted growth

Contract renewal rate (%)

2020	**83.5**
2019	79.7
2018	80.1

Why we measure this
The rate of contracts that we successfully tender for and renew is a key sign of how satisfied our customers are with the levels of service and price we are able to provide.

Strategic link – Customer orientated

Underlying operating margin (%)

2020	**-2.2**
2019	4.0
2018	4.3

Why we measure this
Underlying operating margin is a standard measurement demonstrating our ability to turn our revenue into profit, encompassing our efficiency, controls and value generation.

Strategic link – Optimised portfolio mix

Total shareholder return v FTSE SmallCap over three years (%)

2020	**-68.4**
2019	-38.8
2018	31.0

Why we measure this
Total shareholder return is the most commonly used measurement of value generated for shareholders, capturing both capital and dividend growth.

Strategic link – Optimised portfolio mix, Targeted growth, Focus on margin improvement, Customer orientated, People centric

Responding to the pandemic, region by region

The impact of travel restrictions was felt differently in each of our three business regions. While domestic travel continued in the Americas, EMEA saw the largest reduction in flight schedules and air cargo proved to be a resilient feature of the market in Australia and New Zealand.

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Americas

In the Americas region, the impact of flight restrictions in response to the pandemic has not been as great as in other parts of the world, reflecting the significant proportion of the business that is regional rather than intercontinental and therefore less affected by the international flight restrictions.
In the USA, cargo volumes held up well with our two largest operations in Los Angeles and San Francisco maintaining volumes close to pre-pandemic levels.
The US fuelling and ground service businesses saw volumes drop in the second quarter of the year and then modestly improve in the second half. In the rest of the region, Canada fuel farm management and the Canadian and Colombian air cargo businesses remained steady and profitable. However, the ground services operations in Canada, Mexico and Colombia were severely impacted, with operations in Colombia closed at one point.

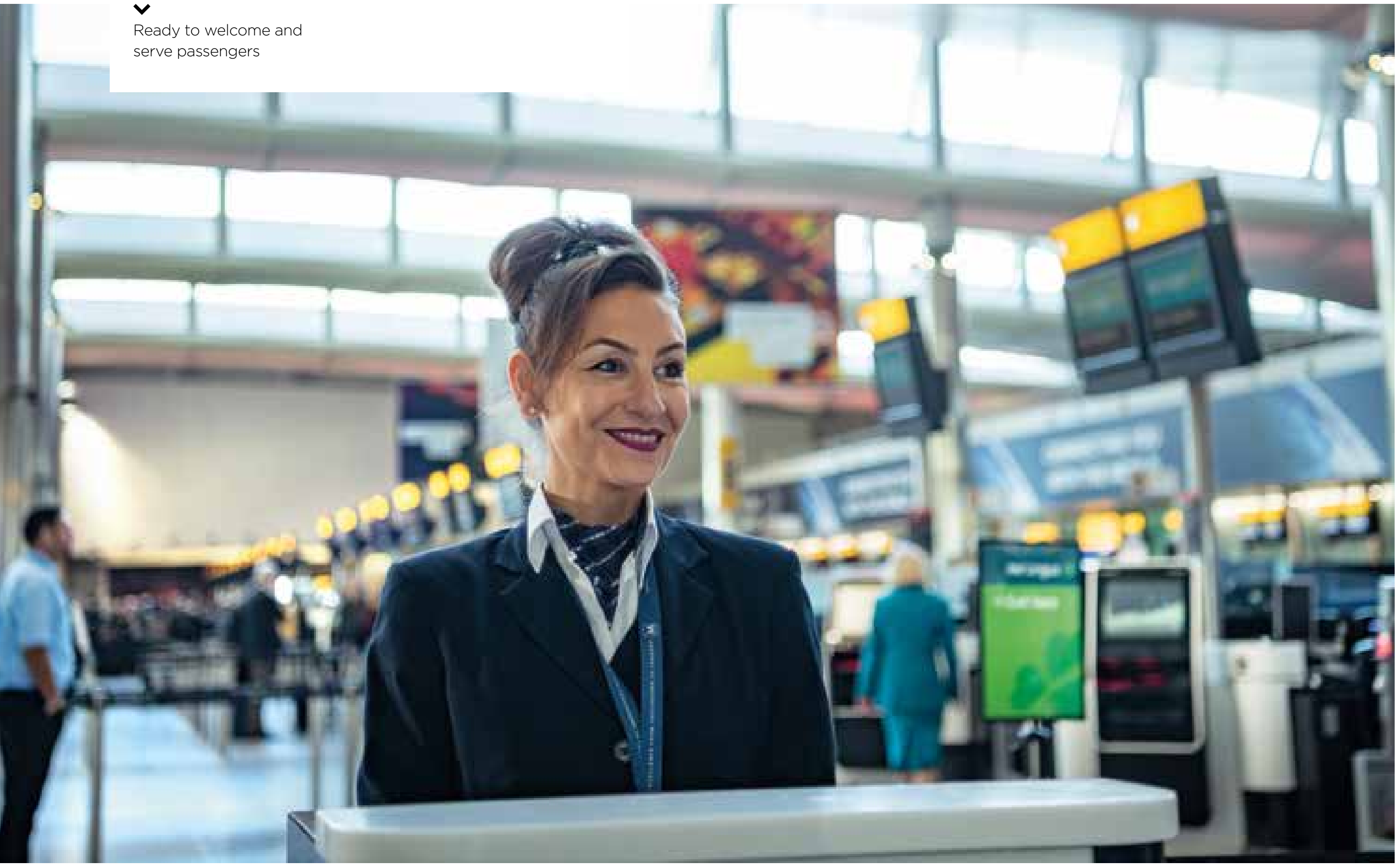
Profitability was less affected compared with other regions due to the cost saving measures put in place in response to the crisis, which resulted in the closure of operations at Boston, Newark, New Orleans and Tijuana, together with the impact of government support. The US business received $82.8m of job support grants under the Coronavirus Aid, Relief, and Economic Security Act that has provided welcome financial relief for Menzies in the USA and other key suppliers and carriers across the country's airline industry. Due to the significant support given to the US based airlines, we did see some evidence of in-sourcing and this resulted in the loss of our ground handling contract with United Airlines in Denver. Although this loss was partly mitigated by ancillary services wins elsewhere in the USA with the airline. We do not expect a significant change to the market dynamics in North America and see any insourcing as a short-term trend only. Important government support, albeit on a lesser scale, was received in Canada in the form of emergency wage subsidies.

In terms of our strategic priorities, as well as the portfolio management action taken to close the stations mentioned above, our work to optimise the portfolio mix resulted

"Our work to optimise the portfolio mix resulted in a number of notable contract wins and renewals."

Cargo operations in progress at London Heathrow

BUSINESS REVIEW CONTINUED



Ready to welcome and serve passengers

in a number of notable contract wins and renewals. We successfully added Qatar Airways air cargo services at Los Angeles and San Francisco evidencing our growing relationship with Qatar Airways globally and renewed multi-station fuelling services agreements with UPS and FedEx. Within the region, our focus on emerging market growth saw the successful renewal of ramp services with VivaAerobus across 21 stations in Mexico.

Our focus on margin improvement gained traction with enhanced commercial terms secured in many locations including with Air France-KLM at five air cargo service operations in Canada and at Bogota. We also successfully negotiated short-term rate improvements with airlines across the region in response to lower volumes during the pandemic.

EMEA

The EMEA region saw the largest reduction in flight schedules with ground handling turns down 64% compared with prior year. Our ground services business in the UK, Spain, Eastern Europe, Scandinavia and South Africa were severely disrupted in the second quarter, however there was an improvement in volumes in the second half of the year.

Within the fuelling services business in the UK and France, margins were maintained due to the fee-per-service nature of the contracts, although volume was significantly down. Cargo volumes in Amsterdam remained strong, and our cargo operations at London Heathrow have been running ahead of the prior year since the large contract win with Qatar Airways in June.

The profit impact of the decline in revenues has been partly mitigated by strong cost control, government support schemes and tough decisions regarding uneconomic operations. We ceased agency personnel arrangements, where appropriate employees were furloughed through government schemes, and regrettably, a number of redundancy programmes were undertaken. Government support schemes have had a positive impact on Menzies' ability to maintain the right level of staffing particularly in the UK, the Netherlands and Sweden.

In the UK, we ceased ground service operations at Birmingham, Bristol, Exeter, Liverpool, Newcastle and Stansted. We have also where possible engaged with our workforce to harmonise labour agreements in order to become a leaner organisation and be in a better position to win new business.

Despite the crisis we have continued to make progress with our strategic priorities in the region. We are currently in negotiations with a number of airlines across the region for improved pricing and other recompense in response to the changes in flight volumes. In the UK, we won ground service contracts with Loganair at Edinburgh, Glasgow and London Heathrow, and with TUI Airways at Glasgow, London Gatwick and Manchester. We also won Wizz Air ground services business at Oslo, which partly mitigates the significant reduction in Norwegian Air Shuttle volumes following the airline's decision to downsize operations. Other wins included Volotea at Nantes and TUI Airways at Gothenburg.

Within the region, we made considerable progress with our strategy to expand into emerging markets. We were delighted to win the Wizz Air ground services contract at Budapest, the carrier's home airport. We also added a contract with LIFT Airline at Johannesburg and we were awarded an operating licence at Larnaca and Paphos in Cyprus ahead of commencing ground service operations in February 2021. Since the year end, the acquisition of Royal Airport Services has completed, bringing ground and air cargo services at eight locations across Pakistan, while operations have commenced at Baghdad.

As well as the new air cargo services in Pakistan, our work to optimise the portfolio mix and target a better spread of activities resulted in us winning cargo contracts with Cargolux at Budapest and Qatar Airways at London Heathrow. The contract with Qatar Airways embodies our strategic priority of customer engagement and the growing prevalence of regional or global agreements. The contract is part of a joint approach to develop Qatar Airways global cargo network in a handling partnership programme.

Rest of World

The Rest of World region focuses on Australasia and South East Asia. As with the rest of the Group, volumes were depressed in the region with air cargo tonnage down 24% and ground services 58% lower than prior year. Our operations in Macau, China felt the impact of the government restrictions in response to the pandemic virtually all year, as it was one of the first territories to be impacted. Passenger flights were severely impacted, however air cargo traffic remained at pre-pandemic levels for most of the year.

The air cargo business was resilient in both Australia and New Zealand. Profitability in the two countries was maintained through the handling of emergency relief flights, cargo only aircraft where cargo replaced passengers on the main deck, and the optimisation of government job retention schemes, particularly in Australia. Our fuelling services business in Thailand has been mothballed and is unlikely to restart unless sufficient scale can be achieved.

The Rest of World region is a key area in terms of our strategic priority of delivering emerging market growth. Stronger forecast economic growth and the demographic trend of a growing middle class means this region is expected to experience significantly higher growth in aviation activity over the next 20 years compared with many other geographical regions.

STRATEGY IN ACTION
CASE STUDY

Developing global partnerships

Qatar Airways and Menzies

A renewed focus on our global cargo business – with a strategy to partner with global carriers at multiple locations – began to deliver results in 2020. This enabled us to play our part throughout the year in the international response to COVID-19 by carrying vast loads of urgent cargo, including medical supplies and PPE, around the world.

Strategic link

1. OPTIMISED PORTFOLIO MIX
2. TARGETED GROWTH
4. CUSTOMER ORIENTATED

In July, we announced a new partnership with Qatar Airways, the world's leading cargo carrier, to provide cargo handling, freighter aircraft handling and cargo transportation to/from aircraft at London Heathrow.

The contract saw Qatar Airways move into Menzies' newly renovated facilities in September 2020 as the first step of a joint approach to develop Qatar Airways' global cargo network handling partnership programme.

Warehouse capacity at our new Heathrow facilities exceeds 7,000 square meters, the largest dedicated warehouse capacity solution ever provided by Menzies at Heathrow, and includes a timely investment in special product handling capabilities with a focus on pharmaceutical and temperature controlled commodities.

Qatar cargo volumes (tonnes per annum)

200k+

Menzies London Heathrow cargo warehouse capacity (square metres)

7,000+

Welcoming Qatar Airways to the Menzies warehouse at London Heathrow

With Menzies Aviation now a recognised and certified Qatar Airways Network Handling Partner, the partnership extended to Australia and New Zealand in November to provide both cargo and ground handling services in Sydney, Melbourne, Brisbane, Adelaide and Perth as well as Auckland.

The partnership deepened further with new contracts to service Qatar on the West Coast of the USA with cargo and freighter aircraft handling commencing in Los Angeles in November and further cargo support for Qatar Airway's new location San Francisco announced in December.

Existing contracts in Macau and Bucharest were also further extended.

The year ended with a partnership covering 14 locations, with combined cargo volumes exceeding 200,000 tonnes per annum.

"In July, we announced a new partnership with Qatar Airways, the world's leading cargo carrier, to provide cargo handling, freighter aircraft handling and cargo transportation to/from aircraft at London Heathrow."

During the year we successfully grew and optimised our portfolio in the region, adding ground services and air cargo services contracts with Qatar Airways at Sydney, Melbourne, Perth and Adelaide and air cargo services at Auckland. We also won a contract to provide high volume, narrow bodied ground services with Jetstar Airways at Melbourne. Operations in Indonesia progressed with the PT Mitra Adira Utama air cargo business now successfully integrated.

Cargo Forwarding

During the year our cargo forwarding business, Air Menzies International (AMI) performed strongly, strengthening its position as one of the world's largest neutral providers of airfreight and express services.

AMI has benefited from restricted cargo capacity reflecting the grounding of many international passenger flights. Despite fewer bookings, the size and yield of each booking has been considerably higher than in recent years. While the impact of the reduction in cargo capacity across the industry provided positive momentum to the business during the year, the business also swiftly and proactively responded to the change in cargo capacity to find solutions for its customers, chartering aircraft and filling them with air cargo demand on key trade lanes.

Cargo is tracked and monitored using handheld scanners

STRATEGY IN ACTION
CASE STUDY

New markets in Pakistan and Iraq

Strategic partnerships deliver on our objective to expand Menzies geographical footprint.

In December 2020, we announced our entry to the growing aviation services market in Pakistan with the acquisition of a majority share in Royal Airport Services Ltd (RAS).

Strategic link
1. OPTIMISED PORTFOLIO MIX
2. TARGETED GROWTH
3. FOCUS ON MARGIN IMPROVEMENT

Founded in 2007, RAS is one of Pakistan's leading aviation services businesses and provides ground and cargo handling services, airline ticketing and cargo sales across the country. They handle both domestic and international carriers such as Qatar Airways, Gulf Air, Oman Air and SriLankan Airlines from eight airports: Islamabad (both international and domestic), Karachi, Lahore, Peshawar, Multan, Faisalabad and Quetta.

Pakistan is the world's fifth most populous country and South Asia's second largest economy. There are more than 66,000 flights annually to its major airports. The acquisition enables Menzies to enter this attractive growth market.

"The aviation industry is a key driver for Iraq's economy and Baghdad is its largest international airport. The Government has plans to expand it significantly through upgrading its infrastructure and services."

We are delighted to have the insight, connections and knowledge of the region offered by partnering with a company such as RAS. We look forward to sharing our world class safety and security systems, technology, experience and commercial acumen with the 1,500 employees across all service lines.

Together we aim to improve aviation safety and security and foster further growth in the passenger and cargo sectors of this market, which will help to develop the Pakistan travel and tourism market further. RAS has demonstrated the ability to grow successfully and with our additional scale and global reach, there is good potential to generate further opportunities in the region.

A team of our highly trained managers were deployed in January and February to assist in the integration of the business and training our new colleagues ahead of the operational start.

New Partnerships in Iraq

December provided further momentum to the growth of Menzies in the region with official notification from The Iraqi Civil Aviation Authority (ICAA) that an operating license had been awarded to our joint venture, The United Iraqi Company for Airports and Ground Handling Services Limited – trading as MASIL – for ground handling services at Baghdad International Airport.

MASIL is a partnership between Iraqi Airways, Menzies Aviation, Air BP and Al Burhan Group to provide a range of services at Baghdad International Airport, including passenger and executive services, ramp and ground handling services, flight operations, cleaning and ground support equipment, aircraft refuelling, cargo services and warehouse operations.

The aviation industry is a key driver for Iraq's economy and Baghdad is its largest international airport. The Government has plans to expand the airport significantly through upgrading its infrastructure and services.

The MASIL partners intend to draw on their collective global industry experience and world class standards to further improve the customer experience and safety standards at the airport. A number of our experienced managers have taken up key positions to offer technical advice on maintenance, quality assurance and HSE standards in addition to oversight of operations and training requirements. One of the key aims of MASIL will be to train Iraqi nationals so that they can take on senior positions.

Operations successfully commenced on 21 January 2021.

STRATEGY IN ACTION
CASE STUDY

GHI Award for Ramp Safety

We were delighted to be recognised this year for our industry leading work in ramp safety

The Menzies SMART app is a mobile digital audit tool used by managers to monitor compliance with operating procedures throughout the Menzies network.

Strategic link
3. FOCUS ON MARGIN IMPROVEMENT
4. CUSTOMER ORIENTATED
5. PEOPLE CENTRIC

Cargo General Manager uploading a SMART inspection

The SMART app was designed and built in-house and this year we introduced a new employee recognition feature. We have been impressed with the impact it has had across the network and were delighted when it was awarded the Ramp Safety award at the annual Ground Handling Industry awards.

This new feature gives managers a way to offer positive recognition of good safety behaviour when employees do something special or go above and beyond. The app gives the option to raise an 'excellence' rating during an audit therefore quickly recognising and reinforcing positive behaviour.

The reasons for the nominations range from good COVID-19 hygiene practices, leading by example on safety and security processes, helping distraught customers who have had their flight cancelled, acts of kindness and diligently following social distancing guidelines.

Each 'excellence' rating is recorded in the SMART app against the employee's name and badge/payroll number. All the 'excellence' ratings awarded in a station are added to a board. The more ratings an employee receives, the higher they move up the leader board. At the end of each month, station managers use the metric as one of the key inputs to local recognition programmes.

Yogesh Parekh, SVP Risk, explains the thinking behind the new feature: "We have found that recognising good work has proved to be much more powerful than just raising compliance findings to drive continual improvement and better results."

By doing this, we are:

- promoting a safe, friendly, secure environment in line with our MORSE (Menzies Operating Responsibly Safely & Effectively) principles and charter;
- encouraging good attitudes to learning and co-operation; and
- influencing colleagues to make the right choices.

Since the launch of the new feature in January 2020, our near miss and hazard reporting has increased on average 24% month on month for 'Aircraft Damage Found on Arrival' events across our network. 'Found on Arrival' is when employees check the aircraft prior to positioning equipment to spot if there is any existing damage.

This could be seen as a surprising statistic given the reduced number of flights operating during 2020 but, as Yogesh explains, we consider this trend to be the positive effect of the new employee recognition feature and why it demonstrates a good culture of reporting:

"Though it sounds counter-intuitive, we are pleased to see an increase in reporting and view it as a sign of maturity in the risk culture throughout Menzies.

By recognising employees who spot hazards or damage, we are publicly and positively reinforcing these safety behaviours and it's leading to increased reporting."

SMART app Inspections carried out during 2020 (excluding workplace inspections)

235,771

Percentage of SMART app Inspections with zero findings 2020

95%

Workplace Inspections carried out via SMART app in 2020

1 every 15 minutes

"Menzies SMART app is a very strong initiative in terms of innovation and enhancements of safety and has a company wide impact on safety. The SMART app initiative reinforces positive behaviours, and this is an excellent way to build a learning safety culture."

The GHI judges comments

CHIEF FINANCIAL OFFICER'S REVIEW

Responding proactively

I am pleased to present my review of what has been a challenging year for the Group, and my second as Chief Financial Officer.

Financial Overview

Banking Facilities

As previously reported, the Company completed the refinance of the Group's bank facilities in January 2020 that were due to mature in 2021 and replaced them with a US$235m amortising loan and a £145m revolving credit facility, both due to mature in January 2025. In response to the financial impact of the pandemic related flight restrictions, the Company agreed a revised temporary banking covenant structure with its banking group for the facilities in August.

The new covenant structure provides sufficient flexibility to support the Group through the expected recovery period. The key terms are that a net leverage covenant is suspended and replaced with a minimum EBITDA covenant and a new covenant requiring the Group to keep a minimum of £45m liquidity. The interest cover covenant is also suspended. The revised covenant structure will remain in place until the earlier of June 2022 or whenever the Group's leverage as measured on a pre-IFRS 16 basis remains below 3.0 times for three consecutive quarters. At that point, the Group will revert to the original net leverage and interest cover covenants for the remainder of the facilities' term. The interest margin is 4.0% and will reduce to 3.5% when the Group's leverage, as measured on a pre-IFRS 16 basis, falls back below 3.0 times.

Exceptional Items in Operating Profit

Exceptional items in operating profit were a £70.2m charge to profits (2019: £4.7m) comprised £58.8m of restructuring incurred to reshape the business in response to and because of the COVID-19 pandemic travel restrictions, transaction related costs of £2.4m, primarily to set up the new business in Iraq and £9.0m of costs to reimburse the insurer in respect of a claim from 2017.

The COVID-19 pandemic restructuring costs comprised £27.1m of costs incurred to write down assets, and £31.7m of restructuring costs that comprised £27.0m of costs to resize the business as a result of the downturn in volumes, and £4.7m of professional and advisory fees to secure the successful renegotiation of the new covenant structure.

Interest and Taxation

The Group's underlying net finance costs were £20.4m (2019: £22.1m).

As a multinational business, the Group is liable for taxation in multiple jurisdictions around the world. The Group's underlying tax charge for the period was £14.2m (2019: £9.5m) representing an effective underlying tax rate of -37% (2019: 31%). The increase was mainly due to derecognising deferred tax assets in various jurisdictions.

Loss per Share

The Group's underlying loss per share was 61.8p (2019: 24.9p earnings per share). The reduction was a result of the decrease in underlying profits and the increase in the effective underlying tax rate. The corresponding basic loss per share was 151.1p (2019: 12.8p per share for continuing and discontinued operations).

Defined Benefit Retirement Obligation

The reported UK defined benefit retirement obligation has increased by £1.4m since 31 December 2019 to £6.7m. This relatively small increase is attributable to effective hedging strategy as the £39.1m adverse impact of lower discount rates on future liabilities was mostly offset by £32.1m positive impact of returns on the pension scheme assets and £3.7m of contributions from the Group.

Impact of Foreign Currency Movements

The majority of the Group's operations are located outside the UK and account in currencies other than the Group's reporting currency. The Group hedges the sterling exposure of foreign currency denominated assets to manage the impact of currency movements in the Group's net assets using forward contracts. The translation of profits from overseas trading entities is not hedged, and as a result the movement of exchange rates affects the Group's reported results. In 2020, there was minimal impact on the Group's results due to exchange rate movements against the prior year. Net borrowings are also subject to foreign currency movements, primarily on the US dollar denominated term loan and non-sterling lease liabilities.

Dividend

No dividend is to be paid in respect of the 2020 results (2019: 6.0p per share).

Group Liquidity

The Group has been effective in the proactive management of cash and liquidity. Underlying operating cash flow was £149.6m (2019: £134.9m). The increase was largely the result of strong debtor collections and upfront support from governmental agencies. Working capital management remains a key focus for the business. Cash generated from operations was £113.7m (2019:£104.1m). Free cash flow was £105.7m (2019: £81.1m). Net capital expenditure was £20.7m (2019: £21.5m). The resulting net cash and cash equivalents on hand at 31 December 2020 was £121.8m, £48.8m higher than 31 December 2019.

At 31 December 2020 reported net borrowings were £355.9m (2019: £391.5m) largely reflecting lower lease liabilities. Net debt used for measuring leverage for banking covenant purposes, particularly excluding the impact of reporting leases under the IFRS 16, was £214.7m (2019: £216.6m). The Group had £316.9m of committed banking facilities at 31 December 2020, of which £296.9m were drawn.

Going Concern

The UK Corporate Governance Code requires the Directors to state whether the Board considers it appropriate to adopt the going concern basis of accounting in preparing the financial statements, and to identify any material uncertainties to the Company's ability to continue as a going concern over a period of at least 12 months from the date of approval of the financial statements. In adopting the going concern basis for preparing these financial statements, the Board has considered the Group's business activities, together with factors likely to affect its future development, its performance and principal risks and uncertainties. The spread of COVID-19 has precipitated an unprecedented level of air travel restrictions being imposed by governments across the world. Although this has had a broadly positive impact on cargo handling and forwarding businesses, it has had a negative impact on flight volumes that drive the ground and fuelling services businesses.

After reviewing the current liquidity position, financial forecasts and stress testing of potential risks and based on the current funding facilities outlined, the Board has a reasonable expectation that the Company and Group has sufficient resources to continue in operational existence for the foreseeable future, which is for the period to 30 June 2022. The Group has a strong liquidity position. As a result, the Board continues to adopt the going concern basis of accounting in preparing the Company and Group financial statements. The period of Management's going concern assessment is the period to 30 June 2022.

In the event of further severe downside risks beyond the Company's severe but plausible downside case, as outlined in note 1 of the consolidated financial statements, the Board has identified a material uncertainty arising as a result of the impact that prolonged international travel restrictions could have on the

CHIEF FINANCIAL OFFICER'S REVIEW CONTINUED

	2020 £m	2019 £m
Underlying EBITDA	**69.9**	138.7
Working capital	**53.2**	(2.7)
US government support movement	**23.9**	–
Other items	**2.6**	(1.1)
Underlying operating cash flow	**149.6**	134.9
Net capital expenditure	**(20.7)**	(21.5)
Net interest paid	**(20.7)**	(20.5)
Tax paid	**(2.5)**	(11.8)
Free cash flow	**105.7**	81.1
Equity dividends paid	**–**	(17.3)
Additional pension payment	**(3.7)**	(12.1)
Cash spend on exceptional items	**(32.9)**	(12.4)
Shares and other	**0.1**	(0.8)
Principal element of lease repayments	**(59.9)**	(57.1)
Proceeds from borrowings	**46.6**	39.1
Increase in cash	**55.9**	20.5

delayed recovery of the business that, were they not adequately mitigated as they have so far, may cause a breach of the leverage and interest cover covenants on the Company's unsecured facilities at 30 June 2022, a date over two years after the start of the pandemic. If such circumstance were to arise, the Company would have sufficient time to take steps to further mitigate any risk arising and, if necessary, to seek to agree with its lenders, as it did following the outbreak of the pandemic, a further waiver of or variation to such covenants.
Further details on the going concern are outlined in Note 1 of the consolidated financial statements.

Viability statement
The Directors have assessed the prospects of the Group over a period of three years updated to take account of any changes in risks, opportunities and market conditions in order to comply with the viability statement requirements of the UK Corporate Governance Code. The Board has also considered risks that would threaten the Group's business model, future performance, solvency and/or liquidity beyond 31 December 2023. The first year of the review of prospects was the Group's budget for the 2021 financial year, adjusted for any known material changes since the budget was approved.

The period to 31 December 2023 was chosen because the Board considers this a reasonable period over which to assess the financial position and performance of the Group, although it recognises the increased challenge in forecasting accuracy when developing financial forecasts during the COVID-19 pandemic. The Directors believe this period to be appropriate because the average length of the Group's customer contracts is approximately three years and the Group's planning cycle covers a three year period.

The Group faces a number of risks and those risks that the Board has currently assessed as being the principal risks are set out in the Strategic Report of this Annual Report and Accounts 2020. For assessing the Group's viability, the Directors focused their attention on the principal risks that are critical to the Group's success. Each risk and its impact and mitigation are set out on pages 40 to 45 of this Annual Report and Accounts 2020.

Stress testing of the Group's financial forecasts has been undertaken with reference to a number of severe but plausible scenarios involving its principal risks. The scenario analysis undertaken included stress testing and constructing scenarios that would threaten the Group's viability, then assessing the likelihood of those scenarios occurring. The stress testing also considered the availability and effectiveness of the mitigating actions that could realistically be taken to avoid or reduce the impact or occurrence of the underlying risks. In assessing the likely effectiveness of such actions, the conclusions of the Board's monitoring and review of risk management and internal control systems, as described on pages 36 and 39, were taken into account. The financial forecasts and the scenario analysis considered profitability, cash flows and financial covenant compliance.

The Group's exposures to external factors such as international travel and border restrictions resulting from additional COVID-19 variants, global acts of terrorism and environmental risks have also been considered.

In the case of an ongoing impact of the response to COVID-19, Management has undertaken a review of the financial impact were the recovery in air traffic volumes to be lower than expected, reflected in a severe but plausible downside scenario using the assumptions outlined in the going concern assessment in note 1 of the consolidated financial statements.

These assumptions have been extended out for the full year 2022 and to 2023. The key assumptions are that the impact of COVID-19 is not more prolonged or significant than the severe but plausible downside case, and that there is no further government support beyond what has been committed in writing only. If the impact of COVID-19 is more prolonged or no further government support received, Management would take further steps to restructure to drive further cost savings.

The Group currently has significant available liquidity, as outlined on page 33 of this Annual Report. The Group has £26.2m of US government loans that are not due to mature for ten years and has £300.8m of committed bank facilities in place for the period to January 2025. The Company has secured revised covenants with lenders on the bank facilities. The

Revenue

£824.2m

Underlying operating cash flow

£149.6m

revised covenants cover minimum liquidity levels and minimum EBITDA as at the quarterly measurement dates to 31 March 2022. The next testing of those covenants will be in respect of the quarter ending 31 March 2021. For the measurement period on 30 June 2022, the covenants revert to interest cover and leverage covenants per the original terms of the banking facilities and are then tested each six months thereafter. To the extent that Company were to need further waivers or variations in later periods, the Company would engage with its banks early to seek to negotiate covenant waivers or variations. The Group may have access to a variety of additional funding options including the sale of assets, share placings with new or existing shareholders or a rights issue, none of which has been considered in the viability statement. In light of all of these factors, the Board considers liquidity risks relatively low for the purposes of its longer term viability assessment.

The Board concluded that it has a reasonable expectation that the Company and Group will be able to continue in operation and meet its liabilities as they fall due. The result of the downside stress testing illustrated that the Group faces little short term risk to its liquidity. It is conceivable that scenarios more severe than the severe but plausible case as set out in Note 1 of the consolidated financial statements could risk a breach of leverage and interest cover covenants as at 30 June 2022 on the Group's facilities maturing in January 2025. Ahead of such a scenario potentially arising, the Company would take steps to ameliorate the risk of occurrence, for example, continuing to optimise additional governmental support and taking further operating cost and cash saving measures with the aim of ensuring the viability of the Group over the three year period.

Any such assessment is subject to a degree of uncertainty that can be expected to increase the longer the time horizon.

The Board confirms that it has a reasonable expectation that the Company and the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 31 December 2023 based on its assessment of the Group's prospects and viability. In making this statement, the Directors have assumed that, under the downside stress test scenario, the Company may need to take steps to mitigate any risk of a breach of its leverage and interest cover covenants at 30 June 2022 on the Company's unsecured facilities maturing in January 2025. If such circumstance were to arise, the Company would seek to agree with its lenders, as it did following the outbreak of the pandemic, a further waiver of or variation to such covenants.

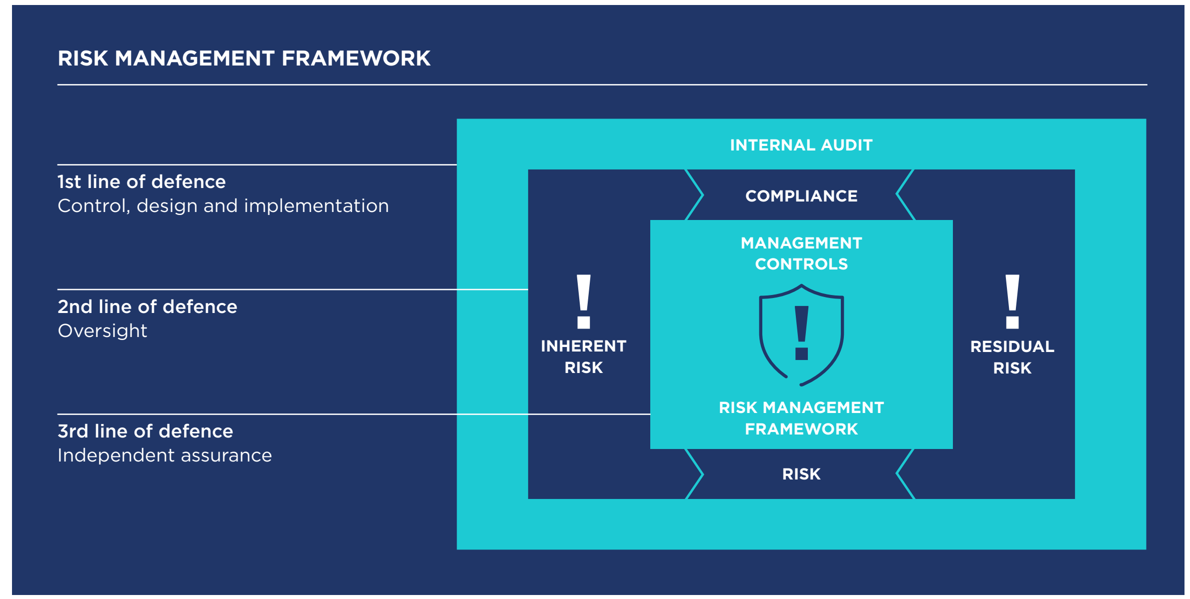
Alvaro Gomez-Reino
Chief Financial Officer
9 March 2021

An effective approach to risk management

Effective identification and management of risks has arguably never been so important. The risks that materialised during 2020 in relation to the global COVID-19 pandemic demonstrated that early identification and a clear and decisive mitigating response can make a significant difference to how successful a businesses may be in navigating their way through the resulting challenges and issues.

It is essential the Group has in place a robust risk management programme if we are to continue to safeguard the Group's assets, protect the welfare of our people and, more generally, promote the interests of its stakeholders. That's why the Group's central corporate affairs function, as well as central and regional risk and audit functions, perform a key role in working with all business areas, identifying, evaluating and managing the financial and non-financial risks that the Group faces.

During development of our sustainability materiality assessment undertaken in 2020, Risk management was recognised as a priority for the Group. Ensuring we continually test the strength of our risk management programme and drive our risk management agenda and culture is critical in ensuring risks are identified and managed appropriately. Our 'Three Lines of Defence' model provides an effective way to ensure risk management and controls within our business are effectively communicated to all our employees. All levels of Management must assume responsibility for maintaining effective internal controls and for executing risk and control procedures on a day to day basis.



Risk Management Process, Assessment and Monitoring

The Group's Risk Framework is underpinned by our '8 Pillar' and '5 Star' Programmes, which both help to validate and inform our Group Risk Register. The 8 Pillar Programme prescribes the minimum standards that are expected throughout our operations, whilst the 5 Star Programme allows us to audit on what matters the most and drives improved compliance behaviour within the operation. Both programmes provide the necessary oversight and assurance that risks are adequately managed, and continuous improvement is achieved. In addition to this bottom up approach, the Group's Risk Register incorporates corporate level risks identified through a top-down approach.

Our overarching Risk Register process is designed to identify risk, establish the level of each risk by considering 'Probability of Risk Occurrence' against the impact of Financial, Operational and Reputational risk in each of the various categories and seeks to mitigate such risks.

Risks are typically categorised into 16 areas with key identified risks and emerging risks, both financial and non-financial (the latter including environmental, social and governance risks), reviewed by both the Board and the Executive Committee on an ongoing basis. Supported by the Group's controls assurance provider, formal six-monthly review of risks and controls occurs. Annual certifications on internal control compliance are undertaken and the standard agenda of the Executive Committee includes the review of

RISK MANAGEMENT CONTINUED

APPROACHES TO RISK

Our shareholder value-based approach

Coverage is driven by issues that directly impact shareholder value, with clear and explicit linkage to our strategic objectives.

- Identify shareholder value-creating activities
- Understand enterprise risks (Strategic, Financial, Operational and Governance)
- Evaluate impact to shareholder value

TOP DOWN

AUDIT PLAN

BOTTOM UP

Traditional approach

Based on stakeholder interviews and analysis with focus on coverage of identified risk areas, geography and business operations.

- Evaluate impact of risks within audit universe
- Identify risks (Financial, Operational and Compliance)
- Define audit universe (e.g. geography or business unit)

audit, compliance and safety and security issues and risks. From a Finance perspective, the Tax Committee continues to convene on a two-monthly basis to ensure the potential impact of any global tax changes has been properly assessed whilst the Treasury Review Committee also meets on a two-monthly basis to review the adequacy of the Group's facilities against potential utilisation and commitments and to monitor and manage the Group's exposure to interest rate and currency movements.

Environment, social and governance related risks, and in particular emerging climate-related risks that may impact the Group are incorporated into the Group Risk Register and reviewed by the Executive Committee. Climate risk has been captured as an emerging risk, rather than a principle risk at this time. A detailed assessment will be undertaken on climate-related risk during 2021, as part of our new approach to sustainability reporting and as we seek to establish increased transparency through our reporting in this area going forward.

The table on pages 40 to 45 of this Annual Report and Accounts 2020 sets out the principal risks and uncertainties, extracted from the Risk Register, that the Group faced, and continues to face, at the end of 2020 and the key control mechanisms it has in place to mitigate them. Whilst the tables do not comprise of all risks faced by the Group, they represent those that the Board considers are most significant.

"Ensuring we continually test the strength of our risk management programme and drive our risk management agenda and culture is critical in ensuring risks are identified and managed appropriately."

"We will continue to evolve and assess the Group's Risk Management Processes and Executive oversight to ensure these remain relevant and robust, ensuring we continue to protect the Group and it's stakeholders as we progress through 2021."

The most notable change from 2019 is the evolvement of the Principle Risk resulting from the response to the COVID-19 pandemic. During 2020, a detailed process was undertaken to identify associated risks, resulting impacts, mitigating factors and controls. This is reviewed frequently by senior and executive management to ensure all risks continue to be understood and managed.

Brexit was another area that demanded increased focus during 2020 in the lead up to the exit date on 1 January 2021 with steps taken to ensure affected employees and resources were suitably protected from any resulting impact and business continuity plans were updated to reflect any risk to the Group's supply chain. Commercial teams have also been working to assess and mitigate any potential fallout from changes to UK-European flight schedules, amongst other areas.

Risk Appetite

The Group's risk appetite is reflected in the control and assessment criteria in place for each principle risk and key Group activities. It is subject to rigorous and constant review and we will therefore continue to evaluate and evolve our approach to risk throughout 2021.

During 2020 we continued to roll -out and to embed the Group's Menzies Operating Responsibly, Safely and Effectively (MORSE) ethos and web-based integrated MORSE system. This provides a more automated risk solution and promotes a risk conscious culture throughout the Group's operations where safety and security are the top priority, thereby helping to lessen and manage risk exposure.

We will continue to evolve and assess the Group's Risk Management Processes and Executive oversight to ensure these remain relevant and robust, ensuring we continue to protect the Group and its stakeholders as we progress through 2021.

John Geddes
Corporate Affairs Director & Group Company Secretary
9 March 2021

Principal Risks and Uncertainties

The Board has undertaken a robust assessment of the principal risks and uncertainties facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. The table below lists those risks and uncertainties that the Board considers most significant and details the key mechanisms which we employ to mitigate them.

Strategic link

1. OPTIMISED PORTFOLIO MIX
2. TARGETED GROWTH
3. FOCUS ON MARGIN IMPROVEMENT
4. CUSTOMER ORIENTATED
5. PEOPLE CENTRIC

Risk change	
Increasing	∧
Decreasing	∨
No change	=
New	+
Emerging	⊼

RISK CATEGORY	RISK	STRATEGIC LINK	RISK DESCRIPTION	IMPACT	KEY CONTROL MECHANISM	CHANGE FROM 2019
PANDEMIC	**COVID-19 Pandemic**	**1. 2. 3. 4. 5.**	The risk to the aviation business has significantly increased with the effects of COVID-19 pandemic and the potential for future pandemics. Further details in this regard can be found on pages 12 to 15 and 32 to 35 of the Strategic Report of this Annual Report and Accounts 2020.	The ongoing impact of COVID-19 could further affect the Group's operational performance, the health and wellbeing of our people and financial performance.	Developments in this area remain under continual review to ensure we are positioned to react and adapt as required. Our COVID-19 response plan incorporated a number of measures including, but not limited to, dedicated communication channels for our employees, the implementation of a bespoke COVID-19 workplace inspection conducted on our SMART app, remote independent COVID oversight checks of the measures implemented at our locations, a robust employee return to work programme and continuous monitoring of the Group's operating position.	∧
SAFETY	**Adherence to Standard Operating Procedures**	**2. 4. 5.**	The risk of a breach of/failure to comply with our internal and airline standard operating procedures or regulations, which are key to ensuring that the Group delivers its strategic objectives and operates safely and securely at all times.	Failure to adhere to standard operating procedures could endanger employees and negatively impact both operational performance and the Group's reputation. An increase in incidents may arise and, in turn, a poor safety record could impact us financially with significant insurance rates, produce increased operating costs and lead to the loss of customer contracts.	Dedicated teams seek to drive standardisation across the network whilst further investment in infrastructure and systems will aid the drive for compliance and standardisation. Tailored training packages exist, and all employees undertake full and rigorous training (as applicable). Safety and security are the number one priority at every station and are never compromised. In addition, each geographic region has a dedicated SVP Risk in place to drive continuous improvement. MORSE and our 10 Golden Rules are at the heart of all our operations.	∧
IT	**System Availability & Integrity**	**2. 4.**	The risk of a cyber-attack that compromises the Confidentiality, Integrity and Availability of systems. Sophisticated IT systems are at the core of our business, driving efficiency and underpinning our operations.	A serious IT systems outage and/or unauthorised access to the Group's network for even a limited period of time could have a significant operational, financial and/or reputational impact.	Improved security has been provided with the outsourcing of our physical hardware data centres, and associated support, to a third-party outsourcing specialist. Appropriate plans and controls to mitigate risks to an acceptable level have been put in place through our Cyber Security Programme including: double authentication; move to office 365; software monitoring and periodic review of Response and Disaster Recovery plans.	=
TRAINING	**Training Resource**	**1. 2. 4.**	The risk that there is inadequate training resource available and employees are not trained, or refresher training is not provided in a timely manner.	Failure to have sufficient training resource to deliver adequate training or refresher training could give rise to actual or potential safety, security and/or quality breaches. In addition to endangering employees and negatively impacting both our safety record and operational performance, the reputation of the Group would suffer.	Each station has someone who is responsible for training and our learning and development platforms increase resilience and transparency of our employee training records. The functionality of the systems is such that they allow training to be delivered in a more efficient manner, reduces variation and simplifies the record-keeping process. A review of training resource against headcount and services at each station is taking place throughout our regions and will be continually monitored and reviewed.	=

RISK MANAGEMENT CONTINUED

RISK CATEGORY	RISK	STRATEGIC LINK	RISK DESCRIPTION	IMPACT	KEY CONTROL MECHANISM	CHANGE FROM 2019
SECURITY	**Insider Threat**	**4. 5.**	The risk that a serious security breach or incident occurs that is directly attributable to the actions of one of our employees, former employees or contractors.	The impact of a serious security-related incident could affect the Group's reputation, operational performance and, ultimately, financial performance.	The Group works closely with airport authorities. Rigorous checking and vetting of all employees takes place. Central support is provided to all stations via Group Security team with our MORSE intranet-based safety and security system providing consistent and regular reporting. A dedicated VP Security Management Systems continues to raise standards across the Group and reinforce awareness. In addition, a project is underway to develop an even more robust security programme with a view of improving policies, procedures and reporting metrics to measure awareness and effectiveness of programme.	^
PRIVACY	**Data Breach**	**4. 5.**	Risk of breach of data by inadequate data handling.	A major data breach could result in regulatory action, including administrative fines of up to 4% of global annual turnover, litigation brought against the business, the termination of customer contracts and severe reputational damage.	We launched a new data protection training and awareness campaign in 2019 and we continue to promote a culture of engagement. Our Information Security Incident Policy, together with our Incident Response process, have been implemented and communicated. To strengthen our data incident controls and awareness programme, efforts to review these will continue throughout 2021.	=
HUMAN RESOURCES	**Succession Planning**	**5.**	The risk that the Group does not have a structured and/or effective succession planning programme in place that ensures the necessary pool of talent exists from which to identify the correct individuals to occupy positions that may arise, whether supervisory, managerial or otherwise. Our operations rely on having the right people with the right skills in the right place at the right time.	The operational and leadership impact of failing to have robust succession plans in place could result in increased costs to the business, lack of efficiency and a failure to deliver on any, or all, of the key strategic objectives of the Group. Our brand loyalty could be impacted, and a competitive disadvantage arise if we were unable to retain internal candidates to occupy key roles as they become available or we lose individuals with the requisite knowledge and expertise due to a lack of career opportunities.	Succession plans are in place across the Group and are monitored by both Regional and departmental teams as well as centrally. Regular reviews are conducted to assess where succession risk may exist so steps can be taken to mitigate accordingly. A project is ongoing to review the reward & recognition, training and development provided to our leadership population and their potential future successors, which should tackle attrition and calibre of the leadership population. Additionally, each region has a HR Senior Manager who is accountable for creating robust succession plans.	=
FINANCE	**Menzies Pension Fund**	**3.**	The risk associated with the Group's historic defined benefit pension scheme in the UK. The scheme closed to new members in 2003 and to future accrual in 2017 and is currently in deficit. The Group is required to make cash contributions to address this deficit and the potential exists that the deficit increases due to poor asset returns or because of an increase in liabilities arising from current financial assumptions differing from experience.	An increase in the scheme deficit could result in a requirement to increase the current cash contributions which in turn could reduce the amount that the Group can invest in growth business opportunities.	The decision to close the Fund to future accrual was a key determinant in reducing the risk associated with the scheme as changes in the scheme liabilities now only result from a change in liabilities relating to past service, as opposed to a further increase as a result of current and future service. The ongoing controls adopted by the Group to manage this risk include working closely with the Pension Trustee and its advisers to ensure that investment performance and liability experience are reviewed regularly; diversifying pension assets so that the impact decreases in the value of certain asset classes is minimised; and ensuring that the scheme has the optimum investment policy by matching asset profiles with associated liabilities taking into account the future likely mortality of members, investment returns and inflation.	=

RISK MANAGEMENT CONTINUED

RISK CATEGORY	RISK	STRATEGIC LINK	RISK DESCRIPTION	IMPACT	KEY CONTROL MECHANISM	CHANGE FROM 2019
FINANCE	**Breach of Banking Covenants**	**1. 2. 4.**	The risk arising from the difficulties in financial forecasts associated with estimating the impact of COVID-19 on short and medium profitability and liquidity. In the event of risks beyond the Company's severe but plausible downside case, the Board has identified a material uncertainty arising as a result of the impact that international travel restrictions could have on the delayed recovery of the business that, were they not adequately mitigated as they have been so far and the Directors expect will continue, may risk a breach of the banking leverage and interest cover covenants at 30 June 2022. Further details in this regard can be found on pages 32 to 35 of the Chief Financial Officer's Statement and pages 95 to 99 of the Audit Committee Report of this Annual Report and Accounts 2020.	The risk that performance is not accurately forecast and therefore issues including availability of liquidity and compliance with banking covenants arise.	To ensure the business is correctly resourced in response to the challenges posed by COVID-19, the Group have a number of measures in place to ensure liquidity is appropriately managed including, but not limited to, discussions with suppliers, customers, staff, banks and governments. This risk is consistently monitored and remains a key focus.	
EXTERNAL SHOCK	**Impact of Brexit to UK and European Operations**	**1. 2. 3. 4.**	The risk that business becomes more challenging within the European Union following the UK's exit.	The resulting impacts of Brexit affecting/restricting the free movement of persons resulting in staff recruitment issues (during peak seasons in particular) and impacting the operations of our customers.	Developments in this area remain under continual review. During 2020 our teams assessed the potential impact and implemented strategies to ensure our operations remain adequately resourced. Our Commercial team implemented a strategy aimed at achieving the optimum combination of service portfolio and geography to offset any potential UK-European flight reduction. Many major airlines serving the UK have split or are splitting their AOC into UK and the European Union to mitigate their risk, in turn mitigating ours. Additionally, Business Continuity Plans have been reviewed to ensure our supply chain is protected and suppliers have adequate plans in place.	=
EMERGING RISKS						
ENVIRONMENTAL	**Climate change**	**2. 3. 4. 5.**	Rising climate change concerns on a global basis have led and could lead to additional legal and/or regulatory measures, additional compliance obligations and operational restrictions and potentially over time a decreasing demand for aviation services.	If the business is unable to: develop and disclose our approach and response to ESG related issues (including impacts from climate change); develop sustainable solutions that are both economically viable; and, meet the evolving need for sustainable services in the aviation sector, we could experience additional costs or financial penalties and/or a reduced demand for our services. This could result in a material adverse effect on our earnings, cash flows and financial condition.	The business has initiated a Sustainability Programme to develop a Sustainability Strategy and set goals and targets aligned to the most material issues for our business across the environmental, social and governance spectrum. This includes a commitment to become carbon neutral by 2033. We are working towards improving our reporting and climate related disclosures, becoming compliant with the Task Force on Climate Disclosures reporting framework. Our programme actions and targets are focused on developing sustainable services and solutions and improving our customer proposition.	

RESPONSIBLE BUSINESS

Sustainability in Action

As market forces and the regulatory environment shine a spotlight on the importance of improving sustainability performance, it is becoming critical that businesses of all sizes from every sector start to define and create their own sustainability strategy and pathway.

In our 2019 report we outlined our intentions to develop our Sustainability Strategy and Programme, including setting goals and targets across the environment, social and governance (ESG) spectrum.

Despite our focus in initially being diverted to respond to the impacts resulting from COVID-19, it was universally agreed that our sustainability journey was a priority in growing our business responsibly and rebuilding a better Menzies for the future. We commenced our Board-sponsored Sustainability Programme in September 2020, with the support of external sustainability consultants.

The key aims for our programme were to create a Sustainability Strategy and start setting group wide priorities, actions and targets which in turn would help to:

- inspire and engage employees
- identify and implement ways to operate more efficiently whilst reducing our environmental impact
- reduce and offset our carbon emissions
- support customers in their own sustainability initiatives
- take the lead in being a safe and responsible aviation services partner
- create long term value

Our Approach

Our first step was to undertake a materiality assessment to identify the most relevant and material issues for our business. We used a recognised approach, which included:

Issue identification

An initial list of potential issues related to ESG topics was created from a wide range of sources including sustainability frameworks and indices, internal and external documents, trade associations, peers and competitors, brokers' notes, media and social media. The list of over 200 issues was reviewed to select the topics deemed to be most material to our business, which were then given clear definitions, grouped into 12 categories and sense checked.

Material issues categories

1. Ethical business
2. Legally compliant
3. Employee engagement
4. Risk management
5. Human rights
6. Health & safety
7. Community support
8. Diversity & inclusion
9. Effect of climate change on Menzies
10. Our environmental impact
11. Water usage
12. Waste management

Stakeholder engagement

During our thorough engagement programme we conducted both quantitative and qualitative research. The material issues identified were included in a survey questionnaire that was made available to over 2,000 employees. We conducted internal and external stakeholder interviews using an open-ended questioning approach, which enriched and informed the process. The results of the research was presented to our Executive and Senior Management and the issues explored before gaining consensus on our 12 material issues and relative priorities.

Baseline materiality matrix and strategy synopsis

Using the insights gained in the engagement process, we created our baseline materiality matrix and strategic synopsis, which informed development of our Sustainability Strategy and setting of our initial goals and targets.

Bringing our Strategy to Life

Our sustainability journey

Our Sustainability Strategy is closely aligned to our purpose of providing safe and trusted aviation services for every customer, every time. It encapsulates and defines four key segments identified as being of the highest priority for our business, including 'Safety', 'People', 'Environment' and 'Legal & Ethical'. We also recognise the importance

> **"Our sustainability journey was a priority in growing our business responsibly and rebuilding a better Menzies for the future."**

Read more about our journey on page 49

to our business of how we engage and support local communities, our people's wellbeing, and how good governance can shape a strong, safe and ethical culture. Each of these areas has touchpoints across each segment and as such, are additional core elements of our Sustainability Strategy.

Our Sustainability Strategy not only complements our purpose but also aligns with our vision, values and overarching strategic business pillars. It will form an important part of our business going forward: influencing our planning, shaping future KPIs and helping to deliver value to all our stakeholders.

Actions, goals and commitments

We worked with teams across our business to set meaningful and measurable global goals and targets, outlining our commitments for the short, mid and longer term. We intend further developing our goals and targets as our sustainability journey continues and will review these annually to ensure

SUSTAINABILITY IN ACTION CONTINUED

they remain relevant and to track progress. As goals are realised, new goals and targets will be set.

In order to help achieve our global goals and targets, we have created a roadmap outlining our vision and setting commitments for 1 year, 2-3 years, 5-10 years (and beyond in some cases). These are supported by action plans utilising existing and new business drivers, software systems, processes, policies and communications.

Our goal of becoming carbon neutral by 2033 will coincide with the 200th anniversary of our business – a truly significant way to acknowledge the longevity and continued evolution of our business.

"Our Sustainability Programme has invigorated and inspired us, and we are confident it will help ensure our business grows responsibly and prospers."

We have reviewed alignment of our own goals and targets with the UN Sustainable Development Goals and intend formalising our commitment by becoming a signatory to the UN Global Compact in 2021, supporting the UN's 2030 Agenda for Sustainable Development.

Governance and Reporting

Our Sustainability Programme team will continue to develop our approach to Sustainability, our reporting and to drive progress, however, overall responsibility and sponsorship remains with our executive sponsors and the Board. During 2021, we will review our ESG governance structure and implement changes that will improve the effectiveness of governance in this area and to the business overall.

We are committed to improving transparency and the way we report and communicate on our Sustainability Strategy and ESG issues. During 2021, we will undertake our first assessment using the Task Force for Climate Disclosure (TCFD) framework in order to prepare our first report aligned with the TCFD requirements, to be published within the Group's 2021 Annual Report and Accounts. We are targeting to become fully compliant in this area by 2023 as our assessment, processes and reporting matures.

The following pages within the 'Responsible Business' section of our Annual Report and Accounts 2020 share further details of our commitment to being a good corporate citizen, conducting our business ethically and with integrity, focusing on and engaging with our People, ensuring the safety of our operations and people, and detailing our environmental achievements and reporting.

Our Sustainability Programme has invigorated and inspired us, and we are confident it will help ensure our business grows responsibly and prospers.

Our Sustainability Journey

In 2020 we worked hard behind the scenes to create our own Sustainability Strategy and roadmap, defining the approach for us to become a more sustainable business. We have developed a plan that sets out our intentions, ambitions and targets in relation to reducing our carbon footprint, as well as other environmental issues, how we make our environments safe, develop or people and embed our ethical, cultural and socially responsible initiatives.

Complete

2020 Developing our Sustainability Strategy

Identify
We identified and defined the most material sustainability issues that will have the greatest impact on our business and underpin the basis for our sustainability strategy.
- Over 200 material issues identified and assessed
- 14 issues taken forward for deeper exploration

Engage
We engaged with a wide range of internal and external stakeholders through qualitative and quantitative research methods to test and qualify the material issues identified.
- 407 employee survey responses
- 10 key stakeholder interviews including senior management, investors, customers and supply partners
- Senior management workshop

Prioritise
The top priority issues were taken forward into the strategy development stage. We have set clear goals and actions to be implemented across the business functions and regions for the near, mid and longer terms.
- Four key focus areas
- Clear plan, goals and actions set

In progress

Embedding sustainability into our business 2021

Reporting
Review and develop our systems and processes to report progress against targets and commitments
- Establish baselines and reporting
- Audit and monitor
- Report against baselines

Processes
Review and develop our systems and processes to deliver the sustainability programme
- Optimise operational training
- Harmonise tools and systems
- Review and embed policies and governance

People
Support and develop our people to deliver the actions and targets set.
- Increase management development
- Embed safety culture
- Improve employee engagement
- Focus on Diversity and Inclusion

ESG framework published

Signatory to UN Global Compact

Future ambitions

2022

Integrating sustainability into our supply chain

Having established a solid foundation within Menzies' operations the focus going forward will be to embed sustainability deeper into our supply chain
- Partner with ESG focused suppliers
- Onboard and monitor
- Supplier audit and support

TCFD reporting launched

2023

Fully compliant and aligned with reporting requirements such as TCFD/ SASB standards

2033

Become carbon neutral

Ethics, Integrity and Compliance

2020 presented new challenges but also many new opportunities from an ethical and compliance perspective. As recognised within our Sustainability Framework, ethical and legal compliance is a key priority for the Group. Excellent governance practices and nurturing an ethical culture are vital to our success and supporting the delivery of sustainable value for all our stakeholders, as well as helping to create a business our People can be proud of.

OUR LEGAL & ETHICAL GOALS

Zero tolerance to unethical behaviour

Ethical supply chain

Fully compliant

Cyber secure

Our Global Compliance Programme

Our global compliance programme comprises the standards, policies, training and guidance across the corporate compliance spectrum. Our Code of Conduct (Code) is at the heart of our programme. It provides direction and guidance for all our People as to the behaviours and values we expect when conducting business, making decisions and engaging with each other and external stakeholders. Making our Code and our global compliance programme part of our 'every day' will help us to nurture a safe, respectful, and trusting working environment and to always operate with honesty, fairness, integrity and transparency.

Integrating our compliance programme within any new business or joint venture partnership is a critical step to ensuring awareness, understanding and compliance across our whole Group of the high standards, good governance and ethical conduct we expect.

We review all policies within our compliance programme annually, ensuring they continue to meet the relevant standards and legislation, as well as alignment with our ethical expectations. All our compliance related policies are widely translated making these as accessible as possible.

During 2020 we launched our new group wide Gifts and Hospitality Policy along with an online Gifts and Hospitality Register, replacing our previous registers and improving monitoring and auditability. Our Code was updated during the year and relaunched at the start of 2021, ensuring all our People have clear and up to date guidance on conducting business ethically and in compliance with applicable regulations and legislation.

Additionally, our Data Protection related policies and guidance were also updated and recently relaunched.

As captured in our sustainability strategy and goals, ensuring the Group's supply chains are sustainable and ethical is a key priority. Our Third Party Code of Conduct will be revised during 2021 to reflect our updated internal Code and increased ESG related expectations on our third parties. Our Third Party Code of Conduct continues to form part of all new contractual arrangements with our suppliers, contractors and other partners, further demonstrating our commitment to operating ethically and in compliance with legislation, across our supply chains. The management of our third parties including joint venture partners, contractors, intermediaries and suppliers remains a high priority and area of focus of our compliance programme.

Anti-Bribery and Anti-Corruption

The Group takes a zero tolerance approach to any form or bribery or corruption taking place, anywhere across our business and in our partnerships. Our Anti-Bribery and Anti-Corruption Policy and Gifts and Hospitality Policy and procedures address this topic and make clear our expectations (as do our Code and Third Party Code). Our e-learning and tailored training modules provide further guidance to employees. This is an area we review regularly and discuss with our executive and senior teams, ensuring the importance of compliance is clear and understood.

Speak Up Culture

During 2020, we selected and implemented a new 'Speak Up' hotline provided by People InTouch, replacing our old whistleblowing hotline. Our previous Whistleblowing Policy was replaced with a new Speak Up Policy and Guidance, outlining our commitment to supporting a Speak Up culture and providing better information and support for any of our People who may wish to make a report or raise a concern confidentially and anonymously. We take all reports and complaints in relation to improper conduct, breaches of regulation or legislation or other forms of unethical behaviour seriously. Our People can be assured that all reports are treated confidentially and addressed and that they will be protected at all times.

Training and Communication

Our compliance programme includes mandatory e-learning modules covering core compliance topics including, but not limited to, Anti-Bribery and Anti-Corruption, Data Privacy and Protection, Modern Slavery and Human Trafficking, Conflicts of Interest and Gifts and Hospitality. Training is also delivered face-to-face in person or via Microsoft Teams, with certain employee groups including senior and Executive teams.

Our plans to launch our new Code of Conduct e-learning module were postponed in 2020, while we updated and launched our new Code. This has been launched globally in early 2021 and will be mandatory for every one.

By increasing awareness and sharing guidance with our People through different methods, we can better bring our compliance programme to life and support our People. Examples of different areas we have supplemented with additional communications during 2020 include modern slavery and human rights, data protection, sanctions and anti-bribery and anti-corruption.

A Holistic Approach

By working collaboratively with departments across the Group, we build trusted working relationships and encourage open dialogue that enables our Compliance team to support day-to-day and embed good ethical practices and good governance that create our ethical culture. Our Executive teams lead by example and help disseminate the message of compliance, ethics and legal compliance.

TRACE

We are pleased to continue our membership with TRACE, underlining our zero tolerance approach to bribery and corruption. TRACE is a globally recognised compliance organisation that provides multinational companies and their commercial intermediaries with anti-bribery compliance support and is a leading provider of cost-effective third party risk management solutions. Members and clients include hundreds of multinational companies headquartered worldwide. For more information, visit www.TRACEinternational.org

Human Rights and Our Response to Modern Slavery

The Group's latest annual Anti-Slavery and Human Trafficking Statement was published during 2020 for 2019 and is available on our company websites and in the UK and Australian modern slavery statement registers. Our 2019 Statement was our first joint statement satisfying reporting requirements under both the UK Modern Slavery Act 2015 and the new Australian Modern Slavery Act (Commonwealth), although our submission for this first year under the Australian legislation was voluntary, becoming mandatory for our 2020 reporting period.

We do not tolerate any form of slavery or forced labour within our business or any of our supply chains. As such, our Statement outlines our response and steps taken to address modern slavery and human trafficking risks and ensuring that slavery and human trafficking do not occur in our supply chains or any part of our business.

https://menziesaviation.com/wp-content/uploads/2020/09/jmplc-anti-slavery-and-human-trafficking-statement-fye-311219.pdf

A warm welcome for passengers

Our People and Culture

Our People are what sets us apart from our competitors, they are the driving force behind our operational achievements – their unrivalled commitment to setting high standards, their enthusiasm to deliver for our customers and their drive to deliver results.

People

2020 was an extraordinary year, with the COVID-19 pandemic dominating all of our working and personal lives. On behalf of the whole of the Menzies family, we recognise our colleagues who tragically lost their lives to COVID-19 in 2020, and express gratitude to all of our 23,000 colleagues who have adapted in many different ways to the challenges that we faced. Our thanks also go to the people who have left.

Our People have shown determination and agility in responding to the challenges presented to them both personally and in their working lives because of the global responses to COVID-19. Providing our essential services, through the movement of people and critical supplies, has never been more important and thousands of our workers left their homes to deliver these essential services for customers and communities every day. With the help of government wage support schemes globally, many other colleagues agreed to take time away from the business as our customers grounded flights in response to restrictions on travel.

OUR PEOPLE GOALS

Optimise training

Increase development

Improve engagement

Diverse and balanced workforce

Unfortunately, like the rest of the aviation sector, we reduced the size of our skilled and talented workforce, and end the year with a workforce that is 29% smaller than when we started. We have maximised efficiencies in our remaining workforce, multi-skilling employees to allow for greater flexibility as we dealt with fluctuating flight schedules and restructuring our management and support functions to ensure that we emerge from this global crisis, positioned to achieve our strategic growth plans.

Protecting the safety and well-being of our People, and all of those that we come in contact with, was our top focus. We adapted the way that we work, to make our workplaces as safe as possible. With our customer flight schedules drastically different from what we would usually plan for, and the time-critical movement of goods an essential part of our offering, we adapted our ways of working to deliver the new norm. We developed a process for our employees to return to the business from various furlough schemes that would keep them, their colleagues and, our customers safe and secure. We supported our colleagues with refresher training and a new skill set, to adapt to working environments that look very different to those they left.

We found new ways to respond to the challenges, working closely with companies in other sectors, including the food sector, and with mail and vaccine distribution efforts, who were facing challenges that were different to our own, to find opportunities for colleagues to work, and to provide essential service during the pandemic. We doubled down on our communication efforts, with twice-weekly Executive communications at the peak of the crisis, and the opportunity for employees globally to ask our Chief Operating Officer questions directly. We helped our station managers stay in touch with both active and furloughed colleagues, by creating a weekly newsletter for them to tailor and issue to their own teams. We developed a bespoke online website (www.wearemenzies.com) and portals to allow frontline colleagues easy access to Company updates, to provide outplacement support and, where possible, redeployment opportunities and to create a pool of talent to reconnect with when opportunities arise.

"Our People have shown determination and agility in responding to the challenges presented to them both personally and in their working lives."

Despite all of the challenges that we faced, it is extremely encouraging to also be able to report progress in our three core focus areas:

- Attracting and retaining the best.
- World class training and career development.
- Creating an engaged team giving great service.

We made positive strides in reducing our voluntary turnover. Our learning management system was added to over 80 of our stations globally, allowing for greater visibility of training compliance. We launched our virtual living leadership programme and created a bespoke online course focusing on safety leadership, which will be launched globally in 2021. We ran our first global engagement survey, monitoring employee views in the keys areas of communication and safety, and we updated our succession planning process with a renewed focus on the diversity of our top leadership group. With so many colleagues going the extra mile in 2020, all of those who were nominated by their peers for entry into the Ground Handling International Awards, were individually recognised with direct communications from senior leadership.

As we rebuild and recover from the impacts of the pandemic, in 2021 we will continue to focus on:

- reconfiguring our workforce, making sure we are competitive and structured to deliver our strategy;
- enhancing the capability of our managers as we recover and rebuild;
- refocusing our efforts on creating a strong & diverse bench of future leaders;
- re-engaging with our workforce as they return from furlough schemes globally; and
- ensuring our HR systems support our regulatory compliance.

OUR PEOPLE AND CULTURE CONTINUED
CASE STUDY

Living Leadership

LIVING LEADERSHIP

In 2019, Menzies launched the Living Leadership programme, a bespoke leadership development programme designed in conjunction with Menzies leaders from around the globe.

The programme covers leadership style and impact, how to create and maintain a positive workplace culture, how to communicate and lead a team and how to manage our resilience.

We first launched our Living Leadership programme in late 2019, however the COVID-19 pandemic meant we had to adapt the programme and move to online virtual delivery in 2020.

Our pilot online programme was launched, with Menzies leaders attending six two-hour sessions over a three week period and being joined by some of our Executive Leaders to hear their views on leadership.

Number of Living Leadership courses attended since 2019

555

Kim Rohleder, General Manager, Wichita Airport said:
"I really enjoyed the Living Leadership programme. I learned a lot about myself and how to better communicate as a leader. It really makes you see where you can make improvements on how you interact with fellow employees and help your own wellbeing as well."

Juliet Thomson, EVP People, commented:
"Supporting our managers with their development is a key priority for Menzies. Despite the challenges Menzies has faced this year, I'm delighted that we've been able to adapt the programme to continue its rollout. It is fantastic to hear such positive feedback from the managers who have participated in the programme this year from around the globe. I am looking forward to many more of our managers having the opportunity to participate in the Living Leadership programme next year."

Employees enrolled into our new learning management system in 2020

9,000

Employees self-enrolled in one or more personal development leadership courses in 2020

381

Diversity Targets
As part of our wider Sustainability Programme, we have set diversity targets initially focused on improving the gender balance within our leadership population,

We will strive to:
- Increase the proportion of females in our senior leadership population to at least 25% by 2025.
- Increase the proportion of females in our middle leadership population to at least 40% by 2033.

Our targets are aligned with the International Air Transport Association's 25by25 industry-wide campaign aimed at shifting key diversity and inclusion metrics across the aviation industry by 25%, or up to a minimum of 25% by 2025.

We will also focus on making our working environments more inclusive, and on improving our diversity in underrepresented roles within our frontline operations.

Supporting our Communities

2020 was a year unlike any other and our community engagement and support reflected that. Our commitment to support the communities in which we operate is unwavering and we look forward to embracing new and alternative opportunities for engagement and support in 2021 and beyond.

As the year began unfolding and we became alert to the uncertainties posed by the pandemic and the resulting disruption to air traffic, we reacted by changing our original planned approach, sadly halting our financial charitable giving. Only a small handful of donations were made early on in the year. We hope to reinstate our charitable giving in 2021, continuing with our theme of 'Communities and Climate' but remain mindful of the continued challenges we face.

Instead, we sought new opportunities to support and engage with our local communities and we are extremely proud of all our People who, while furloughed, elected to support other businesses who needed help responding to increased demands in, such as Royal Mail and Asda.

Our People who remained in the operation supported repatriation flights, handled cargo loads of COVID-19 vaccinations and vital PPE and other emergency cargo, and kept cargo moving in alternative ways including filling seats of passenger planes.

During the year we held a film competition for all our People, who embraced the challenge of creating their own versions of the popular 'Don't Rush' video challenge. Our Denver station submitted with winning entry and chose to donate their US$700 prize to The Wounded Warrior Project (TWWP). In addition, the team also arranged to do some charity work for them such as helping with food bank, cleaning, and building. TWWP helps US veterans and service members who incurred a physical or mental injury, illness, or wound while serving in the military. Many of the entries showed just how much pride our People have in being part of Menzies and it was great to see our teams join together.

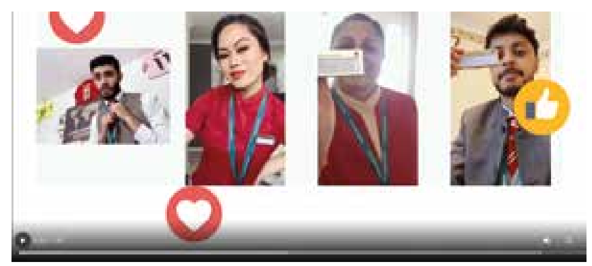
On 24 September, Menzies teams across South Africa celebrated Heritage Day by dancing to the song Jerusalema! The request for people to take part came from the President, Cyril Ramaphosa, as he sought to lift the nation's spirits by asking everyone to 'show the world what we are made of.'

As we look to rebuild a more sustainable Menzies for the future, we will continue seeking out new ways to engage with and support communities, taking inspiration from our People, as well as inspiring them, and making them proud of our endeavours.

Our Budapest cargo team making sure medical supplies and other cargo reaches those who need it most

A selection of Menzies team entrants and the winners from our 'Don't Rush' video challenge

The US Ambassador to South Africa with the Menzies team at OR Tambo International Airport, welcoming the delivery of a consignment of protective equipment, donated by the US Government and Our Menzies team in Namibia



Building Towards a Greener Future

The COVID-19 pandemic has had a significant impact on the environment. In particular, lockdown measures and travel restrictions have contributed to large reductions in greenhouse gas emissions.

OUR ENVIRONMENT GOALS

Carbon neutral by 2033

Zero fuel spills

Support the climate agenda

The reduction in CO_2 emissions in 2020 is set to be the largest year-to-year reduction on record, with the International Energy Agency (IEA) projecting a decline of 8% (or 2.6 Gt).

The disruption to the aviation industry and reduction in flight volumes has seen our CO_2 emissions mirror the global trend with a reduction of 29% (or 37,000 tonnes of CO_2) compared to 2019. This reduction is equivalent to taking 8,000 passenger vehicles off the road for one whole year.

We have also seen a renewed focus from governments, regulators, our customers and suppliers, who are linking their recovery efforts with sustainability plans to ensure the decline in emissions is not just temporary. As the clean energy transition gathers momentum, we have a key role to play in supporting development of a greener and more sustainable aviation industry for the future.

As a business, we are committed to reducing emissions and protecting our environment. As the aviation industry recovers and flight volumes increase, we will be ready to take advantage of this opportunity to build towards a greener future.

We believe that an increased focus on sustainability will position us as a credible global leader and contribute to the recovery of our industry.

Reacting to the Pandemic

Immediate actions were taken in response to COVID-19 to scale back the fleet size to match flight volumes. The active fleet was reduced by mothballing or parking-up non-essential equipment leading to a reduction in fuel use and emissions. Further to this, efforts were made throughout 2020 to reshape our ground support equipment (GSE) fleet, with a focus on removing older and less environmentally friendly vehicles and retaining newer, lower emission vehicles.

Travel restrictions during 2020 led to a reduction in business travel and increased adoption of new ways of working, including greater use of communication platforms such as Microsoft Teams. Reviewing our approach to remote working and travel going forward will enable continued reductions in emissions and energy use in our office spaces.

Investing in Equipment

During 2020 we continued to identify opportunities to invest in renewing our ground support equipment fleet and support the transition to electric equipment where possible.

At Gothenburg and Stockholm airports in Sweden, a new contract with Qatar Airways created an opportunity to invest in three new electric baggage tractors and two new electric aircraft loaders. An electric towbarless tractor was also added to the operation in Stockholm.

In South Africa, a new contract with Mango Airlines allowed us to invest in 27 new items of electric equipment, as reported on page 61 of this Annual Report and Accounts 2020.

In the USA we continued to replace older, less efficient GSE to support our compliance with US Environmental Protection Agency, Tier 4 standards. We introduced seven new fuelling vehicles across four locations replacing seven older vehicles with Tier 3 or older diesel engines, and two new Tier 4 standard container loaders – one in Ontario, Canada, and retired two older container loaders in our fleet.

Energy Efficient Actions – think globally, act locally

As well are replacing old equipment, we continue supporting our teams in implementing local initiatives to reduce energy us and lessen environmental impacts. In 2020 this included installation of LED lighting across multiple locations including our airport offices in Prague, Bucharest, Cluj and Sibiu, as well as our cargo facilities in Amsterdam, Bucharest, and London Heathrow. Our teams are increasingly using digital solutions to reduce paper usage and are increasing recycling of waste items such as batteries and paper.

Resetting our Thinking

Building toward a greener future requires a strong framework and a clear, ambitious sustainability strategy. The environmental targets in our new sustainability strategy will define the actions we take to improve our performance, realise our goals and meet our commitments.

Global and UK emissions and underlying energy use

	Global 2020	Global 2019	UK 2020	UK 2019
Greenhouse Gas Emissions (tonnes of CO_2e)				
Scope 1 – Combustion of fossil fuels	74,496	107,447	12,324	13,401
Scope 2 – Electricity purchased for own use	18,077	22,287	1,419	1,073
Total	**92,573**	**129,734**	**13,743**	**14,474**
Intensity ratio (tonnes of CO_2e/£000 turnover)				
Total	**0.11**	**0.098**	**0.08**	**0.05**
Underlying Energy Use (kWh)				
Total	**374,306,304**	N/A	**52,930,070**	N/A

ENVIRONMENT CONTINUED

Scope 1 emissions account for 80% of our total emissions and fuel use in our GSE is our single biggest contributor. With this in mind, responsibility for setting targets and objectives to reduce our emissions now resides with our GSE team, who can make the biggest impact in this area. A new focused GSE strategy for our global fleet will enable us to plan and deliver on our commitment to become carbon neutral by 2033.

We will continue building relationships with trade bodies, key suppliers, and partners, and ensure we engage with those who can support us in removing barriers to green innovation and adoption.

Greenhouse Gas Emissions (GHG) Reporting

In line with the Climate Change Act 2008, and the obligations imposed by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 (the regulations) and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (the regulations) we are mandated to disclose the greenhouse gas emissions and energy use from our operations for the period 1 January 2020 to 31 December 2020, specifically:

- Scope 1 emissions – direct emissions from our operations, namely the combustion of fuel and operation of any facility; and
- Scope 2 emissions – indirect emissions from electricity purchased for our own use.

Methodology

Our emissions reporting is carried out in accordance with the UK Government's Environmental Reporting Guidelines and WBCSD/WRI's GHG Protocol Corporate Standard. We collected fuel and electricity use data from our financial accounting databases and converted into CO_2e using emission factors issued by the Department for Business, Energy, and Industrial Strategy (BEIS) and International Energy Agency.

As in 2019, ITPEnergised were appointed to provide independent assurance on the accuracy and completeness of our greenhouse gas emissions data and to confirm that the Group has met the requirements of the UK Government's Streamlined Energy and Carbon Reporting (SECR) legislation.

Independent Assurance Statement

Menzies Aviation appointed ITPEnergised to provide independent assurance and verification of their 2020 greenhouse gas emissions (GHGs) that are reported in this Annual Report and Accounts 2020.

Verification has been undertaken using the principles in BS EN ISO 14064-3:2012 for GHG verification. The WBCSD/WRI GHG Protocol and the DEFRA Corporate GHG Reporting Guidance were also referenced during the limited assurance process.

Recommendations for improvement have been made on the basis of potentially significant findings from the GHG assurance process.

The energy usage quantified by Menzies as part of the Streamlined Energy and Carbon Reporting was also checked and no errors were identified.

ITPEnergised is an independent professional services company that specialises in environmental and energy consulting and advisory services. ITPEnergised operates a certified Quality Management System which complies with the requirements of ISO 9001:2015, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. Our assurance team has not been involved with Menzies business activities or had any involvement in data gathering.

Our Emissions in 2020

An overall reduction in emissions from 2019 to 2020 of 29% was observed across our operations, the majority of this attributable to global restrictions on travel and flights and the rest due to energy efficiency actions mentioned above. A reduction in emissions was observed for all countries with the exception of Romania, which reported a 54% increase. This increase is attributable to the growth of operations in Romania, including ramp operations in Sibiu and pushback operations in Bucharest.

To comply with SECR legislation we are required to include emissions from hire cars and personal vehicles used for business purposes within our Scope 1 emissions. Although this represents a small fraction of our overall emissions, we are reassessing our data capture processes to ensure this activity is fully and accurately reported for 2021.

During 2021, we also intend to review and implement recommendations made by ITPEnergised to improve the accuracy of our emissions data more generally.

ENVIRONMENT
CASE STUDY

Mango Airlines start-up, South Africa

Investing in new electric equipment is a key part of new contracts and reducing our carbon footprint. The start-up of operations with Mango Airlines in March 2020 saw the group purchase 15 new electric belt loaders and 12 new electric baggage tractors across three airports in South Africa: Johannesburg, Cape Town, and Durban.

The three-year contract with Mango Airlines is expected to handle 22,620 turns per annum. The electric belt loaders and baggage tractors will reduce fuel usage and emissions compared to using conventional diesel equipment.

We remain committed to supporting all our customers' sustainability ambitions and utilising electric equipment will help Mango Airlines and South African Airways Group to minimise the impact of their activities on the environment.

The electric equipment for this start-up was provided by Charlatte, one of the industry leaders in electric GSE, and we continue to work with manufacturers to provide sustainable equipment solutions.

Johannesburg
- 8 new electric belt loaders
- 7 new electric baggage tractors

Cape Town
- 5 new electric belt loaders
- 3 new electric baggage tractors

Durban
- 2 new electric belt loaders
- 2 new electric baggage tractors

New electric equipment ready for use with Mango Airlines

Health, Safety and Security

The safety and security of our operations and our People is our number one priority, it's part of our DNA, reflected in our purpose, our values and strategy.

OUR SAFETY GOALS

Zero injuries

Zero damage

Improve our safety culture

The safety and security of our operations and our People is our number one priority, it's part of our DNA, reflected in our purpose, our values and strategy. We aim to lead the way and set the highest health, safety and security risk standards by evolving our safety practices and embedding a safety mindset everywhere we operate. Creating safe and secure environments for our People, customers and other airport users is core to ensuring sustainable growth and success.

Our MORSE (Menzies Operating Responsibly, Safely and Effectively) Code and new MORSE Charter lay the foundations and principles for how we approach health, safety and security and their clear and simple messages are reinforced and embedded throughout our global network. This is supported by our detailed health, safety, security policies, standards and processes contained within our manuals. Our Menzies Ground Operations Manual (GOM) and Menzies Cargo Handling Manual (MCHM) fully align with the International Air Transport Association (IATA) Ground Operations Manual (IGOM) and IATA Cargo Handling Manual (ICHM) respectively, ensuring we continue to coordinate all of our procedures and quality materials to the highest industry standards at all times. Collaborating with our industry organisations and partners is high on our agenda, most recently, leading a project with the Aviation Suppliers Association (ASA) on industry aircraft damage benchmarking.

Good governance and oversight are key to managing our risks and incidents, and measuring our success. Our Risk team holds Safety and Security Action Group meetings, which are interactive sessions focused on identifying and sharing learnings from real incidents. Our Risk team manages our '8 Pillar' self-certification process and our '5 Star' audit programmes across our global network. These programmes drive improved compliance behaviour by prescribing, monitoring and measuring the minimum standards that are expected throughout our operations and allowing us to audit on what matters the most.

Reduction in serious employee injuries per 100 FTE's in 2020

21%

Number of serious aircraft damage incidents per 1,000 turns in 2020

0.015

-6% on 2019

Workplace inspections for COVID-19 safety measures per week

1,000

We reacted quickly to the new health and safety risks and challenges resulting from the of the COVID-19 virus, through our COVID-19 response plan. We put safety first, of our People, passengers and all those in our working environments. We adapted and implemented new measures, processes and communications tools, sourced new personal protective equipment (PPE) and cleaning equipment. We continue adhering to local guidelines and best practice processes, across a range of different working environments and different geographies. We also implemented stringent monitoring and auditing checks to ensure compliance and effectiveness. In addition to our own checks and audits, we received unannounced workplace checks from government authorities, which received zero findings. Our practices in this area continue to evolve and more recently focused on implementing new employee re-boarding processes and protocols, welcoming those returning from furlough an ensuring knowledge and skills were refreshed and up to date.

We held our annual MORSE Month in November 2020, which was a great success. Each week was aligned to one of the four elements of MORSE: Operating, Responsibly, Safely, Effectively. Resources including and employee survey, videos, activities for teams, focused news items and competitions were delivered to teams, to help promote a positive risk culture and keep the MORSE message alive. There were more than 27,000 page views on our internal MORSE web pages, 126 poster entries and 400 active participants via Microsoft Teams, as well as 1 in 5 employees responding to the survey. This resulted in a notable impact on safety reporting, with more hazards being recorded and fewer incidents occurring.

During 2020 we also implemented new systems and tools to help reduce our risk of incidents including Tow Team Warning System (TTWS) kits and SmartDrive video solutions for vehicles (see case study below). Our TTWS kits are now widely used across our operations to assist on difficult tows and pushes, and help to reduce aircraft damage occurrences, particularly in congested airfields where increased numbers of aircraft have been grounded in recent months. These are excellent additions to our suite of existing systems that support our Risk and operational teams, including our integrated risk and incident management systems and award-winning self-certification SMART app (on page 30).

We look forward to further developing our health, safety and security culture throughout our global network in 2021.

HEALTH, SAFETY AND SECURITY
CASE STUDY

Safety Smart

During 2020, we invested in SmartDrive, which was installed in 560 fuel tankers across the US and Canada. SmartDrive is an award-winning video-based safety program that coaches drivers in developing good driver skills and habits as well as improving awareness.

SmartDrive has already delivered a positive impact and we believe it to be one of the best safety tools we have implemented to help coach and continually adapt our processes to make the workplace a safer environment for all. In addition to developing better driving habits, the system has helped to reduce the number of accidents as well risk of accidents, and therefore the cost of damage, improved overall safety and improved fuel efficiency.

We are now furthering our use of SmartDrive, not only to promote safer driving practices but to improve incident investigations and implement evidence-based accident prevention programmes.

- Installed in 560 fuel tankers
- Fuel tanker incident rates decreased by almost 50%

SECTION 172 STATEMENT

S172 Companies Act 2006
Following the changes implemented across the Group during 2019, Menzies entered 2020 with renewed vigour to deliver long term sustainable value for our shareholders and stakeholders with the highest levels of safety and security. Despite the unprecedented disruption to the aviation sector and the volatile market conditions experienced throughout 2020, everyone at Menzies, from the top down, remained focused on delivering our defined strategy and being a solutions driven service provider of choice to our customers.

The Board, Executive team and senior management have taken many hard decisions in order to reduce the Group's cost base and right size its operations in alignment with the reduced volume of air traffic. These hard decisions were not taken lightly but were taken decisively to ensure the Group has the correct platform to emerge stronger from the challenges posed by the COVID-19 pandemic and be a leaner, more agile and more profitable business with price-competitiveness and customer-centricity at its core. We are seeing the benefits of the decisive actions taken with the successful renewal of several key contracts and important contract wins across our air cargo and ground services portfolios.

In striving to provide safe and trusted aviation services, for every customer, every time, we are mindful of the fact that our business impacts, and is impacted by, many stakeholders. We believe that proactive and effective consideration of, and engagement with, our broad range of stakeholders when making decisions is fundamental to ensuring our long term success. Our Code of Conduct, together with our vision, ethos and core values help to create a culture where our People, both at a Board level and throughout the Company, are empowered to make the best decisions in the interests of the Company and all of its stakeholders. Further details on the Company's purpose are included on page 4 of this Annual Report and Accounts 2020.

The Directors understand the legal duties which they must consider when making decisions that impact on the Company's stakeholders and training is given during the year to refresh and update within the Company's wider governance framework.

Set out in the below table are our key stakeholder groups, detailing how the Board has considered the issues and factors that impact them and how engagement has impacted Board decisions and Company strategies during the 2020 financial year.

STAKEHOLDERS	SIGNIFICANCE TO BUSINESS	KEY ISSUES AND FACTORS	ENGAGEMENT	EXAMPLES OF DECISION IMPACTED BY THE ENGAGEMENT	LINKS
SHAREHOLDERS	The Board is accountable to its shareholders and must act in a way that is likely to promote the success of the Company for the benefit of its members as a whole. The Company seeks to maintain effective dialogue with its shareholders and shareholder bodies, to ensure that their views and any concerns they may have are understood and considered.	Based on the Board's own assessment and feedback received during the 2020 financial year, the Board understands that the following are the key concerns of our shareholders: • The Group's operations and strategies. • The Group's financial performance and commercial success. • Opportunity for dialogue with Executive and Non-Executive Directors on key matters such as financial performance and executive remuneration. • The Group's sustainability and environmental impact. • The process by which capital is allocated to drive long term shareholder value.	Engagement with our shareholders is led by the Chairman & Chief Executive Officer, Deputy Chairman and the Executive team via a variety of methods and forms including: • Shareholder questions submitted via email that were answered by Directors in advance of the AGM held in May 2020. Directors also held a number of telephone calls with various shareholders after the AGM. • Results road shows (held in person in March 2020 and virtually in September 2020) led by the Executive team. Detailed investor one-to-one sessions following final year end and interim results. • Periodic trading updates. • The Executive team and senior management engaged regularly with investors during 2020. However, arranging site visits and attendance at investor relation conferences did not take place due to COVID-19 restrictions. • Engagement with shareholder bodies to better understand their reasons for voting recommendations at the 2020 AGM and looking forward to the 2021 AGM.	• The Board's decision to initiate a number of initiatives (e.g. the deferral of non-essential capital investment, selected asset sales, temporary 20% reduction in Director and senior management fees and salaries and the suspension of dividend payments) in order to keep a tight control on cost management and to improve the Group's financial position. • The Strategic Committee continued to review, and where appropriate recommend to the Board for final approval, commercial proposals resulting in material allocations of the Group's capital and investment in emerging markets such as Iraq and Pakistan. • Feedback from engagement influenced and guided the Group's revised strategy and portfolio balance. • Review of the composition of Board constituted committees to ensure compliance with the Corporate Governance Code (July 2018) following shareholder and shareholder advisory body feedback.	Corporate Governance Statement pages 78-88 Remuneration Committee Report pages 103-121 Chief Financial Officer's Statement pages 32-35 Strategic Committee Report pages 122-123 Business Model pages 18-19 Strategy page 20

SECTION 172 STATEMENT CONTINUED

STAKEHOLDERS	SIGNIFICANCE TO BUSINESS	KEY ISSUES AND FACTORS	ENGAGEMENT	EXAMPLES OF DECISION IMPACTED BY THE ENGAGEMENT	LINKS
CUSTOMERS	Delivering a service that meets the needs of our customers in all of the markets that we operate is fundamental to our success.	Based on the Board's own assessment and feedback received during the 2020 financial year, the Board understands that the following are the key concerns of our Customers: • Competitive pricing structure. • Our long term viability as a supplier. • Our safety incident record. • Our ability to improve and advance our service offering in an environmentally sustainable manner. • Innovative solutions.	Continued focus on customers, with the Board receiving regular updates on the business's customer profile. The Executive team and senior management engaged directly with customers and their senior leadership teams on several occasions and covering a variety of topics such: • Implementation of new technology to drive innovation and increase safety. • Implementation of COVID-19 operational and safety measures to keep our staff and our customers' staff safe and secure. • Customers' operational schedules and interim pricing plans during the COVID-19 pandemic. • COVID-19 vaccine handling and distribution. • Progress on global master agreements with key customers. • The Executive team and senior management engaged with customers, suppliers, and other stakeholders at the virtual Ground Handling International Conference. • The Executive team and senior management utilised virtual platforms as a means to engage with customer across a verity of areas such as performance review meetings, commercial discussions and operational updates.	• Introduction of a new bid management process to better align our service offering with customer objectives. • Developing our global master agreements with key customers facilitating a smoother contractual interface, increasing our ability to secure future contract wins, whilst meeting our customers' specific needs. • Investment in airside safety technology such as SmartDrive and Tow Team Warning System. • Working closely with Budapest Airport and a number of airlines to facilitate the essential distribution of vaccines in accordance with relevant technical requirements for strict temperature control, transportation and storage. • Reshaping and right sizing our fleet of ground support equipment with a focus on removing older, less environmentally friendly vehicles and replacing them with electric vehicles, where possible.	CEO & Chairman's Statement pages 12-15 Strategy page 20 Developing global partnerships case study pages 26-27 GHI ramp safety award case study pages 30-31 Responsible Business pages 46-63

SECTION 172 STATEMENT CONTINUED

STAKEHOLDERS	SIGNIFICANCE TO BUSINESS	KEY ISSUES AND FACTORS	ENGAGEMENT	EXAMPLES OF DECISION IMPACTED BY THE ENGAGEMENT	LINKS
OUR EMPLOYEES	We have over 23,000 experienced, diverse and dedicated People who make our business what it is. We rely on our People to uphold our vision, ethos and core values to deliver on our strategic priorities and to create long term sustainable value for our shareholders and stakeholders with the highest levels of safety and security.	Based on the Global employee engagement survey as presented to the Board during the 2020 financial year, the Board understands that the following themes were raised: • Regular communication has been important during the pandemic and employees want the frequent updates on business performance to continue throughout our recovery and beyond. • There were many examples of leaders and employees going the extra mile to look after each other and following COVID-19 procedures to remain safe and healthy. • There were a few isolated areas where employees felt more could be done to ensure COVID-19 protection measures like social distancing, hand sanitiser and cleaning materials were adhered to. • We have more work to do to build an open reporting culture where every Menzies employee feels confident to speak up and a clear understanding of the importance of telling us when something is not right. • We need to provide our managers at all levels with more support to communicate effectively with their teams, and with their own development as leaders.	The Board constituted HR Committee allows for regular overview and input to matters important to our People and initiatives across the Group. The Group's EVP People presented to the HR Committee on findings from the global employee engagement survey. The Executive team and senior management issued biweekly communications to keep all staff updated on how the business was reacting to the challenges presented and held Q&A session to understand the key issues being faced on the ground. A bespoke employee engagement website was created along with web portals to allow our staff who were temporarily away from the business with a means to keep up to date with developments, training and provide outplacement support and redeployment opportunities.	The Board endorsed Management's commitment to the following areas, based on the feedback received from employees: • Regular communications will continue and will be transparent on the Group's progress as we take steps to recover from the impact of the pandemic. • Our Risk team will work with local teams to ensure the isolated COVID-19 safety issues raised as part of the survey are addressed. • Our managing safety programme was created and will be launched in 2021. • Review of our employee confidential reporting portal Expolink was conducted in 2020 resulting in a new service being SpeakUp portal being introduced during 2021. • Review and 'top down' roll out of our Living Leadership programme, our Menzies bespoke leadership development programme with an increase in online modules available to managers so that they can work on their development at their own pace. • Development of WeAreMenzies.com will continue into 2021 and will continue to support station managers to make information easy to access for all employees.	Responsible Business pages 46-63 Nomination Committee Report pages 89-94 HR Committee Report pages 100-102 Corporate Governance Statement pages 78-88
SUPPLIERS	Strong working relationships with our suppliers is crucial to the effectiveness of our entire operation, enhancing our efficiency and creating value.	Based on the Board's own assessment and feedback received during the 2020 financial year, the Board understands that the following are the key concerns of our suppliers: • Ability to create effective longstanding relationships that are mutually beneficial. • Negotiation of favourable payment terms. • That the Group acts and continues to ethically, fairly and transparently ensuring the integrity of its supply chain. In addition, the Group expects its suppliers to demonstrate their own commitment to acting ethically, fairly and with integrity, helping to add value and ensure a solid and sustainable supply chain.	• We continue to strengthen the relationships we have with our suppliers across all our service offerings and global network, which in 2020 included engagement with our top and regular suppliers to better maximise value, review contractual arrangements and pursue Master Services Agreements where possible, in order to safeguard and secure our supply chain during uncertain times. • Suppliers are provided with our Third Party Code of Conduct, clearly communicating the expected standards of behaviour. This is made available when engaging in new contracts or renewals and is available publicly on our company website. • We continue to work with key suppliers to establish long term strategic relationships.	• The Board is supportive of the Company's commitment to long term strategic relationships with our closest supplier partners, increasing the cost efficiency and integrity of our supply chains across our network. • We are working with our suppliers to ensure that they operate in line with our Third Party Code of Conduct requirements. • Changes to our due diligence criteria and processes for engaging with and assessing our suppliers will take place during 2021, reflecting our commitment to our sustainability programme and our continued commitment to ensuring an ethical supply chain generally.	Business Model page 18 Responsible Business pages 46-63

SECTION 172 STATEMENT CONTINUED

STAKEHOLDERS	SIGNIFICANCE TO BUSINESS	KEY ISSUES AND FACTORS	ENGAGEMENT	EXAMPLES OF DECISION IMPACTED BY THE ENGAGEMENT	LINKS
LOCAL COMMUNITIES AND THE ENVIRONMENT	We rely on, and aim to make a positive impact on, the local communities and environments in which we operate, as well as the environment and climate change more generally, wherever possible.	The Board understands that the following are the key concerns of our local communities and wider stakeholder population including employees, customers and shareholders: • Job opportunities and impact on the local economy. • Our impact on the environment and the promotion of sustainable ways of working. • Demonstrating good corporate citizenship and supporting communities. • Disclosure of our approach to including identifying and managing climate risks for our business. • Disclosure of our approach to material Environmental, Social and Governance (ESG) topics generally.	• We supported local communities through our initiatives with furloughed staff, working closely with companies in other sectors, including the food sector, and with mail and vaccine distribution efforts, to provide essential service during the pandemic. • We provided support to employees and their families particularly affected by COVID-19 through the John Menzies Benevolent Fund trust. • We undertook a materiality assessment across ESG topics, engaging with stakeholders both internally and externally to help us identify our priorities in these areas.	• The Board committed to continuing to develop our sustainability programme during 2020 including development of our sustainability strategy, targets and identifying and implementing changes and initiatives across our global business that will deliver value, engage our employees and our customers, and reduce our impact on the environment, including our carbon footprint. • The Board acknowledged that increased engagement and disclosure of our approach to climate risk and sustainability will take place via SECR reporting incorporated on pages 58 and 60 of this Annual Report and Accounts 2020, along with publication of our sustainability strategy and goals, which will be furthered by our alignment with the Task Force on Climate-Related Financial Disclosures reporting framework in the Annual Report and Accounts 2021. • The Board committed to supporting local communities and we will look at new ways and opportunities for this. • The Board has continued its support of management to focus on the development of and investment in innovative and environmentally sustainable solutions and equipment.	Responsible Business pages 46-63
DEBT PROVIDERS	By providing funds for the Group's working capital and general corporate purposes, our debt providers play an important role in our business.	• The Group's operations and strategies. • The Group's financial performance and commercial success. • Compliance with agreed covenant structure.	The Group's committed debt facilities are provided by a syndicate of relationship banks. Maintaining a close and supportive relationship with these banks is led by the Chief Financial Officer and Group Treasurer. During 2020 these relationships were strengthened by: • Monthly reporting on financial performance. • Frequent update meetings held between the syndicate of relationship banks and the Executive team and senior management. • Invitations to interim and final year end results.	Regular engagement with relationship banks during 2020 enabled the Company to complete a revised banking covenant structure providing additional flexibility to support the Group as the aviation industry recovers from the impact of the COVID-19 pandemic.	Chief Financial Officer's Review page 32

On behalf of the Board of Directors:

John Geddes
Corporate Affairs Director
& Group Company Secretary
9 March 2021

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S INTRODUCTION TO CORPORATE GOVERNANCE

React. Reset. Rebuild.

As we emerge from the challenging market conditions of 2020, the Board continues its focus on the long term success of the Company and to grow the business in a prudent and structured manner.

Dear Shareholder,

On behalf of the Board of John Menzies plc, I would like to introduce our Governance Reports for the financial year ending 31 December 2020. As you will see, these reports provide information on the workings of the Board and its Committees, together with details of our systems of internal control and risk management, and describe how the Company has applied the principles of good corporate governance contained in the UK Corporate Governance Code (July 2018) (the Code).

It is the role of the Board to shape and drive the direction of the Group and oversee the delivery of its business objectives and execution of its strategy. As we emerge from the challenging market conditions of 2020, the Board continues its focus on the long term success of the Company and to grow the business in a prudent and structured manner. Following a detailed review of the Group's structural cost base, together with good commercial momentum and customer engagement throughout the year, the Board is confident the Group has the platform to continue the improvement of its operating margins and provide consistent cash generation. This, married with our rebased growth strategy, will build a solid foundation for the Group to provide its stakeholders with sustainable value. The Board is also committed to contributing to wider society and recognises the importance of wider environmental matters affecting the areas in which the Group operates as well as potential or emerging environmental risks and considerations impacting our business. Further details on the Group's activities in this regard can be found on pages 46 to 61 of this Annual Report and Accounts 2020.

2020 saw further changes to the Group's Executive leadership with Giles Wilson stepping down as Chief Executive Officer and leaving the Company in August 2020. On behalf of the Board, I would like to take this opportunity to extend our thanks to Giles for the substantial contribution he made to the Group in his various senior leadership roles over the last nine years.

As a result of Giles' departure, the Nomination Committee undertook a rigorous and robust review of the optimum Board structures available to the Company whilst being mindful not to add additional complexity and management distraction during a period of very challenging market conditions. The Nomination Committee considered the Code requirements, as well as the interests of the Company's shareholders, wider stakeholders and the business impact of ongoing external factors. Following this review, the Nomination Committee recommended to the Board that my extensive aviation industry and senior leadership experience made me the ideal candidate to lead both the Company and the Board in the combined role of Chairman & Chief Executive Officer.

I am extremely proud and honoured to take up this role in which I will be fully supported by the existing Executive Directors and senior management team. Together we are engaged in reshaping the competitive, commercial and strategic direction of the Group, with the goal of bolstering our market position as the solutions driven service provider of choice to our customers.

In accordance with its terms of reference, it is a key responsibility of the Nomination Committee to ensure that the Group has a Board structure with the requisite combination of skills, experience and knowledge to effectively discharge its duties whilst driving the business forward. Therefore, the Nomination Committee will keep the effectiveness of the current structure under review.

Further details on the leadership changes referred to above can be found in the Corporate Governance Statement on pages 78 to 88 and the Nomination Committee Report on pages 89 to 94 of this Annual Report and Accounts 2020.

Along with other businesses across the globe, the impact of the COVID-19 pandemic restricted our ability to hold face to face meetings with our stakeholders, meaning we were not alone in adopting new methods of engagement. Technology such as Microsoft Teams and other virtual platforms were important tools adopted across all areas of the Group in maintaining key internal and external relationships and keeping lines of communication fully open. As we return to a more normalised trading environment and when it is safe to do so, the Board very much looks forward to returning to traditional methods of engagement whilst also building on the use of technology to ensure regular and meaningful dialogue with stakeholders is maintained.

Undoubtedly, our customers and our People are the key to our success as a business. I am immensely proud of the lengths many of our People have gone to deliver critical services to our customers safely and securely. Our passion to deliver the safest and most secure landside and airside services was recognised by our Risk team winning the Ramp Safety Award 2020 at the recent Pride of Ground Handling awards. This award underscores the passion we have as a business to be recognised as the undisputed premium brand in the aviation services sector.

Led by our Executive team, regional leadership teams and senior commercial and operational management, we intensified our customer engagement throughout the year to fully understand and work with our customers to provide solutions during the unprecedented operational and commercial challenges posed by the pandemic. This has allowed us to deepen our customer relationships as we look to grow our respective businesses together.

Further details of our stakeholder engagement can be found on pages 46 to 61 and 64 to 71 of the Strategic Report, and on pages 87 to 88 the Corporate Governance Statement and on pages 100 to 102 of the Human Resources Committee Report included within this Annual Report and Accounts 2020.

In accordance with the Financial Conduct Authority's Listing Rules, we are required to report on how we have complied with the Principles and Provisions of the Code during the 2020 financial year. I am pleased to confirm that

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S INTRODUCTION TO CORPORATE GOVERNANCE CONTINUED

the Board is of the view that the Company has been broadly compliant with the Principles and Provisions of the Code. However, as a result of the Board changes described above and below, the Company was not compliant with the following elements of the Code:

- Christian Kappelhoff-Wulff, whom the Board considers to be a non-independent Non-Executive Director, was appointed as a member of the Remuneration Committee in June 2019. The Board remained aware that this appointment does not conform with Provision 32 of the Code. Following shareholder voting on Christian's election to the Board at the 2020 AGM, Christian held constructive and helpful discussions with shareholders and proxy advisory bodies in order to fully understand the reasons behind shareholder voting and proxy agency voting recommendations. Having listened to and taken on board their views and having considered the matter very carefully, particularly in relation to the sentiment of recent engagements and the independence requirements set out in the Code, Christian decided to step down from the Remuneration Committee in February 2021. Accordingly, the Remuneration Committee was compliant with Code Provision 32 from that point onwards.
- From 1 January 2020 to 31 August 2020, the Company remained non-compliant with Principle G and Provision 11 of the Code due to the fact that at least half of the Board (excluding the Chairman) were considered by the Board not to be independent. Following Giles Wilson's departure from the Company in August 2020, the Board's composition reverted to having at least half of its members as being independent (excluding the Chairman), in accordance with the Code.
- As detailed above, the combination of the roles of Chairman and Chief Executive Officer resulted in the Company being non-compliant with Principle G and Provision 9 of the Code. The Committee and the Board takes very seriously the importance of good corporate governance and the link this has with long term sustainable success. The Board remains satisfied that there is sufficiently robust scrutiny, independent oversight and constructive challenge by the Deputy Chairman and other Non-Executive Directors on Board matters, ensuring that no one individual possesses unfettered decision-making powers and that the Board remains fully able to discharge its duties and responsibilities effectively.

The Reports that follow detail the corporate governance measures that we have in place, including our systems of risk management and internal control, and provide insight on the activities and considerations of the Board and its Committees during 2020.

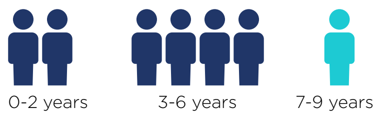
I, together with the Board, very much look forward to developing our governance framework further and leading the Company during 2021 and beyond.

Philipp Joeinig
Chairman & CEO
9 March 2021

Composition of the Board

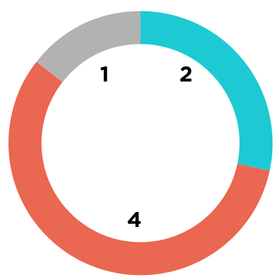
- Executive Director
- Independent Non-Executive Director
- Chairman & Chief Executive Officer
- Non-Independent Non-Executive Director

Board diversity and tenure



- Male
- Female

Board tenure



0-2 years	2
3-6 years	4
7-9 years	1

THE BOARD

Principal responsibility is to ensure the long term success of the Company, assuming responsibility for the Group's overall strategy and providing shareholders and stakeholders with value and contributing to wider society.

AUDIT COMMITTEE

Monitors the integrity of the Group's financial reporting and financial statements, reviews the effectiveness of internal controls and risk management, and oversees the relationship with the external auditor.

NOMINATION COMMITTEE

Oversees the development of a diverse pipeline of talent for orderly succession to Board and Senior Management positions and to ensure the Board has the requisite combination of skill, experience and knowledge to effectively discharge its duties and support Group strategy.

REMUNERATION COMMITTEE

Determines and agrees the Company's remuneration policy in respect of Executive Directors and the Chairman & CEO, together with their specific remuneration packages, ensuring they support Group strategy and promote long term sustainable success.

HUMAN RESOURCES

Assists the Board in fulfilling its human resources and employee engagement obligations and ensures standardisation, adequacy and effectiveness of structure, policies and process.

STRATEGIC COMMITTEE

Keeps under review the delivery of the Group's strategy and structure, evaluating strategic decisions, including significant capital investments and potential merger and acquisition activity.

EXECUTIVE COMMITTEE

Responsibility for the overall delivery of the Group's strategy, reviewing in detail the business's operational, financial and commercial performance.

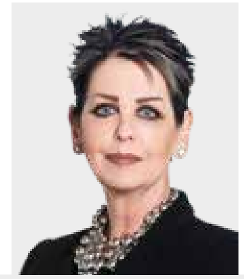
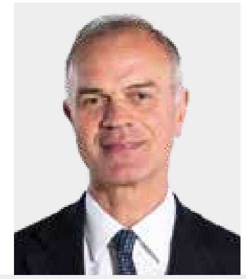
UK CORPORATE GOVERNANCE CODE

The Board is committed to the principles of good corporate governance contained in the UK Corporate Governance Code (July 2018), published by the Financial Reporting Council and is available on its website at www.frc.org.uk. The Company follows the good practice that the Code recommends and the Board considers, subject to where it was explained otherwise in this Annual Report and Accounts 2020, that the Company has applied the Principles and complied with the Provisions set out in the Code throughout 2020, as detailed in this Statement and the associated reports. The Board believes that the Annual Report and Accounts 2020 are, when taken as a whole, fair, balanced and understandable, providing shareholders with the requisite information to assess the Company's performance, business model and strategy.

OUR BOARD OF DIRECTORS






NAME AND TITLE	**Philipp Joeinig** Chairman & Chief Executive Officer	**David Garman** Deputy Chairman and Senior Independent Director	**Alvaro Gomez-Reino Lago De Lanzos (Alvaro Gomez-Reino)** Chief Financial Officer	**John Geddes** Corporate Affairs Director & Group Company Secretary	**Silla Maizey** Non-Executive Director	**Paul Baines** Non-Executive Director	**Christian Kappelhoff-Wulff** Non-Executive Director
DATE OF APPOINTMENT	June 2017	June 2015	December 2019	November 2016	May 2014	June 2016	May 2019
EXPERIENCE AND SKILLS	Philipp Joeinig was appointed Chairman & CEO of John Menzies plc on 1 September 2020. Philipp is a solution oriented and focused leader with over 15 years of experience in aviation services. He held various executive leadership roles at Swissport International Limited and was a member of the management board over a 10 year period. Philipp brings with him a strong leadership track-record, capital allocation, and a wealth of aviation service-industry experience.	David brings comprehensive industrial and logistics sector expertise to the Board. He was previously Chief Executive of TDG plc, a European contract logistics and supply chain management business; an Executive Director of Associated British Foods plc; held non-executive directorships at St Modwen Properties PLC, Kewill Limited, Victoria PLC and Phoenix IT Group PLC: and occupied a variety of management roles at United Biscuits.	Alvaro brings significant financial, business development and international business experience in the support services and aviation services industry where he previously was Chief Financial Officer at Swissport International Limited. Alvaro led the Group's financial matters across more than 45 countries including complex financing structures and several M&A transactions. Alvaro previously held senior finance positions with Amey plc, Ferrovial, Ahold and Hewlett Packard.	John has held the position of Group Company Secretary since 2006, having joined the Group in 1997, and was appointed to the Board in 2016 as Director of Corporate Affairs. John possesses a keen and comprehensive understanding of the aviation services market and his responsibilities include Governance, Risk and Investor Relations. As a Chartered Secretary, John's career has included Company Secretariat posts at both Bank of Scotland plc and Guinness plc.	Silla is a qualified accountant and brings vast experience of the air travel industry to the Board. She enjoyed an executive career at British Airways (1978-2012) holding a number of roles within finance, procurement, corporate responsibility and customer services including Managing Director of London Gatwick.	Paul brings extensive corporate finance experience, having been CEO and Executive Chairman of Hawkpoint (2003-13), and, previously, Chief Executive of Charterhouse Bank (Corporate Finance). He sat on the Collins Stewart plc board 2006-12. Since 2013 he remains senior adviser to Smith Square and Vermillion, respectively UK and Chinese investment banking firms. He is Chairman of the Shareholder Committee of the Shepherd Building Group.	Christian brings strong capital allocation and strategic skills to the Board. He has 11 years' experience as an investor in mid-sized European companies. Christian is the founder and Chief Executive Officer of Lakestreet Capital Partners AG, an investment firm based in Zug, Switzerland. Prior to Lakestreet Capital Partners AG, Christian was a Director of Goldsmith Capital Partners AG, working directly for its founder for five years.
OTHER APPOINTMENTS	Director of Claphique Invest & Development AG and Board member of Karin Privatstiftung. Director of various Group companies.	Non-Executive Director of Troy Income & Growth Trust plc, Senior Independent Director of Speedy Hire Plc and Director of various private companies.	Director of various Group companies.	Board member of the Airport Services Association and a Director of various Group companies.	Chair of NHS Business Services Authority, Non-Executive Director of the Crown Commercial Service and Non-Executive Director of Network Rail Limited.	Chairman of the Shareholder Committee of Shepherd Building Group Limited, Senior Adviser to Smith Square Partners and Senior Adviser to Vermilion Partners.	Chief Executive Officer of Lakestreet Capital Partners AG.
COMMITTEES	N S	A N R H S	-	H	A H N R	A N R	S

COMMITTEE MEMBERSHIP KEY

- A Audit Committee
- N Nomination Committee
- R Remuneration Committee
- H Human Resources Committee
- S Strategic Committee
- Indicates Committee Chair

CORPORATE GOVERNANCE STATEMENT

Overview
This Report sets out the Board's corporate governance structures from 1 January 2020 to 31 December 2020. Together with the other Board constituted committee reports on pages 89 to 123 of this Annual Report and Accounts 2020, it includes details of how the Company has applied and complied with the principles and provisions of the UK Corporate Governance Code (July 2018) (the Code), published by the Financial Reporting Council. The Code is supported by the FRC's Guidance on Board Effectiveness, which the Board uses to support its approach to governance and decision making.

Board Composition
At the time of publication, and as detailed in the diagram on page 74 of this Annual Report and Accounts 2020, membership of the Board is constituted as follows:
- the Chairman & Chief Executive Officer;
- two Executive Directors;
- three independent Non-Executive Directors; and
- one non-independent Non-Executive Director.

The Nomination Committee ensures that the size and composition of the Board is subject to ongoing scrutiny and that the appropriate balance of skills, experience, independence and knowledge exists. Following the resignation of Giles Wilson (Chief Executive Officer) in June 2020, the Nomination Committee's key responsibilities during the course of 2020 were to identify, taking into account Board structure, continuity of leadership and expertise, the most suitable candidate for the role of Chief Executive Officer and the appointment of a new independent Non-Executive Director.

From 1 January 2020 to 31 August 2020, the Company remained non-compliant with Code Principle G and Provision 11 due to the fact that at least half of the Board (excluding the Chairman) were considered by the Board not to be independent. Following the departure of the Company's Chief Executive Officer in August 2020, the Board's composition reverted to having at least half of its members as being independent (excluding the Chairman), in accordance with the Code.

Following Giles Wilson's departure from the Company, the Nomination Committee and the Board reviewed the executive management structure in order to provide stability and continuity of senior leadership to both the Board and the Company. The Nomination Committee considered the Code requirements, as well as the interests of the Company's shareholders, stakeholders and the business impact of ongoing external factors. At the conclusion of its review, the Nomination Committee identified and recommended to the Board that Philipp Joeinig's extensive aviation industry and senior leadership experience made him the ideal candidate to lead both the Company and the Board in a combined role as Chairman & Chief Executive Officer, fully supported by the existing Executive Directors and senior management team. The Board accepted the Nomination Committee's recommendation and Philipp Joeinig's combined role of Chairman & Chief Executive Officer became effective from 1 September 2020. In accordance with its Terms of Reference, this appointment will be kept under review by the Nomination Committee.

The Nomination Committee and the Board are keen to identify a new independent Non-Executive Director possessing the right balance of skills, knowledge and industry experience to further enhance the Board's overall skillset, as well as rebalancing the Board's composition of majority independence and compliance with Principle G and Provision 11 of the Code. The Board will update shareholders on this matter in due course.

Christian Kappelhoff-Wulff, whom the Board considers to be a non-independent Non-Executive Director due to the Chief Executive Officer position he holds with Lakestreet Capital Partners AG, one of the Company's substantial shareholders, stepped down as a member of the Remuneration Committee in February 2021. Following shareholder voting on Christian's election to the Board at the 2020 AGM, Christian held constructive and helpful discussions with shareholders and proxy advisory bodies in order to fully understand the reasons behind shareholder voting and proxy agency voting recommendations. Having listened to and taken on board their views and having considered the matter very carefully, particularly in relation to the sentiment of recent engagements and the independence requirements set out in the Code, Christian decided to step down from the Remuneration Committee. Following this change, the Remuneration Committee's membership is now compliant with Code Provision 32.

Further details on Board changes are included on pages 89, 94 and 104 of this Annual Report and Accounts 2020.

Biographical information on the current Board can be found on pages 76 and 77 this Annual Report and Accounts 2020. In accordance with its Terms of Reference, the Nomination Committee will keep Board composition under review during 2021 to ensure the leadership needs of the organisation are satisfied and the Company is at all times well-placed to execute its strategy and compete effectively in the markets in which it operates. Any new Director would be subject to election by shareholders at the first AGM following their appointment and, together with all incumbent Directors and in accordance with best practice principles, subject to annual re-election thereafter.

Board Responsibilities
The principal responsibility of the Board is to promote the long term success of the Company for the benefit of its stakeholders and shareholders. In discharging such responsibility, it must ensure that the Company's affairs are always conducted within the parameters of the Group's internal control framework and the interests of internal and external stakeholders appropriately identified and managed. Whilst determining and overseeing delivery of the Group's strategic objectives, the Board also assumes governance and regulatory responsibilities across a diverse range of topics (for example, health and safety, risk and compliance) and has a formal schedule of matters specifically reserved for its attention. This includes, without limitation, consideration and, if appropriate, approval of: the Group's financial statements; going concern statements at half year and year end; its viability statement; and key financial and operational items such as potential disposals and acquisitions, capital expenditure above certain thresholds and major non-recurring projects.

Additionally, the Board has overall responsibility for the Group's systems of internal control, covering financial, operational, compliance, and risk management and for annually reviewing their effectiveness. Whilst the Audit Committee has delegated responsibility from the Board to review the effectiveness of these systems, the day-to-day responsibility for such systems, including deployment and maintenance, rests with the relevant members of the senior management team. The Board ensures that it regularly reviews their effectiveness and actively monitors the processes by which principal and emerging risks are identified, evaluated and managed. Further details on how the Board manages business risks are included on pages 36 to 45 of this Annual Report and Accounts 2020.

To ensure the full and proper discharge of its duties, the Board convenes on a regular basis and met six times during 2020, in line with the agreed plan of business for the year. Additionally, and as set out in the table on page 80, due to the impact of the COVID-19 pandemic on the global aviation industry, the Board met a further 12 times in the year to consider and monitor a number of business critical matters. More information on the matters considered are detailed in the table on pages 81 and 84.

Agendas for each Board meeting are developed from the Board's annual plan of business and tailored to reflect the current status of projects, strategic workstreams and the overarching operating context. Finalisation of Board meeting content is a collaborative process involving the Chairman & Chief Executive Officer and Group Company Secretary, who ensure adequate time is allocated for each Board meeting to support effective and constructive discussion. Board papers are circulated one week prior to all Board meetings through a secure electronic platform, allowing Directors adequate time to familiarise themselves with the items for discussion, whilst the annual Board evaluation process affords Directors the opportunity to comment on the quality and content of Board packs. At Board meetings, Directors receive and consider presentations from Executive Directors and other relevant colleagues or external advisers, as appropriate.

Board Committees

The Executive Management Board, led by the Chairman & Chief Executive Officer in his combined role, comprises the Executive Directors and other members of senior management. The Executive Management Board has Board-delegated responsibility for the overall delivery of the Group's strategy, reviewing in detail the business's operational, financial and commercial performance. During 2020 the Executive Management Board's focus was on: the safety and security of our People; reviewing and rebuilding operations; right sizing the business as flight volumes return; the delivery of safe and secure operations; and further developing and deepening our customer relationships. The Executive Management Board will also focus on delivering organic and inorganic growth while ensuring a safe, secure and consistent service for our customers. Environmental matters will continue to be an area of the Executive Management Board's responsibility as we strive to reduce our carbon footprint and respect the environments in which we operate. This forms part of the Group's Sustainability Strategy for which the Executive Management Board has overall responsibility. This outlines the Group's commitments and goals across environmental, social and governance topics alongside a roadmap for delivery. Further details can be found on pages 46 to 63 of this Annual Report and Accounts 2020.

The Board also delegates certain responsibilities to the Board Committees detailed in the table below; specifically, the Nomination Committee, Audit Committee, Human Resources Committee, Remuneration Committee and Strategic Committee. Further information on all Board Committees can be found on pages 89 to 123 of this Annual Report and Accounts 2020 and the defined Terms of Reference of each are available on the Company's website.

Committee membership is monitored and reviewed regularly to ensure a suitable balance and rotation of Directors. The Chair of each of the Audit and Human Resources Committees is selected from Directors who are considered independent under the Code. The Deputy Chairman and Senior Independent Director, David Garman, serves as Chair of the Remuneration Committee and Nomination Committee. In accordance with Provision 32 of the Code, David Garman has served on the Remuneration Committee since 2017.

Directors must exercise their judgment independently, free from the influences of others and the independence of individual Directors is reviewed on an ongoing basis, considering the characteristics of independence contained within the Code. The Nomination Committee considers that, other than Christian Kappelhoff-Wulff, each of the Non-Executive Directors continues to be independent in character and judgment in line with the Code. As previously stated, Christian is considered not to be independent. However, the Nomination Committee, having carefully considered the matter, continues to have the opinion that Christian's strong capital application skills and strategic experience strengthens the Board's overall skillset.

	Appointed/ Resigned	Board[1]	Nomination Committee	Audit Committee	Human Resources Committee[2]	Remuneration Committee[2]	Strategic Committee
Meetings		18	1	3	1	4	6
P Joeinig	Jun. 2017	18/18	1/1	–	–	–	6/6
D Garman	Jun. 2015	18/18	1/1	3/3	1/1	4/4	6/6
A Gomez-Reino	Dec. 2019	18/18	–	–	–	–	–
J Geddes	Nov. 2016	17/18	–	–	0/1	–	–
P Baines	Jun. 2016	18/18	1/1	3/3	–	4/4	–
C Kappelhoff-Wulff[3]	May 2019	17/18	–	–	–	4/4	6/6
S Maizey	May 2014	17/18	1/1	3/3	1/1	4/4	–
Former Directors							
G Wilson[4]	Aug. 2020	15/15	–	–	–	–	4/4

Notes:
1. 12 additional Board meetings took place between March 2020 and June 2020 in order to assess and respond to the challenges presented by the COVID-19 pandemic.
2. Juliet Thomson attends the Human Resources Committee and Remuneration Committee in her capacity as EVP People.
3. In February 2021 Christian Kappelhoff-Wulff stepped down as a member of the Remuneration Committee.
4. Giles Wilson attended all required Board and Committee meetings until the cessation of his employment with the Company on 31 August 2020.

Key areas of activity	Matters considered	Outcome	Stakeholders impacted
Board Structure	Key priorities of the Board (and its Nomination Committee) were to: Fill the vacant position of Chief Executive Officer with the correct calibre of person with the requisite combination of skill, experience and knowledge following the departure of Giles Wilson from the Company and the Board in August 2020. Identify a new independent Non-Executive Director possessing the right balance of skills, knowledge and industry experience to further enhance the Board's overall skillset, as well as rebalancing the Board's composition of majority independence and compliance with the Code.	• Philipp Joeinig was appointed to a combined role of Chairman & CEO in September 2020. • Independent recruitment consultants Egon Zehnder Associates were instructed to commence a search to identify candidates for the appointment of a new independent Non-Executive Director.	People Customers Shareholders Suppliers Debt Providers

CORPORATE GOVERNANCE STATEMENT CONTINUED

Key areas of activity	Matters considered	Outcome	Stakeholders impacted
Key Business Priorities	In addition to the time allocated during Board meetings to discuss business performance, the Board focused on the following matters in order to meet the Board's 2020 expectations and respond to the significant challenges presented by the COVID-19 pandemic: • Group liquidity. • Review and restructure of structural cost base. • Revised banking covenant structure. • Risk and safety matters. • Workforce engagement. • Customer and wider stakeholder engagement. • Organic and inorganic growth. • People agenda. • Business and sales development.	• Decisive management action taken to deliver material cost savings across the Group, ensuring sufficient liquidity capable of supporting the Group's requirements into 2021 whilst retaining a robust and flexible financial position to navigate through the pandemic. • Execution of a revised banking covenant structure with Group's lenders, providing additional flexibility to manage through market uncertainties in the short to medium term. • Utilisation of government support and furlough schemes across the network, positively impacting on the Group's liquidity position and mitigating the number of compulsory job losses. • Identification of emerging risks and the safety measures required to mitigate against them. • Weekly communications and online Q&A sessions with Executive Management Board and senior management available to all employees detailing the Group's response, safety measures and important operational matters. • Dedicated website for staff on temporary leave from the business to keep them informed of developments. • Focused customer engagements, key contract renewals and wins despite challenging market conditions. • Root and branch review of station profitability and structured remediation plans for station improvement. • Introduction of the Menzies 100, identifying the top 100 senior leaders from across each region, function and critical operational roles within the Group to further enhance the pipeline of talent for the orderly succession to senior management positions. • Entry into new and emerging markets such as Greece, Cyprus, Iraq and Pakistan.	People Customers Shareholders Suppliers Debt Providers

Key areas of activity	Matters considered	Outcome	Stakeholders impacted
Strategy Development	In light of the new Board structure and evolving aviation services market, a key focus for the Board was to review and rebalance its portfolio and product offering, entry into new and emerging markets and to build a platform from which the Company can grow as volume returns to the aviation services market.	• Executive Management Board, led by the Chairman & CEO, held monthly virtual sessions as well as multi-day workshops throughout the year, undertaking a detailed review across all financial, operational, risk and commercial functions within the Group. • Consolidated data from across the aviation services industry cross referenced against Group data identifying and agreeing a rich pipeline of organic and inorganic growth opportunities across the Group's core product offerings. • Engaged with external consultants to assist in development of the Group's sustainability strategy and road map, as well as setting measurable goals to monitor progress. Delivering increased transparency and focus on ESG priorities for our business and stakeholders whilst generating value and delivering our sustainability objectives. • Finalisation of the Group's growth strategy and identification of key deliverables to measure success. • Key output and recommendations concluded in quarter four of 2020 and incorporated into the 2021 budget and three year plan.	People Customers Shareholders Suppliers Debt Providers Local Communities and the Environment

CORPORATE GOVERNANCE STATEMENT CONTINUED

Key areas of activity	Matters considered	Outcome	Stakeholders impacted
Corporate Governance	The Board, with assistance from the Group Company Secretary, took the opportunity to review: Committee Terms of Reference; stakeholder engagement; workforce engagement; succession planning; and diversity. The purpose was to identify where the existing engagement between leadership and employees across the business required further development against the challenges presented in the year to further support the Board in its decision-making.	• Noted the practices implemented during 2019 to facilitate communication with stakeholders and how previous momentum in this area could continue in 2020 given the challenges presented by the COVID-19 pandemic. For more information on engagement, see pages 64 to 71 of this Annual Report and Accounts 2020. • Review of Non-Executive, Executive and senior management succession planning. As mentioned above, holding strategy sessions to ensure robust succession plans are in place, securing a diverse pipeline of talent for the future. • External training and Q&A session provided on the Corporate Insolvency and Governance Act 2020. • Annual consideration of whether all Directors had time to discharge their duties effectively, which is established during the appointment process and is subject to ongoing monitoring. • Consideration of section 172(1) of the Companies Act 2006 and the requirement under the Code requiring Directors to describe how matters set out in section 172(1) have been considered in Board discussions and when carrying out their duties.	People Customers Shareholders Suppliers Local Communities and the Environment

Role of Board Members

Chairman & Chief Executive Officer

In his role as Chairman, Philipp Joeinig leads the Board in the determination and development of the Company's strategic aims ensuring the necessary resources are in place to meet its objectives whilst also promoting Board effectiveness and general Board relations. In chairing Board meetings, Philipp seeks to foster an atmosphere that encourages constructive debate and discussion between Board members whilst ensuring the appropriate focus is given to key strategic agenda items, the support of business development, organic and non-organic growth opportunities, and delivering long term shareholder value.

In his role as Chief Executive Officer, Philip provides the necessary leadership to the Group, overseeing its day-to-day management with the support of the other Executive Directors and senior management to help guide and implement strategic planning, key projects and the shaping and oversight of the implementation of key initiatives. Executive Directors may discuss issues of concern with the Chairman who is also actively engaged with the Company's stakeholders, shareholders and the wider investment community.

Deputy Chairman and Senior Independent Director

David Garman has been the Senior Independent Director of the Company since August 2015 and was appointed as Deputy Chairman of the Company in July 2019. He continues to support the Chairman & Chief Executive Officer in the discharge of his responsibilities and also makes himself available to the Company's shareholders and other stakeholders when discussions with the Chairman & Chief Executive Officer and/or Executive Directors are not considered appropriate. David is also on hand to provide the Chairman & Chief Executive Officer with advice and guidance in relation to FCA requirements and general UK related corporate governance matters if requested to do so. In accordance with the Code, David leads the Chairman's annual performance appraisal in addition to the annual Board effectiveness evaluation.

Executive Directors

Together with the Chairman & Chief Executive Officer, the Executive Directors set and ensure the delivery of the Group's stated strategic objectives whilst providing the necessary leadership to the Group and overseeing its day-to-day management. The Executive Directors report directly to the Chairman & Chief Executive Officer and to the Board, keeping the Board apprised of key strategic, financial and operational developments and on any issues or concerns that may arise. The Executive Directors have individual duties and responsibilities aligned with their specific function although these may vary in line with business requirements.

Non-Executive Directors

In accordance with the Code, our Non-Executive Directors provide independent and constructive challenge and assist in the development of strategic proposals. They are also expected to scrutinise and hold to account the performance of management and all Executive Directors against agreed performance objectives. In line with best practice they must participate in the Chairman's annual evaluation. Additionally, they must satisfy themselves on the integrity of the Group's financial information and be comfortable that its systems of internal financial controls and risk management are both rigorous and robust.

Board recruitment and succession planning

As noted above, the size and composition of the Board is monitored on an ongoing basis by the Nomination Committee, who assess whether the Board has the right mix of skill sets, experience and the ability to provide constructive challenge and has regard to other key factors such as diversity. The Board is aware of the requirement to ensure that appropriate plans are in place for the orderly succession of the Board and senior management and that a diverse pipeline for succession to these positions is in place. Succession was a key consideration, both at a Board and senior management level by the Group during 2020 and will be under continual review throughout 2021 and beyond. If the need arises to fill or create a new Board position, whether Executive or Non-Executive, the Nomination Committee is tasked with considering suitable internal candidates and also nominating external candidates, in relation to which it may employ the services of external recruitment agencies. The Committee must also ensure that contingency plans are in place to provide for Chairman continuity especially in regard to tenure restrictions under the Code.

Induction

All new Directors are required to participate in a structured induction programme upon appointment. Whilst this encompasses standard governance and regulatory items aimed at ensuring that they fully understand, and are equipped to effectively discharge their duties as directors of a listed company (and, as appropriate, members of any Board Committees), it is also tailored to the individual training and developmental needs of new Directors. Additionally, the programme includes a comprehensive introduction to the Group itself, providing new Board appointees with a firm understanding of the Group's operations, its stated strategic objectives, the markets in which it operates and the risks and challenges to be addressed. Structured meetings will be arranged with the Chairman & Chief Executive Officer and Non-Executive Directors around the functioning of the Board, its Committees and associated operating responsibilities and governance requirements, whilst new Directors will also spend time with the Executive Directors and relevant members of senior management to develop familiarity with key strategic and operational items.

Development

It is the Group Company Secretary's responsibility to ensure that as and when required: (i) all Directors have access to independent professional advice, at the Company's expense, to allow them to effectively discharge their duties; and (ii) Board Committees have the necessary resources available, including external professional support, to properly execute the responsibilities incumbent upon them. More generally, the Group Company Secretary is available at all times to provide support and guidance to both individual Directors and Board Committees.
The Board acknowledges that the regular training and upskilling of its members is key to its effective functioning and, accordingly, a number of measures are in place to ensure Directors are kept apprised of relevant governance, regulatory and policy developments – for example, the attendance of guest speakers at Board meetings and the inclusion of targeted updates within Board packs. The annual Board evaluation process remains a key tool by which to identify the training requirements of individual Directors and the Board more generally, together with areas that may require particular focus or strengthening.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Development continued

The Board is encouraged to hold Board and Committee meetings in conjunction with site visits across our network. This is an important means for the Board to increase their understanding of the Group's operations and markets and provides a welcome touchpoint for the workforce to engage with the Directors. Due to the travel restrictions implemented across our network due to the COVID-19 pandemic, there was very limited opportunity for the Board to undertake site visits as is ordinarily the case. As and when it becomes safe to do so, the Board very much looks forward to visiting our operations, engaging face to face with our People and discussing matters of importance to them. Further details on employee engagement can be found at pages 100 to 102 of this Annual Report and Accounts 2020.

Diversity and Inclusion

The Board believes that there exists a balanced range of skill sets, experience and backgrounds amongst our existing Executive and Non-Executive Directors but acknowledges there is still progress to be made on appointments to the Board that promote diversity from a gender, social and ethnic background perspective.

The current members of the Board have extensive aviation industry experience and highly relevant skills derived from serving in a range of executive and non-executive positions, in other customer-facing service delivery businesses, both within the UK and internationally. As previously stated, the Board has instructed external recruitment consultants to identify a candidate possessing the right balance of skills, knowledge, and industry experience to further enhance the Board's overall skillset. The Board will continue to appoint on the basis of merit, whilst working to broaden the diversity of its talent pool in all respects.

Currently, female representation on the Board equates to 14%. The representation of females in our senior management roles is 24%. In line with the revised regulations as a result of COVID-19, UK Gender Pay Gap reporting was suspended for the 2019/20 reporting period. The Group looks forward to reporting against progress in this regard for 2020/21.

The Group aims to be an inclusive employer and the Board is highly supportive of the initiatives in place to promote diversity and inclusion throughout the business, including the establishment of an Equality, Diversity and Inclusion Focus Group. In 2020, Executive Management Board worked with the Human Resources Committee to create a new succession and talent planning programme to support and develop identified successors to key leadership and business critical roles within the Group ensuring that a pipeline of talent within the Company's ranks are rich in diversity. Further details can be found on pages 100 to 102 of this Annual Report and Accounts 2020.

As part of the Group's wider sustainability programme, a key focus will be on evaluating diversity within our leadership population and global graded management population. In 2020, our Equality, Diversity and Inclusion online-learning module was launched, an interactive course which all employees will complete globally and which highlights the importance of creating an inclusive and fair working environment. In order to target future female leaders within the business a dedicated 'Women in Leadership' development programme will be rolled out in 2021. The Group is also working at a local level to introduce programmes to target under represented populations. An example of which is a focus is on women working within the ramp operations in our Australian business.

Board Evaluation

During 2020 David Garman, the Deputy Chair and Senior Independent Director, led the annual Board effectiveness evaluation. This involved one-to-one discussions with each Director to understand and evaluate their responses to a concise Board questionnaire, the results of which the Board also collectively reviewed. The overall conclusion was that the Board functions in an effective manner, being strong in the areas of chairmanship, governance, risk and financial management. It was generally acknowledged that many of 2020's priorities were overtaken by the COVID-19 pandemic, with attention diverted to liquidity, funding and restructuring issues as revenue and volumes declined. The successful funding initiatives and operational management response to the crisis means that the Board can refocus on the growth agenda as the industry moves towards recovery. Certain matters highlighted for more detailed discussion included deeper analysis of the Group's commercial proposition and the key initiatives required to deliver the growth strategy, as this was seen as pivotal in articulating the equity story to the investment community. Further evaluation outcomes were the Group's entry into emerging markets. This placed additional focus on the Group's risk management protocols with reporting requiring to be adapted accordingly and the number of Nomination Committee meetings held in each year to be increased to two per year. Governance matters were considered to be well managed but key areas of compliance, such as ESG related matters, required further development. It was also noted that Board materials be further developed to include additional details on key operational KPIs, review of investments and customer and competitor analysis.

The Board remains a strong advocate of the principles and provisions of the Code regarding performance evaluation and may, periodically, engage external consultants to ensure the Company's evaluation process is fit for purpose and refreshed as appropriate.

Whilst it was welcomed that a renewed customer-centric approach had been adopted, it was noted that this must be developed further in order to deepen our customer relationships and drive organic growth. The Board remains aware of the importance of majority independence and gender balance under the Code and will be mindful of this when considering future appointments. Despite this area of non-compliance, the Board considers that it had, and continues to have, the appropriate balance of skills, knowledge and experience to enable it to discharge its duties and responsibilities effectively and that each Director provided objective and constructive challenge to management.

Shareholder Engagement

The Board is cognisant of the importance of maintaining a clear dialogue with the Company's stakeholders and shareholders, in line with the Code. Accordingly, the Company implemented a revised programme of activity to ensure that effective and constructive communication took place despite the social distancing and other COVID-19 related restrictions in place throughout 2020. The Company's website contains a dedicated Investor Centre through which the Company disseminates its announcements, results and reports and was relaunched in 2020, providing an enhanced and more user friendly experience for shareholders and other stakeholders.

In March 2020, the Health Protection (Coronavirus) (Restrictions) (Scotland) Regulations 2020 (Regulations) were passed into law with immediate effect prohibiting public gatherings of more than two people, except where the gathering was "essential for work purposes". Applicable advice at that time was that attendance at a general meeting by a shareholder, (other than one specifically required to form the quorum for that meeting), did not satisfy the "essential for work purposes" criteria. The Board reviewed the options available to it in order for the Company to hold its 2020 AGM in accordance with the Regulations and also protect the safety and wellbeing of its staff and shareholders. Accordingly, the 2020 AGM was held on 1 May 2020 with the minimum number of Directors and shareholders present in person required to ensure the meeting was quorate, with all other Directors and advisers joining the meeting remotely. In advance of the meeting, shareholders were actively encouraged to email any questions they intended to ask at the meeting to a dedicated Company email address. The Company was pleased to receive a number of questions which were circulated to the Board and answered promptly. At the conclusion of the formal business of the meeting, members of the Board, including the Board Committee Chairs, made themselves available to hold one-to-one calls with shareholders.

Throughout 2020, the usual analysts and investors meetings took place by way of a combination of physical, telephone or virtual meetings. The full year and interim results presentations took place in London in March 2020, by way of a physical meeting, with the September interim results being broadcast by way of a live webcast via the Company's website. The Board very much looks forward to being able to return to holding physical shareholder roadshows and will continue to utilise and harness technology and virtual means to hold such events until it safe to do so.

Further, as part of the Company's investor relations programme, a key shareholder and analyst update report is a standard Board agenda item to ensure the Board has full visibility on the engagement activities being undertaken and the feedback from shareholders on matters important to them.

Customer Engagement

2020 presented a year of unique challenges for the Group and for our customers due to the unprecedented and significant impact travel restrictions had on the aviation industry. Despite the challenging market conditions, we maintained regular and constructive dialogue with our customers in order to fully understand their needs and how we could facilitate and deliver solutions to help them deliver to their customers. This has allowed us to forge deeper partnerships with our customer as we strive to grow our respective businesses together as the industry emerges from the pandemic.

Customer Engagement continued

The ability for the Executive Directors and senior managers to have face-to-face meetings with our key customers during the year was very much restricted due to external factors. Through the use of virtual platforms for review meetings, commercial discussions and operational updates we were able to adapt our approach and ensure that we engaged frequently with our customers. We also connected with many of our customers and suppliers at the virtual Ground Handling International event in December 2020. Our commercial teams have used the pandemic as a catalyst to re-evaluate and strengthen our approach to sales planning and the targeting and management of major bids and business development opportunities, ensuring our commercial proposals are closely aligned to our customers' objectives. Our sales capability has been significantly enhanced with leadership appointments to our cargo sales, commercial and business development teams.

By putting our customers first, listening to their views and providing best-in-class and competitive solutions, we continue to deepen and strengthen these key relationships which in turn generates a positive impact for our shareholders, people, suppliers and other important stakeholders across our network. Our Executive team and senior management strongly believe our approach in this area is now delivering tangible results across the globe, as evidenced by recent wins with Qatar Airways in the USA, Europe and Oceania, Cargolux and Wizz Air in Budapest, Qantas in four key airports in Australia, Jetstar in Melbourne, Swoop in Toronto, Mango Airlines and Lift Air in South Africa, and Loganair in Scotland.

Workforce Engagement

During 2020, the Board had to adapt the methods used to engage with employees to enhance the employee voice in the boardroom. The key priority throughout the year was to protect the safety and wellbeing of our employees and all of those that we come in contact with. Therefore, we were unable to hold the employee forums as had been planned. The Board remains committed to this as being an effective forum to ensure an open dialogue between the workforce and the Board looks forward to re-introducing such forums in due course.

The Board recognises the importance of engagement with employees as a means of gauging workforce alignment to the Group's vision, ethos and core values. This is key in any year and no more so than in 2020. Adapting to fluctuating flight schedules and air traffic volumes meant that we ended the year with 30% fewer employees than we started with and had many employees away from work on leave or on various furlough schemes. This placed a greater importance and emphasis on regular and meaningful engagement with our workforce. At the peak of the pandemic, the Executive and senior management issued biweekly communications to keep all staff updated on how the business was reacting to the challenges presented and held Q&A session to understand the key issues being faced on the ground. A bespoke website called wearemenzies.com was created along with web portals to allow our staff who were temporarily away from the business with a means to keep up to date with developments, training and provide outplacement support and redeployment opportunities. Partnerships were formed with employers to provide opportunities for alternative or additional work. This was particularly positive in the UK where partnerships were formed with Asda, Royal Mail and Feed the Nation.

As part of the Board and senior management's desire to understand the views of employees and to make decisions driven by the input and feedback of employees, the Company launched its first global employee feedback survey. The survey focused on questions across two core themes: how well informed employees felt as the Company navigated through the challenges presented by COVID-19; and the effectiveness of steps the Company was taking to ensure employees were kept safe. One in five of Menzies employees across 26 countries took part in the survey and the Board was pleased to receive a high level of positive scores across all questions despite the extraordinary challenges presented throughout 2020.

As part of the Board's ongoing commitment to operating safely and ethically, a new whistleblowing service has been introduced enabling any employee to be able to report potential concerns or breaches confidentially and with complete anonymity. This is operated by an independent third party where employees can make contact either by telephone or secure website.

Further details of People initiatives can be found in pages 52 to 57 of this Annual Report and Accounts 2020.

NOMINATION COMMITTEE REPORT

David Garman
Chair of the Nomination Committee

Committee Members

Name	Position	Attendance
D Garman	Chair	1/1
P Baines	Member	1/1
S Maizey	Member	1/1
P Joeinig[1]	Member	1/1

Note:
1. On 26 June 2020 Philipp Joeinig stepped down as Chair of the Committee with immediate effect upon his appointment to the combined role of Chairman & CEO. Philipp was not present at the meeting when matters relating to his position within the Company were being discussed.

Welcome to the Report of the Nomination Committee for the 2020 financial year. The Committee comprises majority independent Non-Executive Directors and is chaired by me, David Garman, as Deputy Chairman and Senior Independent Director. John Geddes, Director of Corporate Affairs and the Group Company Secretary, continued as Secretary of the Committee whilst other Executive Directors and members of Senior Management attended Committee meetings by invitation if a particular agenda item required their input.

The Committee had one formal meeting during the year but engaged frequently in addition to this on matters such as Board composition, appointments and other relevant Committee business. Membership of the Committee and meeting attendance during 2020 is set out above. The Committee remained in full compliance with the UK Corporate Governance Code (July 2018) (the Code) recommendation that a majority of members be independent.

Terms of Reference

The Nomination Committee operates under Terms of Reference that can be found on the Company's website. These were reviewed during 2020 to ensure they properly align with the applicable provisions of the Code.

Board Composition

From 1 January 2020 to 31 August 2020, the Company remained non-compliant with Principle G and Provision 11 of the Code due to the fact that at least half of the Board (excluding the Chairman) were considered by the Board not to be independent. Following Giles Wilson's unexpected resignation as Chief Executive Officer in June 2020, the Board's composition reverted back to having at least half of its members as being independent (excluding the Chairman), in accordance with the Code.

As previously reported, 2019 was a year of significant management changes with the departure and replacement of a number of Directors. At that time, the Committee and Board considered it had the appropriate balance of skills, knowledge and experience to effectively discharge its duties and responsibilities. However, following Giles Wilson's departure from the Company in August 2020, the Committee and Board recognised the pressing need to review the executive management structure in order to provide stability and continuity of senior leadership to both the Board and the Company.

The Committee undertook a rigorous and robust review of the optimum Board structures available to it whilst being mindful not to add additional complexity and management distraction during a time when the Aviation industry was experiencing significant adverse effects of the COVID-19 pandemic. The Committee considered the Code requirements, as well as, the interests of the Company's shareholders, customers, People, other stakeholders and the business impact of ongoing external factors. This resulted in the Committee identifying and recommending to the Board that Philipp Joeinig's extensive aviation industry and senior leadership experience made him the ideal candidate to lead both the Company and the Board at this time, fully supported by the existing Executive Directors and senior management team. The Board accepted the Committee's recommendation and Philipp Joeinig's combined role of Chairman & Chief Executive Officer became effective from 1 September 2020 and, in accordance with its Terms of Reference, will be kept under review by the Committee.

NOMINATION COMMITTEE REPORT CONTINUED

The Committee and the Board were fully aware that their decision to stabilise the leadership of the business by combining the roles of Chairman & Chief Executive Officer would result in the Company being non-compliant with Principle G and Provision 9 of the Code. The Committee and the Board takes very seriously the importance of good corporate governance and the link this has with long term sustainable success. The Committee and the Board are also fully cognisant of the spirit in which the Principles of the Code should be applied and the inbuilt flexibility within the Code when a Company is not compliant with its Principles and/or Provisions. With this borne in mind, the Board remains satisfied that there is sufficiently robust scrutiny, independent oversight and constructive challenge by the Deputy Chairman and other Non-Executive Directors on Board matters, ensuring that no one individual possesses unfettered decision-making powers and that the Board remains fully able to discharge its duties and responsibilities effectively.

In order to further enhance the overall composition of the Board, the Committee recommended that a new independent Non-Executive Director be recruited to join the Board. Accordingly, the Committee appointed independent recruitment consultants Egon Zehnder Associates, which has no other connection with the Company or individual Directors, to assist in identifying potential candidates for the appointment to this position. The Committee and Board are keen to identify a candidate possessing the right balance of skills, knowledge and industry experience to further enhance the Board's overall skillset, as well as, rebalancing the Board's composition of majority independence and compliance with Principal G and Provision 11 of the Code. The Board will update shareholders on this matter in due course.

Function and Responsibilities

The primary functions of the Nomination Committee are to oversee the development of a diverse pipeline of talent for orderly succession to Board and senior management positions and to ensure the Board has the requisite combination of skill, experience and knowledge to effectively discharge its duties. The Committee therefore regularly evaluates Board composition with this in mind and is responsible for identifying and recommending candidates to the Board when an appropriate position arises.

The Committee, together with the Board, is committed to promoting diversity and inclusion across the Group and at Board level. As a Board, we are proud that diversity and inclusion is at the heart of our culture. Our People are our most valued asset and are a key stakeholder in our business. As a result of the impact of COVID-19 across our network, we will continue to strive to rebuild our workforce, ensuring it is reflective of the diversity of our customers and the regional, national and international communities in which we operate.

As detailed in its Terms of Reference, the key duties of the Committee, together with the main activities undertaken during 2020, are detailed in the following table. The Committee may engage such advisers, internal or external, as it considers either necessary and/or desirable to ensure the effective discharge of its responsibilities.

	Responsibility	Main activities in 2020
Leadership and structure	Prior to making a recommendation and as set out above, evaluate the balance of skills, knowledge and experience on the Board and, in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment.	**Combination of the roles of Chairman & CEO** Following Giles Wilson intimating his intention to resign as CEO in June 2020, it was proposed by the Committee and recommended to the Board that the roles and responsibilities of Chairman & CEO be combined into a single role. After due and careful consideration of skills, experience and expertise required for this position, the Committee identified Philipp Joeinig as the most suitable candidate and recommended his appointment to the Board. **Identification of Board candidates** The Committee and Board are keen to identify a candidate possessing right balance of skills, knowledge and industry experience to take up the position as an independent Non-Executive Director in order to further enhance the Board's overall skill set and engaged with Egon Zehnder Associates in this respect.
Executive Remuneration	Liaise closely with the Remuneration Committee in relation to the service contract and remuneration package to be offered to any proposed Executive Director.	Following the proposal to appoint Philipp Joeinig to the combined role of Chairman & CEO, the Committee, in conjunction with the Remuneration Committee, considered the remuneration package to be offered to him and engaged with FIT, the Company's remuneration consultants, to benchmark the proposed salary to ensure it was commensurate with the Company's peers and the wider market. At the same time FIT also benchmarked the remuneration packages of Alvaro Gomez-Reino, the Company's CFO and John Geddes, the Director of Corporate Affairs and Company Secretary. It was thereafter considered appropriate that: • Philipp Joeinig's salary be increased from £180,000 to £405,000 to reflect the significant increase in his duties, effective from his appointment to the combined role on 1 September 2020; and • John Geddes and Alvaro Gomez-Reino's salaries remain unchanged at £275,000 and £285,000 respectively.

NOMINATION COMMITTEE REPORT CONTINUED

	Responsibility	Main activities in 2020
Evaluation	Annually review: (i) the structure, size and composition (including the skills, knowledge and experience) of the Board and its Committees and make recommendations to the Board with regard to any changes; and (ii) the leadership needs, both Executive and Non-Executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.	As detailed above, 2020 saw a key change to the leadership of the Company, Board and composition of its Committees. The Committee led the evaluation process, ensuring at all times that the Board, together with its Committees, has the required balance of skills, knowledge and experience. Taking into account the relevant skillsets and length of service of each Director, together with the revised leadership structure of the Board, the Committee concluded it was satisfied that the Board's current composition was fit for purpose despite not being compliant with Principal G and Provision 9 of the Code for periods of 2020 (as set out on pages 86 and 87 of this Annual Report and Accounts 2020). This view was endorsed by the annual Board evaluation process. Christian Kappelhoff-Wulff is considered not to be independent due to the CEO position he holds with Lakestreet Capital Partners AG, a substantial shareholder in the Company. The Committee remained aware that his membership of the Remuneration Committee did not conform with Code Provision 32. Following shareholder voting on Christian's election to the Board at the 2020 AGM, Christian held constructive and helpful discussions with shareholders and proxy advisory bodies in order to fully understand the reasons behind shareholder voting and proxy agency voting recommendations. Having listened to and taken on board their views and having considered the matter very carefully, particularly in relation to the sentiment of recent engagements and the independence requirements set out in the Code, Christian decided to step down from the Remuneration Committee in February 2021. Both Christian and the Committee take very seriously the importance of good corporate governance and the important role independence plays in relation to Board effectiveness. Accordingly, the Chair of the Remuneration Committee accepted Christian's proposal to step down, resulting in the Remuneration Committee being compliant with Code Provision 32 from that point onwards. Furthermore, the Committee identified and recommended to the Board that, to further enhance the overall skillset of the Board and to ensure an appropriate level of corporate governance and independence, Egon Zehnder Associates, an independent recruitment consultancy, be engaged to assist in identifying potential candidates for the appointment of a new independent Non-Executive Director. In line with the Committee's Terms of Reference, it was agreed that a further review of the Board's composition would be conducted in 2021 to ensure its composition was in alignment with current and proposed strategic developments and the requirements of the Code.

	Responsibility	Main activities in 2020
Succession planning	Ensure that appropriate plans are in place for the orderly succession of the Board and senior management and that a diverse pipeline for succession to these positions is in place, taking into account the challenges and opportunities facing the Company and what skills and expertise are therefore required in the future.	The Nomination Committee is tasked with focusing on succession planning from a Board and Executive Management Board, comprising the next immediate level of senior management, perspective. Following detailed discussions and consideration of length of service to-date it was agreed that no issues in relation to Non-Executive Director succession required immediate attention. However, succession planning in this area would be kept under regular review. The quality of the current succession planning arrangements was subject to detailed review. The Committee considered potential areas of vulnerability within the planning process against a backdrop of the tight cost controls implemented across the Group due to the impact of the COVID-19 pandemic. The Committee, working with the HR Committee, concluded that, where possible, the pipeline for succession to senior management positions should be fostered from within the Group. To deliver the succession pipeline the 'Menzies 100' was created, which is a group of the top 100 senior leaders from across each region, function and critical operational roles within the Group. This cohort will participate in regular leadership updates, development sessions and bespoke development opportunities to increase their skill levels with succession plans for each of these roles being closely reviewed and monitored. The Committee noted selecting the top 100 leaders across the Group was a key project and would enhance the Group's succession planning by ensuring individuals of the requisite calibre were being developed and given the tools to succeed. Accordingly, all matters relating to succession planning and the development of the Menzies 100 would remain a key area of focus for both the Committee and HR Committee throughout 2021 and beyond, ensuring there is rich and diverse pipeline of talent for succession, allowing the Company to deliver on its growth strategy.
Training and Development	The Chairman leads the training and development of the Board and of individual Directors and regularly reviews and agrees with each Director their individual and collective training and development needs. For Directors joining the Board, the Chairman ensures that on appointment each Director receives a full, formal and structured induction which reflects a Director's skills, experience and Board role.	During 2020, the Board were reminded of their duty to undertake training and development and the facilities made available to them to by the Company in this regard. Specific external training was provided to the Board on the Corporate Insolvency and Governance Act 2020 together with regular updates on other key measures implemented by the UK and Scottish Governments to allow companies to navigate their way through the COVID-19 pandemic.

NOMINATION COMMITTEE REPORT CONTINUED

In addition to the areas detailed above, the Nomination Committee also considered the following items during 2020:

- The Non-Executive Directors' letters of appointment were reviewed, in conjunction with the Group Company Secretary, to ensure they remained fit for purpose. At the conclusion of the review, it was agreed that the letters of appointment remained the appropriate terms and did not require amendment.
- That matters relating to workforce engagement, employee engagement surveys and the subsequent reporting outcomes relating to these remains within the remit of the Human Resources Committee. This was agreed by the Board and further details on these matters can be found on pages 100 to 102 of this Annual Report and Accounts 2020.

Diversity, Inclusion and Succession

The Board is committed to building a diverse pipeline of talent across all areas of the Group including, at Board and senior management level in line with the Company's Equality, Diversity and Inclusion Policy. The Board acknowledges its perspective and approach can be greatly enhanced through gender, social and ethnic backgrounds, cognitive and personal strengths, tenure and relevant experience. Although new appointments are based on merit against objective criteria, careful consideration is given to the benefits of improving and complementing the diversity, skills, experience and knowledge of the Board wherever possible.

In making recommendations to the Board, the Committee makes sure that the Board is made up of competent individuals with the necessary balance of skills and experience required to ensure that the Board can function effectively. Moreover, the Board and Company rigorously endorse the advantages that diversity brings to the Boardroom and the wider business more generally.

The Equality, Diversity and Inclusion Policy is implemented through the Equality, Diversity and Inclusion Plan. Progress against actions and objectives set out in the Plan will be reported by the Equality, Diversity and Inclusion Focus Group to the Board via the Human Resources Committee. The suitability and adequacy of this Policy is assessed periodically by the Focus Group and updated accordingly. The Policy dovetails with a key element of the Company's strategy: to attract, develop and retain the most talented people and to be a place where our People are free to be themselves, no matter their identity or background. By creating a richly diverse working environment in which individuals can utilise their skills and talents to the full without fearing discrimination, bullying, victimisation/retaliation or harassment, we aim to create a culture where our People flourish and reach their fullest potential.

The Committee takes seriously the requirement to ensure the Board and senior management team are balanced from a gender perspective and remains committed to make progress in this area. Through the natural cycle of Board and senior management renewals, the Board intends to broaden diversity beyond gender diversity alone, to reflect the diversity of our customers and the regional, national and international communities in which we operate. As at 9 March 2021 there was one female Director (14%) on the Board and the representation of females in our senior management was 20%.

As can be seen from the table above, succession planning and internal leadership requirements remained a key focus of the Committee during 2020. This will continue to be the case during 2021 as investment in the Menzies 100 continues. The Committee remains confident it has a robust succession plan in place ensuring that, as our business rebuilds, the right people are in the right place to lead, contribute to and maximise the success of our global operations.

Further information on the above matters, including the measures which the Group takes to support diversity, can be found on, and is incorporated by reference into, this Nomination Committee Report on pages 86 and 88 of this Annual Report and Accounts 2020.

On behalf of the Nomination Committee

David N.C. Garman

David Garman
Chair of the Nomination Committee
9 March 2021

AUDIT COMMITTEE REPORT

Paul Baines
Chair of the Audit Committee

Committee Members

Name	Position	Attendance
P Baines	Chair	3/3
D Garman	Member	3/3
S Maizey	Member	3/3

Welcome to the Audit Committee Report for the 2020 financial year. I am pleased to report that throughout the year the Committee continued to assist the Board of Directors in discharging its oversight responsibilities in respect of the Company's internal financial controls and, ultimately, safeguarding the interests of its stakeholders, including its shareholders.

The Audit Committee operates under Terms of Reference that can be found on the Company's website. These were reviewed during 2020 to ensure that they continue to be properly aligned with the applicable provisions of the UK Corporate Governance Code (July 2018) (the Code).

Whilst the Board has overall responsibility for the Group's systems of internal controls, the Audit Committee has delegated responsibility to review the effectiveness of such controls. The Committee's principal role is to assess the quality of the Group's internal and external audit processes and ensure that the risks that our business faces: financial, IT, operational, compliance-related, emerging or otherwise, are effectively managed and, where possible, mitigated.

Whilst no systems of internal control can provide absolute assurance against material loss or disruption, the Group's systems are designed to provide the Directors with reasonable assurance that risks can be promptly identified and the appropriate remedial action taken where necessary. The Audit Committee carefully considered and evaluated the effectiveness of these controls for the period from 1 January 2020 to the date of approval of this document. The Committee concluded that the Group has sound systems of risk management and internal controls in place, further details on which can be found on pages 36 and 45 of this Annual Report and Accounts 2020.

Additional key responsibilities of the Audit Committee include, but are not limited to the following:

- Reviewing the Company's financial results announcements and financial statements, including the significant judgments and estimates contained within them.
- Ensuring compliance with applicable accounting standards and reviewing appropriateness of the accounting policies and practices in place.
- Advising the Board on whether the Company's annual report and accounts are, when taken as a whole, fair, balanced and understandable and provide the requisite information in order that shareholders and other stakeholders can assess the Company's performance, business model and strategy.
- Reviewing and monitoring the effectiveness of the Group's internal control and risk management systems, particularly principal and emerging risks that could threaten the Company's business model.
- Reviewing and monitoring the effectiveness of the internal audit function and Management's responsiveness to any findings and recommendations.
- Reviewing the Group's policies and practices concerning business conduct, ethics, integrity and fraud.
- Overseeing all aspects of the relationship with the external auditor, including its appointment, the external audit process taking into account relevant UK professional and regulatory requirements, and monitoring its effectiveness, objectivity and independence.
- Developing and implementing policy on the engagement of the external auditor to supply non-audit services, ensuring there is prior approval of non-audit services considering the impact this may have on independence, taking into account the relevant regulations and ethical guidance in this regard, and reporting to the Board on any improvement or action required.

AUDIT COMMITTEE REPORT CONTINUED

To fulfil its role properly and ensure the effective discharge of its duties, the Audit Committee may take such independent professional advice and request any information from any Group employee, including Executive Directors, as it considers necessary. The Audit Committee may also meet with the external auditors and the internal audit team in the absence of Executive Directors and other Group employees, allowing for any items of concern to be raised with or by them.

Meetings and Principal Activities

The Audit Committee met, as scheduled, three times with meeting attendance set out in the table on page 80 of this Annual Report and Accounts 2020. The Audit Committee comprised three Non-Executive Directors during 2020: Silla Maizey, a qualified accountant, David Garman and myself.

The current composition of the Audit Committee meets with the requirements of the Code, possessing competence relevant to the sector in which the Company operates. In line with good practice, membership will continue to be reviewed annually.

All Committee meetings were held prior to a full Board meeting which afforded me the opportunity to provide a comprehensive update on the Committee's discussions and recommendations to those Directors not in attendance. The Chairman & Chief Executive Officer, Chief Financial Officer and Group Company Secretary, together with certain senior members of the Finance team and representatives from the external and internal audit teams, were given notice of all Audit Committee meetings and invited to attend and speak where considered appropriate.

I met with the Group Company Secretary at the start of the year to agree the agenda for the 2020 Audit Committee meetings and identify non-standard agenda items that required consideration over the following months. The Committee also received ad-hoc presentations from members of the Management team on a variety of key issues throughout 2020.

The principal activities that the Audit Committee undertook from 1 January 2020 to the date of approval of this document were as follows:

- Formal review of the Company's Annual Report and Accounts 2020, including the Statements on Internal Control, the work of the Audit Committee and the associated business review. The Audit Committee also formally reviewed the Interim Results 2020 announcement made by the Company. The Audit Committee's work focused on key accounting policies, estimates and judgments, including significant or unusual transactions. In doing so, the Audit Committee reviewed the reports of Management and the internal audit team. It also considered the views of the external auditor in relation to the Annual Report and Accounts 2020. The Audit Committee concluded that a recommendation be made to the Board that the required disclosure set out in the Statement of Directors' Responsibilities could be made, as set out on page 130 of this Annual Report and Accounts 2020.
- Review of the risk management work of Management, which involved assessing key risks according to their significance, likelihood and impact, in addition to the Group's exposure to and management of these risks. The Risk Register and evaluation of risk constantly evolve and the Audit Committee was satisfied that Management had appropriate risk management strategies and systems in place to address the Group's emerging and principal business risks, such strategies and systems having been in place throughout 2020 and up to the date of approval of this document.
- Review and adoption of the annual internal audit plan ensuring that the audits addressed risks identified relating to the COVID-19 pandemic and that the reviews conducted were safe and effective.
- Review of the forecasts of the business to ensure that the statements concerning the affirmation of the Group's going concern and of future viability were balanced and understandable.
- Consideration of the objectivity and independence of the external auditor.

Annual Report and Accounts 2020

The primary areas of review by the Audit Committee, and the key assumptions, estimates and judgments considered and addressed in relation to the financial statements contained within this document are as follows:

Going concern and future viability

The Audit Committee reviewed Management's assessment of going concern and future viability and in particular the potential financial impact of the risk represented by the travel restrictions in response to the COVID-19 pandemic.

The Audit Committee reviewed the current liquidity position, Management's financial forecasts including stress testing of potential risks, and Management's conclusions that there is a reasonable expectation that the Company and Group has sufficient resources to continue in operation for the period of going concern assessment; and that in the event of the impact of international travel restrictions extending beyond that assumed in Management's severe but plausible downside case there is a material uncertainty of risk of a breach of the banking leverage and interest cover covenants under the Group's unsecured facilities as measured at 30 June 2022. The Audit Committee agreed that if such circumstance were to arise it would be appropriate for the Company to take steps to further mitigate any such risk and, if necessary, to agree with its lenders, as it did following the outbreak of the pandemic, a further waiver of or variation to such covenants.

The Audit Committee concluded that the disclosures in this Annual Report and Accounts 2020 regarding the Group's going concern and future viability were balanced and understandable, and recommended to the Board that the required disclosures as set out on pages 33 to 35 of this Annual Report and Accounts 2020 could be made.

Revenue recognition

The Audit Committee has reviewed the work completed by management to ensure that the Group has appropriately recognised revenues in accordance with its contractual obligations during the financial year. The Audit Committee was satisfied with the approach and revenue recognition taken.

Exceptional and other items

The Audit Committee considered the appropriateness of the measure of underlying losses and the classification and transparency of items separately disclosed as exceptional and other items. It was satisfied that the measure of underlying loss provided a reasonable view of the underlying performance of the Group and that there was transparent disclosure of items shown separately as exceptional and other items.

Provisions

The Audit Committee reviewed the analysis of provisions made by Management and challenged the assumptions used in determining whether provisions are appropriate, particularly in relation to the impact of past events on insurance costs matters, onerous contracts and non-rent obligations under certain leases, and were satisfied that appropriate disclosures have been made.

Goodwill and intangible assets

The review for impairment of goodwill and intangible assets is based on cash flow projections to calculate a value in use for each area based on Group forecasts. The achievability of the forecast is a risk, given inherent uncertainty within any financial projection. The Audit Committee evaluated a paper from Management on the results of the impairment assessment. Key assumptions were reviewed and challenged by the Committee, including discount rates, business risk factors and cash flow projections based on the most recent budget and strategic reviews. Actions and factors likely to influence levels of impairment were reviewed with alternative scenarios requested for further analysis. Taking into account the documentation presented, the Audit Committee was satisfied with the approach and judgments taken.

Taxation

Provisioning for current and deferred tax liabilities and assets requires the exercising of judgment. The Audit Committee addressed this through the receipt of a range of reports from Management and a separate tax committee exists to deal with such requests. Further details can be found on page 38 of this Annual Report and Accounts 2020. The Audit Committee challenged the appropriateness of Management's views, including the extent to which these were supported by appropriate external advice. In particular, the Committee challenged Management's calculations of provision for items under discussion with relevant authorities and of the deferred tax assets and liabilities.

Annual Report and Accounts 2020 continued

Retirement obligation accounting

A range of judgments underpins the assumptions made in the calculation of UK defined benefit pension scheme liabilities and assets. Assumptions were prepared by external actuaries and reviewed by Management, ensuring they were aligned to prevailing economic indicators. Changes in assumptions and the completeness of disclosures were then summarised for the Audit Committee. The Audit Committee was satisfied with the disclosures made and judgments taken.

COVID-19 impact

COVID-19 has had a major impact on the business and this has increased the degree and complexity of judgmental decisions that have needed to be reflected in the financial statements. The finance team had also to quickly adapt to the restrictions that remote working imposed and the Audit Committee is satisfied that the financial control environment has been maintained.

COVID-19 related government assistance

The Audit Committee recognised the key sources of governmental support primarily comprise the Coronavirus Aid, Relief, and Economic Security (CARES) Act funding from the US government, the Coronavirus Job Retention Scheme in the UK and the JobKeeper Scheme in Australia and, after taking into account the external auditor's view, concluded that the accounting treatment and disclosures in the financial statements were appropriate.

Internal Control and Audit

The internal audit function has continued to develop with in-house operational and financial teams conducting the significant majority of reviews. Third party specialists are used to carry out specific scope internal audits when their services are required. The Audit Committee has reviewed this model in 2020 and concluded that this model provides the correct level of effectiveness whilst taking into consideration the global footprint and nature of the Group's operations.

The internal audit findings are presented to the Audit Committee and prioritised by Management for action with follow-up reports subject to the Committee's careful scrutiny to ensure that the necessary corrective measures are implemented.

In response to the COVID-19 pandemic, the Audit Committee has reviewed the work carried out by the internal audit teams to ensure use of remote working is optimised. The Audit Committee has concluded that the quality of assurance provided remains effective, and the frequency and breadth of the reviews of the operational and financial reporting centres has been more than maintained.

As noted above, the Audit Committee has concluded that the Group has effective systems of risk management and internal controls in place to provide the Directors with reasonable but not absolute assurance that risks can be promptly identified and appropriate remedial action taken to protect against material loss or disruption. Further details on this can be found within the Risk Management section contained on pages 36 to 45 of this Annual Report and Accounts 2020.

External Audit

The reappointment of Ernst & Young LLP (EY) to conduct the Group audit engagement for the 2020 financial year was recommended by the Audit Committee to the Board and approved by shareholders at the Company's 2020 Annual General Meeting. Kevin Weston was lead Audit Partner for the reporting period in question. The Audit Committee's choice of external audit provider is not restricted by any contractual obligations and was last put out to a fully competitive tender in 2018. The appointment of external auditors is reassessed annually.

It is vitally important that the Audit Committee consider that its appointed external auditor conducts a full and effective audit and its performance is subject to annual review. In undertaking this review, as the Chair of the Audit Committee, I seek the opinion of fellow Committee members, the Chief Financial Officer and the views of certain members of Management who have been exposed to or had input into the external audit process.

The Audit Committee reviews and approves both the external auditor's audit plan and its findings in respect of its audit of the Company's financial statements, carefully monitoring these to ensure completeness, accuracy, clarity and integrity.

The Audit Committee regularly monitors the objectivity and independence of the external auditor to ensure its continued effectiveness, value for money and compliance with statutory duties. The nature and extent of EY's non-audit services are also subject to consideration. In 2020, any non-audit work performed by EY continued to be managed separately from the audit workstream and distinct from the work undertaken by the external audit partner. The arrangement is viewed as the most cost-effective process to undertake the services in question.

All non-audit work conducted by professional accounting firms is put out to tender. The Chief Financial Officer approves all non-audit work awards and fees paid to EY and reports any significant awards of work or payments to the Audit Committee. For the 2020 financial year, EY's audit-related fees amounted to £1.2m and non-audit fees were £Nil. Following a review at the conclusion of the 2020 audit of the Company's financial statements, the Audit Committee was satisfied that EY continued to provide an effective audit.

On behalf of the Audit Committee

Paul Baines

Paul Baines
Chair of the Audit Committee
9 March 2021

HUMAN RESOURCES COMMITTEE REPORT

Silla Maizey
Chair of the Human Resources Committee

Committee Members

Name	Position	Attendance
S Maizey	Chair	1/1
D Garman	Member	1/1
J Geddes[1]	Member	0/1
J Thompson[2]	Member	1/1
G Wilson[3]	Member	0/1
C Hall[4]	Member	0/1

Notes:
1. John Geddes was unable to attend the meeting due to being on leave.
2. Juliet Thomson attends the HR Committee in her capacity as EVP People.
3. Giles Wilson stepped down from the Committee on 31 August 2020 following his resignation from the Company.
4. Claire Hall stepped down from the Committee on 1 March 2020 following her resignation from the Company.

I am pleased to introduce the Report of the Board-constituted Human Resources (HR) Committee for the 2020 financial year. The main priorities of the HR Committee are detailed in its Terms of Reference, which are available on the Company's website. These are: (i) assisting the Board in fulfilling its obligations in respect of all HR matters; (ii) ensuring standardisation of HR structure, policies and process; (iii) reviewing, monitoring and making recommendations to Executive management with regard to all HR matters and (iv) monitoring and reporting to the Board matters reported to the independent whistleblowing hotline available to our People. The HR Committee also has responsibility for overseeing the mechanism used by the Board to engage with our People and for monitoring wider workplace culture, both of which were key focus areas for the HR Committee in 2020 and areas that will be kept under regular review.

Composition and Meetings

I would like to formally welcome Juliet Thomson as a member of the Committee. Juliet is a qualified employment lawyer and has served the Company since 2014 in a variety of management and leadership roles, including leading in areas such as employment law, employee relations, governance and compliance. Following Claire Hall's decision to leave the business, Juliet was appointed as EVP People in March 2020 and provides senior leadership across the global HR function as the Group progresses its HR strategy. I would also like to take this time to thank Claire for her valued contribution to the Committee and Company during her time.

Due to the Board and Executive Directors' close focus on operational and financial matters during the first three quarters of 2020, the Committee held one extended formal meeting during the year in place of the two separate meetings it would normally hold. To ensure that key employee issues were discussed at Board level during the COVID-19 pandemic, Board papers were adapted to incorporate weekly updates so the Board were fully aware of all key issues affecting our teams across our network. The Committee also engaged frequently with the Board and Executive management on other matters such as Board composition, appointments and key People issues across the Group. Other Board members attended the HR Committee meeting in November, demonstrating the Board's ongoing commitment to People related matters and to understanding the views of employees.

As will be expected, much of the Committee's focus was on the impact of the COVID-19 pandemic on the Company's employees and the measures taken by the Company to ensure employee safety and general wellbeing during these unprecedented times.

I am pleased to report that the HR function, working closely alongside other functions within the business, reacted swiftly to the significant pressures placed on the business as global air traffic volumes declined in March 2020. A number of initiatives were rolled out from the top down across the network to help tighten the Company's cost base in line with the reduction in air traffic volumes. Examples of such initiatives were salary reductions, periods of paid/unpaid leave, reduced working hours and short/part-time working. I would like to thank all of the employees who took part in these initiatives and the part they have played in the Company's response to the COVID-19 pandemic.

During the course of 2020, HR functions across the network liaised closely with operational teams to ensure that safety measures were implemented effectively and consistently in order to protect the Company's workforce and to ensure that the critical services that the Company provides across the globe were able to continue. There was a significant focus on ensuring that where possible all available furlough, job retention and wage support schemes were utilised in order to mitigate job losses and help retain the Company's highly skilled and committed workforce through globally implemented lockdowns. However, due to the pandemic's unprecedented impact on our sector and following a detailed review of the Company's structural cost base, redundancies across the Group were unavoidable and led to a reduction in the Company's head count by 30% compared to the corresponding period in 2019.

The HR Committee were kept informed regarding the significant changes that were made to the Executive and senior management and support structures this year, as structural changes were implemented across the Group to ensure that it was well positioned to deal with the challenges presented by the pandemic.

Progress during 2020

In addition to managing and, where possible, mitigating the impact of COVID-19, during the course of 2020 the HR Committee monitored the Group's progress against its key HR priority areas of:
- attracting and retaining the best people;
- world class training and career development; and
- creating an engaged team giving great service.

Employee Retention

During 2020 the Committee continued to monitor progress on our global staff labour turnover rate as an indicator on the progress of initiatives introduced to help motivate, train and retain the Company's workforce. While labour turnover continued to present challenges, particularly in light of the external factors out with the Company's control, the HR Committee saw real improvements being made in this area, with the overall labour turnover rate remaining flat throughout the 2020. This can be seen as a positive indication of how the Company has addressed voluntary turnover within the business and also reflects the change in global job markets in 2020. Voluntary leavers accounted for nearly 60% of all leavers in the 12 months up to September 2018. This percentage has been steadily declining and this decrease in voluntary leavers has been offset by the unfortunate but unavoidable increase in leavers due to company-initiated terminations and the lapsing of fixed term contracts as part of our COVID-19 response.

Workforce Engagement

The HR Committee received a detailed overview of the additional communication measures put in place by the Company during the pandemic. This was of critical importance, particularly with many employees away from the business on various furlough schemes/working from home and provided employees with opportunities to ask questions directly of senior level management during times of such significant global uncertainty. Details of initiatives put in place to support employees throughout the pandemic, as well as support for those who were leaving the Company, were provided to the Committee. Further details can be found of pages 52 to 57 of this Annual Report and Accounts 2020.

In addition, as part of the Board and Management's desire to make decisions driven by the input and feedback of employees, and to continue to drive workplace culture improvements, the Company launched its first global employee feedback survey. The survey consisted of questions across two core themes, namely Communication and Safety with a view to ensuring that the employee voice is heard at Board level. The aim of the first survey was to understand:
- how well informed employees felt as the Company navigated through the challenges presented by COVID-19; and
- the effectiveness of steps the Company was taking to ensure employees were kept safe.

Workforce Engagement continued

One in five of Menzies employees across 26 countries completed the survey and the Committee was encouraged to receive positive scores across all questions despite the extraordinary challenges presented throughout 2020. The HR Committee were provided with oversight of the core themes arising from employee feedback, and of the commitments made by management as a result, such as maintaining the high levels of communication that had commenced during the pandemic and implementing leadership training for managers.

Succession Planning and Diversity

Workforce succession planning was also a focus for the HR Committee this year. Working with the Executive Management Board, the HR function reviewed existing plans and further enhanced these by introducing a new succession and talent planning programme to monitor more closely and support identified successors for critical and leadership roles throughout the Group. In accordance with its Terms of Reference, the Committee regularly reviews the talent and succession plans for critical roles to ensure that a pipeline rich in diversity is in place for the orderly success of key leadership roles throughout the Group. In addition to this, the Committee was pleased to hear that the Company's regional teams have conducted their own succession planning focussing on key operational roles.

Training and Development

Throughout 2020, many employees across the network spent time away from the business as various furlough and wage support schemes were utilised by the Group. Against a backdrop of significant changes to the operational working environment, and working closely with the Risk and Regional teams, the Committee was pleased to note that the HR function co-created in conjunction with the Group's Risk function a 'return to work' process which ensured operational teams could return safely and confidently to the execution of their duties.

Taking into account feedback obtained through the Group's pilot engagement survey in 2018, and feedback from the workforce through other workforce engagement measures, the HR Committee monitored the development and launch of the Group's Living Leadership Development Programme. This is a bespoke leadership development programme designed by the Company to promote positive leadership behaviours and a greater understanding of how leaders' own behaviours impacts workforce engagement, workplace culture and drives performance. Throughout the year, a Virtual Living Leadership Programme was created to allow the continued rollout of the Programme given that it would not be possible to execute the full 'in person' rollout as planned for 2020.

Looking Forward

The HR Committee was pleased to report the good progress made across its key areas of responsibility despite the additional work streams the Company faced because of COVID-19 related matters this year. I look forward to the Board continuing its engagement with employees in 2021 through regular employee sentiment surveys as well as through interactions with front line teams. The HR Committee will monitor the impact the further roll-out of the Group's Living Leadership Development Programme and other people related development initiatives have on the workforce and culture across the Group.

Further details on the Company's People focus, can be found on pages 52 to 57 of this Annual Report and Accounts 2020.

On behalf of the Human Resources Committee

Silla Maizey
Chair of the Human Resources Committee
9 March 2021

REMUNERATION COMMITTEE REPORT

David Garman
Chair of the Remuneration Committee

During 2020 the following Non-Executive Directors were members of the Remuneration Committee:

Committee Members[2]

Name	Position	Attendance
David Garman	Chair	4/4
Paul Baines	Member	4/4
Silla Maizey	Member	4/4
Christian Kappelhoff-Wulff[1]	Member	4/4

Notes:
1. Christian Kappelhoff-Wulff stepped down as a member of the Remuneration Committee in February 2021.
2. Juliet Thomson also attends the Remuneration Committee meetings by invitation in her capacity as EVP People.

In addition, Executive Directors and senior management may attend Committee meetings by invitation.

Members of the Remuneration Committee have no personal financial interest (other than as shareholders) in the matters to be decided by the Remuneration Committee and no day-to-day involvement in the running of the business of the Group.

Key Remuneration Committee Activities in the Year

- Reviewed annual salaries and remuneration arrangements for the Directors and senior management to ensure they are commensurate with their level of responsibility with the Group and aligned with the Company's values.
- Reviewed achievement against targets set and determined the appropriate course of action for satisfaction of awards for the 2019 annual bonus in the context of wider business performance.
- Agreed award levels and set targets for the 2020 annual bonus (both financial and strategic objective measures) and the 2020 LTIP awards.
- Reviewed market and corporate governance updates to ensure the Remuneration Committee remained up to date against a backdrop of an evolving governance landscape and best practice.
- Reviewed and updated the Terms of Reference of the Remuneration Committee to ensure they reflect the requirements of the Code.

In addition, the Remuneration Committee has ensured that the current Remuneration Policy and practices are consistent with the six factors set out in Provision 40 of the Code:

- **Clarity:** The Remuneration Policy is well understood by our Executive Directors and senior management team and has been clearly articulated to our shareholders and representative bodies (both on an ongoing basis and during consultation when changes were being made).
- **Simplicity:** The Committee is mindful of the need to avoid overly complex remuneration structures which can be misunderstood and deliver unintended outcomes. Therefore, a key objective of the Committee is to ensure that our Executive Remuneration Policy and practices are straightforward to communicate and operate.
- **Risk:** Our Remuneration Policy has been designed to ensure that inappropriate risk-taking is discouraged and will not be rewarded via: (i) the balanced use of both short and long term incentives which employ a blend of financial, non-financial and shareholder return targets; (ii) the significant role played by equity in our incentive plans; and (iii) malus/clawback provisions.
- **Predictability:** Our incentive plans are subject to individual caps, with our share plans also subject to market standard dilution limits.
- **Proportionality:** There is a clear link between individual awards, delivery of strategy and our long term performance. In addition, the significant role played by incentive/'at-risk' pay, together with the structure of the Executive Directors' service contracts, ensures that poor performance is not rewarded.
- **Alignment to culture:** Our Remuneration Policy is aligned to culture through the use of metrics in both the annual bonus, LTIP and Transformation Incentive plan (TIP) (further details of which are contained in the Remuneration Policy Report below) that measures performance against specific key result areas (KRAs).

Advisers to the Remuneration Committee

During 2020 the Remuneration Committee was advised by remuneration consultants, FIT Remuneration Consultants LLP (FIT), who were appointed in 2019 following a competitive tendering process. Total fees in relation to Executive remuneration consulting were charged on a retained basis and were £30,000 (ex. VAT). FIT, as a member of the Remuneration Consultants' Group, voluntarily operates under the Code of Conduct in relation to Executive Remuneration Consulting in the UK. Each year the Chair of the Remuneration Committee agrees the protocols under which FIT will provide advice to support independence. FIT have no other connection with the Company or any of its individual directors.

In addition, legal advice was sought by the Remuneration Committee from the Company's solicitors, Dentons UK and Middle East LLP, where considered appropriate.

The Executive Directors and senior executives also provided internal support and guidance to the Remuneration Committee where appropriate. They are, however, specifically excluded from any matters concerning the details of their own remuneration.

ANNUAL STATEMENT

I am pleased to present, on behalf of the Board, the Directors' Remuneration Report for the year ended 31 December 2020. This report is comprised of three parts, namely:

- This **Annual Statement**, which summarises our approach in respect of remuneration for the year just ended and remuneration for 2021.
- The **Remuneration Policy Report**, which provides a summary of the current Remuneration Policy. No changes to the Remuneration Policy are being proposed at the 2021 AGM.
- The **Annual Report on Remuneration**, which sets out payments and awards made to the Directors in 2020, details the link between Company performance and remuneration for 2020 and sets out how the Remuneration Policy will be operated for 2021.

Accordingly, at our 2021 AGM, there will be one remuneration related resolution presented, being the normal annual advisory vote on our Report on Directors' Remuneration.

Board Changes

As announced on 26 June 2020, Giles Wilson resigned from the Board with effect from 31 August 2020. In order to provide stability and continuity of senior leadership to both the Board and the Company and also streamline the executive structure, Philipp Joeinig, Executive Chairman, agreed to replace Giles Wilson, greatly expanding his executive remit to take a leading role in the strategic and operational day to day running of the Group. All members of the Executive Management Board report directly to Philipp Joeinig in his combined role of Chairman & Chief Executive Officer. Further details on Board changes are included on pages 78 and 89 to 94 of this Annual Report and Accounts 2020.

Christian Kappelhoff-Wulff is considered not to be independent due to the CEO position he holds with Lakestreet Capital Partners AG, a substantial shareholder in the Company. The Nomination Committee and Board remained aware that his membership of the Remuneration Committee did not conform with Code Provision 32. Following shareholder voting on Christian's election to the Board at the 2020 AGM, Christian held constructive and helpful discussions with shareholders and proxy advisory bodies in order to fully understand the reasons behind shareholder voting and proxy agency voting recommendations. Having listened to and taken on board their views and having considered the matter very carefully, particularly in relation to the sentiment of recent engagements and the independence requirements set out in the Code, Christian decided to step down from the Remuneration Committee in February 2021 resulting in the Committee being compliant with Code Provision 32 from that point onwards.

2020 Remuneration

As announced on 27 March 2020, and as a result of the initial impact of COVID-19 on the Group's financial performance, a number of initiatives were rolled out across the Group in order to mitigate the financial risks presented by the unprecedented reduction in global air traffic. Such measures included Executive, Non-Executive and senior management taking a voluntary 20% reduction in their salaries and fees for a period of four months.

Following the departure of Giles Wilson on 31 August 2020 and the decision to combine the role of Chairman & Chief Executive Officer going forward, Philipp Joeinig's base salary was increased from £180,000 to £405,000 to reflect the significant increase in the scope of his role from this date noting that Giles Wilson would not be replaced. In addition, reflecting his enhanced role, the Remuneration Committee also considered it appropriate for Philipp Joeinig to participate in the Executive Management's annual bonus plan, aligning elements of his overall remuneration package with the other Executive members of the Board.

For the 2020 annual bonus plan, the Remuneration Committee reviewed Group underlying profit before tax performance and the performance KRAs which were set at the start of the year and covered a number of key operational and strategic areas. After reviewing the performance of the Company during 2020 and noting the challenges in respect of COVID-19, the Committee determined that no annual bonus should be payable to the Executive Directors.

The 2018 LTIP awards were assessed by the Remuneration Committee based on performance to 31 December 2020. The Remuneration Committee determined that the relevant performance measures were not met and all awards will lapse in March 2021.

2021 Remuneration

In respect of remuneration arrangements for 2021:

- Having reviewed base salary levels in 2020 and noting the continuing impact of COVID-19, the Remuneration Committee has determined that the Executive Directors will not receive a salary increase in 2021;
- The 2021 annual bonus plan will continue to be capped at 100% of salary with performance metrics based on underlying profit before tax performance and performance KRAs. As detailed above, reflecting Philipp Joeinig's significantly expanded role, the Chairman & Chief Executive Officer will be eligible to participate in the annual bonus for 2021 on terms aligned with the other Executive Directors;
- 2021 LTIP awards are expected to be granted over shares with a value equal to 100% of salary with performance targets based on Total Shareholder Return (TSR) and Earnings per Share (EPS) performance conditions. The Committee will agree and set TSR and EPS targets within six months of the date of grant of the 2021 LTIP. Full details of the TSR and EPS targets applicable to the 2021 LTIP will be published by RNS as soon as they are agreed. No further TIP awards will be granted in 2021. Notwithstanding his enhanced role, the Chairman and Chief Executive Officer will not be eligible to receive 2021 LTIP awards, although his participation will be kept under review.

As noted in the 2019 Directors' Remuneration Report, the Committee reviewed pension contributions paid to new Executive Directors and aligned employer pension contributions to be equal to the amount paid to graded managers within the workforce. The Committee is aware that a number of UK advisory bodies and investors remain concerned about existing pension contributions paid to Executive Directors which are significantly higher than those within the wider workforce. Accordingly, the Remuneration Committee will review pension provision for incumbent Directors in light of prevailing market practice and advice from relevant advisory bodies as part of the review of the Remuneration Policy in advance of the 2022 AGM to enable shareholders to vote on the Committee's proposed approach at that time.

On behalf of the Remuneration Committee

David Garman
Chair of the Remuneration Committee
9 March 2021

REMUNERATION POLICY REPORT

The current Directors' Remuneration Policy was approved at a general meeting of the shareholders of the Company held on 17 September 2019 (Remuneration Policy) and took effect immediately. A summary of the Remuneration Policy is set out below (the full Remuneration Policy is available on the Company's website at: www.menziesaviation.com).

Directors' Remuneration: Principles

The Remuneration Policy was developed to ensure that the Company is well placed to attract, retain and motivate its Executive Directors with the ability and experience necessary to run the Group successfully, whilst also aligning executive remuneration with the financial returns of its shareholders.

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Basic Salary			
Attract and retain high performing individuals, reflecting market value of role and Executive Directors' skills and experience	Normally reviewed annually. The Remuneration Committee takes into consideration a number of factors when setting salaries including (but not limited to): • the size and scope of an individual's responsibilities; • an individual's skills, experience and performance; • typical salary levels for comparable roles at appropriate comparator companies; • pay and conditions elsewhere in the Group; and • inflation in the relevant market.	There is no maximum opportunity. Salary increases will normally be in line with the average increase awarded in the wider employee population. Higher increases may be made in certain circumstances and at the Remuneration Committee's discretion. For example, this may include (but is not limited to): • increase in the scope and/or responsibility of an individual's role; • development of an individual within the role; • corporate events such as a significant acquisition or Group restructuring which impacts the scope of a role; and • where it is considered necessary for the retention of an Executive Director or to reflect significant changes in market practice.	None, although individual and Group performance are factors taken into account when setting salaries.

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Annual Bonus			
Incentivise Executive Directors (excluding the Company's Executive Chairman) to deliver Group and individual objectives and enhance performance (see Note 1)	The annual bonus is paid in cash and ordinary shares, based on the Remuneration Committee's assessment of performance during the financial year in question.	Maximum annual award is 100% of salary for Executive Directors (excluding the Executive Chairman).	All measures and targets are reviewed annually and set at the start of each financial year. The measures will include relevant financial measures and may include performance against key results areas ("**KRAs**") or other strategic measures as appropriate. At least 70% of the bonus will be based on financial measures.
Bonus in Deferred Ordinary Shares ("Deferred Bonus Shares")			
Encourage a longer-term focus which is aligned to ordinary shareholders and discourages inappropriate risk-taking	20% of any bonus award is paid in Deferred Bonus Shares with such ordinary shares having dividend entitlements/dividend equivalents. The Remuneration Committee may increase the level of deferral at any time.	20% of any bonus award.	None.

REMUNERATION COMMITTEE REPORT CONTINUED

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
2019 Long Term Incentive Plan ("2019 LTIP")			
To reward the execution of the Group's strategy and align the interests of ordinary shareholders and Executive Directors (excluding the Executive Chairman)	Conditional right to acquire ordinary shares or an option to acquire ordinary shares. Vesting of awards is subject to continued service and performance targets, which are measured over a three year period. Dividend equivalents may be payable to the extent that awards vest. A two year holding period will apply to all 2019 LTIP awards granted to Executive Directors.	100% of salary for Executive Directors (excluding the Executive Chairman).	Total shareholder return ("**TSR**"), earnings per share ("**EPS**"), return on capital employed or any other Group financial and/or strategic performance measures. All measures and targets are reviewed annually and set prior to each grant. No more than 25% of an award will vest on the attainment of threshold performance.
2019 Transformation Incentive Plan ("2019 TIP")			
To incentivise and reward the Executive Chairman for delivering absolute total shareholder return (TSR) and align the interests of ordinary shareholders and the Executive Chairman	Conditional right to acquire ordinary shares or an option to acquire ordinary shares. Vesting of awards is subject to personal investment in ordinary shares, continued service and performance targets which are measured over a minimum of a three year period. Dividend equivalents may be payable to the extent that awards vest. A two year holding period will apply.	850,000 ordinary shares in respect of the Executive Chairman only, subject to an equivalent personal investment in ordinary shares.	Absolute TSR.
Pension			
Provide market levels of pension provision to Executive Directors (excluding the Executive Chairman)	Existing Executive Directors can participate in the John Menzies Money Purchase Pension Scheme and/or cash equivalent.	New Executive Directors: workforce aligned pension provision. Existing Executive Directors (excluding the Executive Chairman): pension contribution and/or cash supplement of up to 20% of salary.	None.

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Benefits			
Provide market levels of benefits provision	Executive Directors receive benefits which typically may include, but are not limited to, private health insurance, life assurance, ill-health insurance protection and a company car allowance. Other benefits may be operated through salary sacrifice. The Remuneration Committee may introduce or remove benefits offered to individuals where it considers it appropriate to do so. Where Executive Directors are required to relocate, the Remuneration Committee may, if considered appropriate, offer additional relocation or expatriate benefits.	As the cost of providing other benefits, including health insurance and life assurance, may vary from year to year, it is not considered practical to define a maximum level for these or any other benefits. The level of any relocation benefits, allowances and expenses will depend on the specific circumstances. There is no overall maximum level of benefits.	None.
Company's Sharesave Scheme			
Provide the Company's UK employees with an interest in the performance of its ordinary shares.	Accumulated savings may be used to exercise an option to acquire ordinary shares. The option price of such ordinary shares may be discounted by up to the HMRC approved level (currently 20%).	Monthly contributions of up to the HMRC approved limit over a three or five year period.	None.
Shareholding guidelines align the Executive Directors with the long term interests of ordinary shareholders.	Shareholding guidelines for Executive Directors are 200% of salary (built up over time).	None.	None.

REMUNERATION COMMITTEE REPORT CONTINUED

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Non-Executive Directors' Fees			
Attract Non-Executive Directors of sufficient skills and experience to fulfil the role.	The fees for Non-Executive Directors comprise a basic payment plus additional payments for being Chairman of a Board Committee, a Committee member or for being the Senior Independent Director. Differential fee levels may be paid for Non-Executive Directors depending on the skills, experience, nationality and responsibilities of an individual or additional time commitments for the role. Any Non-Executive Chairman would receive a fee for his services to the Company. A portion of any Non-Executive Chairman's fee and the Non-Executive Directors' fees may be delivered as ordinary shares. Non-Executive Directors' fees are reviewed periodically by the Board with reference to external benchmarking. The Company repays any reasonable expenses that a Non-Executive Director incurs in carrying out their duties as a director, including travel, hospitality related and other benefits (e.g. office costs), and any tax liabilities thereon, where appropriate.	None.	None.

Notes:

1. **Annual bonus**
Annual bonus performance measures have been chosen to provide an appropriate balance between incentivising Executive Directors (excluding the Executive Chairman) to meet financial targets for the year and to deliver the Group's KRAs. This balance allows the Remuneration Committee to effectively reward performance against the key elements of the Group's strategy. Threshold and stretch targets are derived from a review of the historical and projected performance of the Group and its peers, together with an analysis of analysts' expectations. In addition, reflecting Philipp Joeinig's enhanced role, the Remuneration Committee considered it appropriate for him to participate in the Executive Management's annual bonus plan, aligning elements of his overall remuneration package with the other Executive members of the Board.
2. **2019 LTIP**
The ultimate goal of the Company is to provide long term sustainable returns to ordinary shareholders. The performance measures are intended to align Executive Director (excluding the Executive Chairman) remuneration with this goal. Targets are set with reference to the strategic goals of the Group and wider market practice and are positioned at a level which the Remuneration Committee considers to represent stretching performance.
3. **2019 TIP**
The ultimate goal of the Company is to provide long term sustainable returns to ordinary shareholders. The absolute TSR targets are intended to align the Executive Chairman's remuneration with this goal.
4. **Differences in Remuneration Policy for Directors and other employees**
Remuneration arrangements throughout the Group are based on the principle that reward should be set at competitive levels to support the delivery of the Group's strategy and also attract, retain and motivate individuals who have the necessary skills for each role. Pay differs for employees of different seniority and for those operating in different parts of the world. For example, in accordance with market practice and shareholder expectations, the remuneration arrangements for the Executive Directors and senior executives place a more significant emphasis on long term performance related pay compared to employees. The Company also operates a HMRC-approved Sharesave Scheme, in which all employees (including Executive Directors) are eligible to participate and which aims to promote a sense of ownership amongst staff.

The Remuneration Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments), notwithstanding that they are not in line with the Remuneration Policy set out above, where the terms of the payment were agreed: (i) before 16 May 2014 (the date on which the Company's first shareholder-approved Directors' remuneration policy came into effect); (ii) before the Remuneration Policy set out above came into effect, provided that the terms of the payment were consistent with the shareholder-approved Directors' remuneration policy in force at the time they were agreed; or (iii) at a time when the relevant individual was not a Director and, in the opinion of the Remuneration Committee, the payment was not in consideration for the individual becoming a Director. For these purposes 'payments' includes the Remuneration Committee satisfying awards of variable remuneration and, in relation to an award over ordinary shares, the terms of the payment are 'agreed' at the time the award is granted.

Payments may be made in respect of existing awards under the Company's Bonus Share Plan and the previous Long Term Incentive Plan ("**LTIP**") and the Remuneration Committee may exercise any discretions available to it in connection with such awards in accordance with the shareholder-approved Directors' remuneration policy in force at the time awards were made.

The Remuneration Committee may make minor amendments to the Remuneration Policy (for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without obtaining shareholder approval for that amendment.

Malus and Clawback

Malus and clawback provisions operate in respect of annual bonus and past LTIP awards. Following ordinary shareholder approval at the 17 September 2019 General Meeting (the "**General Meeting**"), for the 2020 annual bonus and any awards under the 2019 LTIP and 2019 TIP granted after the General Meeting, malus and clawback provisions may be applied during the performance period or within three years from payment/vesting in the event of:

- a material misstatement of financial results for any period;
- an error or inaccurate or misleading information or assumptions;
- circumstances which would warrant or would have warranted summary dismissal;
- a material failure of risk management by the Company or a relevant business unit;
- the Company or a relevant business unit having suffered a material downturn in its financial performance; or
- circumstances which, in the Remuneration Committee's opinion, have or could have a sufficiently significant impact on the reputation of the Company or of any company in the Group.

Recruitment Policy

In determining appropriate remuneration arrangements upon hiring a new Executive Director, the Remuneration Committee will take into consideration all relevant factors including, but not limited to, the role, the remuneration being forfeited and the jurisdiction the candidate was recruited from. The Remuneration Committee is mindful of the need to avoid paying more than is necessary upon recruitment. Salary would be set to take into account role and responsibilities. For interim positions a cash supplement may be paid rather than salary (e.g. a Non-Executive Director taking on an Executive function on a short term basis).

The Remuneration Committee may make awards on hiring an external candidate to 'buy out' remuneration arrangements forfeited upon leaving a previous employer. In doing so the Remuneration Committee will take account of relevant factors including any performance conditions attached to these awards, the form in which they were granted (i.e. cash or ordinary shares) and the time over which they would have vested. The key principle should be that buyout awards should not be more valuable than those forfeited.

Normally the maximum variable remuneration (excluding buyouts) would be in line with the Remuneration Policy table above. The Remuneration Committee retains the flexibility to determine that for the first year of appointment any annual bonus award will be subject to such conditions as it may determine. Against that background, where the potential exists that a new Executive Director could have different roles and responsibilities to those currently appointed, such responsibilities may require to be reflected in that Executive Director's remuneration arrangements. Taking this into account the Remuneration Committee may, for the first year, make an additional performance-related incentive award of up to 50 per cent of salary. The form of any award would be determined at the relevant time.

Recruitment Policy continued

Where an Executive Director is appointed from within the Group, the normal policy of the Company is that any legacy arrangements should be honoured in line with the original terms and conditions. Similarly, if an Executive Director is appointed following the Company's acquisition of, or merger with, another company, legacy terms and conditions should be honoured.

In the event of the appointment of a new Non-Executive Director, remuneration arrangements will be in line with those detailed in the Remuneration Policy table above.

Service Contracts and Letters of Appointment

The Chairman & Chief Executive Officer and Corporate Affairs Director & Group Company Secretary have service contracts with the Company as detailed below. The Company's practice is that the service contracts of Executive Directors should contain a 12 month notice period for both the Executive Director and the Company.

Executive Director	Date of Service Contract	Notice Period
Philipp Joeinig	23 December 2020	12 months
Alvaro Gomez-Reino	12 October 2019	12 months
John Geddes	2 June 2017	12 months

Each of the Non-Executive Directors have letters of appointment. The letters of appointment do not contain any contractual entitlement to a termination payment and the Non-Executive Directors can be removed in accordance with the Company's articles of association.

All Executive Directors' service contracts and Non-Executive Directors' letters of appointment are available for inspection at the Company's registered office.

All Directors are subject to annual re-election.

Payments to Outgoing Executive Directors

Executive Directors will be entitled to receive their basic salary and any contractual benefits for any notice period. The Company may, in its absolute discretion, elect to terminate an Executive Director's contract by making a payment in lieu of notice of the individual's salary for that period. The Remuneration Committee may structure any such payments in such a way as it deems appropriate, taking into account the circumstances of departure.

Any payments of compensation will be subject to negotiation and the Remuneration Policy includes consideration of appropriate mitigation, including phasing of payments.

In the event of an Executive Director's departure, any outstanding share awards will be treated in accordance with the rules of the relevant share plan.

The following principles apply for the treatment of remuneration elements following loss of office of an Executive Director:

Annual Bonus	There is no automatic entitlement to annual bonus. Taking into account the circumstances of leaving, the Remuneration Committee may award a bonus in respect of performance in the relevant financial year with appropriate consideration of time pro-rating, where relevant.
Deferred Bonus Shares	Deferred Bonus Shares are required to be transferred back to the Company (or the Executive Director to pay the market value of such ordinary shares to the Company) in circumstances of resignation or dismissal. In other circumstances the Deferred Bonus. Shares would normally be retained by the Executive Director.
2019 LTIP	If an Executive Director ceases office or employment with the Company before the end of the performance period any unvested 2019 LTIP awards will lapse unless the individual is a good leaver. Good leavers are those participants who leave by reason of injury, disability, retirement (with the agreement of the employing company), redundancy, the transfer of the individual's employing company or business out of the Group or such other circumstances as the Remuneration Committee may determine. This discretion will not be exercised where the individual is dismissed for misconduct. If an Executive Director ceases office or employment with the Company during the holding period, 2019 LTIP awards would normally be retained unless the individual leaves due to misconduct. Awards will normally vest on the normal vesting date subject to performance to the end of the relevant performance period and time pro-rating (unless the Remuneration Committee decides that awards should vest early and/or that time pro-rating should be disapplied in part or in full). Any post vesting holding period will normally continue to apply post cessation. If the participant dies, awards will normally vest as soon as practical on a time-apportioned basis and subject to the Remuneration Committee's assessment of the likelihood that the performance conditions will be met in the ordinary course of events.
2019 TIP	If the Executive Chairman ceases office with the Company before the end of the performance period any unvested TIP Awards will lapse unless the individual is a good leaver. Good leavers are those participants who leave by reason of death, ill-health, injury or disability, or the exercise of the Remuneration Committee's discretion. This discretion will not be exercised where the individual is dismissed for misconduct. Should the Executive Chairman revert to Non-Executive Chairman during the three-year vesting period, the Matching Award will continue on the agreed terms (i.e. there would be no acceleration of vesting and no time pro-rating to reflect the change in role). If the Executive Chairman ceases employment or office with the Company during the holding period, awards made under the 2019 TIP would normally be retained unless the individual leaves due to misconduct. Awards for good leavers will normally vest on the normal vesting date subject to performance to the end of the relevant performance period and time pro-rating (unless the Remuneration Committee decides that awards should vest early and/or that time pro-rating should be disapplied in part or in full). Any post vesting holding period will normally continue to apply post cessation. If the participant dies, awards will normally vest as soon as practical on a time-apportioned basis and subject to the Remuneration Committee's assessment of the performance conditions.
Pension	An Executive Director will be eligible to receive the standard contribution to the defined contribution pension plan, or cash equivalent, during the notice period, where relevant.
Sharesave Scheme	Leavers will be treated in accordance with the rules of the approved Sharesave Scheme.
Benefits	The Company may make a contribution towards reasonable legal fees incurred in relation to any agreement to cease employment.
Buyout awards and additional recruitment awards	The Remuneration Committee should determine the leaving terms for any such award at the time of grant.

Payments to Outgoing Executive Directors continued

The Remuneration Committee reserves the right to make any other payments in connection with an Executive Director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of a compromise or settlement of any claim arising in connection with the cessation of an Executive Director's office or employment. Any such payments may include, but are not limited to, amounts in respect of accrued leave, paying any fees for outplacement assistance and/or the Executive Director's legal or professional advice fees in connection with his cessation of office or employment.

In the event of a change of control, the Remuneration Committee may determine the extent to which any annual bonus should be payable and awards made under the 2019 LTIP and 2019 TIP may vest, taking into account performance conditions and time pro-rating (unless the Remuneration Committee decides to disapply time pro-rating).

Consideration of Employee Conditions Elsewhere in the Group

The average base salary increase awarded across the workforce provides a key reference point when determining levels of increase for the Executive Directors to ensure that all arrangements remain reasonable. Given the number of employees and diverse locations, the Remuneration Committee did not believe it practical or reasonable to consult employees on the new Remuneration Policy. That said, the Remuneration Committee did take into account employee conditions across the Group when determining the Remuneration Policy.

Consideration of Shareholder Views

The Remuneration Committee reviews shareholder feedback on remuneration matters as well as developments in investor body guidelines and has taken these into account in formulating Executive Director remuneration policies.

ANNUAL REPORT ON REMUNERATION

Total Remuneration Received for the Year Ended 31 December 2020

The table below provides a single figure of remuneration for each member of the Board, broken down into each element of pay and compared to the previous year.

The table below and the subsequent sections 1 to 8 are subject to audit by the Company's auditor.

	Base salary/fee £000		Taxable benefits[2] £000		Annual bonus £000		LTIP £000		Pension[3] total £000		Total remuneration £000		Total Fixed Remuneration		Total Variable Remuneration	
	2020[1]	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Executive Directors																
P Joeinig	245[4]	85	10	–	–	–	–	–	–	–	255	85	255	85	–	–
A Gomez-Reino	266	24	51	4[6]	–	–	–	–	29	2[6]	346	30	346	30	–	–
J Geddes	257	265	15	15	–	–	–	–	75[5]	53	347	333	347	333	–	–
Non-Executive Directors																
P Baines	43	46	–	–	–	–	–	–	–	–	43	46	43	46	–	–
D Garman	86	71	–	–	–	–	–	–	–	–	86	71	86	71	–	–
P Joeinig	–	24	–	–	–	–	–	–	–	–	–	24	–	24	–	–
C Kappelhoff-Wulff	43	28	–	–	–	–	–	–	–	–	43	28	43	28	–	–
S Maizey	43	46	–	–	–	–	–	–	–	–	43	46	43	46	–	–
Former Directors																
G Wison[7]	249	371	9	15	–	–	–	–	53	74	311	460	311	460	–	–

Notes:
1. All Executive and Non-Executive Directors took a temporary 20% reduction in their salary/fee, commencing April 2020 to July 2020.
2. Taxable benefits offered to Executive Directors comprise a car allowance and health insurance. Due to restrictions on global travel as a result of COVID-19, Alvaro Gomez-Reino was unable to relocate during 2020 as agreed at the point of his joining. The Company incurred £9,000 of initial relocation costs on his behalf in 2020 and has agreed to meet further relocation costs to be incurred by him during 2021.
3. Details of the pension arrangements for each of the Directors are included on page 118 of this Annual Report and Accounts 2020. The 20% reduction referred to in Note 1 above was not applied to pension contributions.
4. Philipp Joeinig' salary reflects his increase in salary from £180,000 to £405,000 on 1 September 2020 following his appointment as Executive Chairman and Chief Executive Officer.
5. Along with other similarly impacted employees, John Geddes received a payment of £20,270 in recognition of his consent to the closure to accrual of the Menzies Pension Fund in 2017. This is included in the pension total figure on page 114.
6. Alvaro Gomez-Renio's 2019 taxable benefits and pension totals have been restated as they were incorrectly disclosed in the 2019 Annual Report and Accounts.
7. Giles Wilson resigned from the Board effective 31 August 2020.

1. Base Salary

Salaries of Executive Directors and other Company staff are reviewed annually. The current salaries for the Executive Directors are set out below and are usually reviewed annually on 1 May.

It has been determined that each of Philipp Joeinig, Alvaro Gomez-Reino and John Geddes will not receive a salary increase in 2021.

When determining the remuneration of the Executive Directors, the Remuneration Committee takes account of pay and employment conditions in the Group as a whole.

	2019	2020	2021	% increase for 2021
P Joeinig	£180,000	£405,000	£405,000	0
A Gomez-Reino	£285,000	£285,000	£285,000	0
J Geddes	£275,000	£275,000	£275,000	0

Note:
Following the departure of Giles Wilson on 31 August 2020 and the decision to combine the role of Chairman & Chief Executive Officer going forward, Philipp Joeinig's base salary was increased from £180,000 to £405,000 to reflect the significant increase in the scope of his executive remit to take account of his leading role in the strategic and operational day to day running of the Group, with all members of the Executive Management Board reporting directly to him.

2. Deputy Chairman, Non-Executive Directors' and Chair fees

The fee policy for Non-Executive Directors for 2021 is as follows:

	2020	2021	% increase for 2021
Deputy Chairman	£80,000	£80,000	0
Base fee	£40,000	£40,000	0
Committee Chair	£6,000	£6,000	0
Committee membership	£2,500	£2,500	0
Senior Independent Director	£6,000	£6,000	0

Directors receive one fee either for Board Committee chairmanship or Board Committee membership, irrespective of the number of Board Committees on which they serve. The fees paid to Non-Executive Directors in respect of each of the positions detailed above are reviewed annually. They were reviewed in March 2021 and it was agreed that no changes would be made at this time.

3. Annual Bonus for 2020

For 2020 bonuses were calculated as follows:

Financial performance (80% of awards)

Measure	Weighting (percentage of salary)	Threshold target	Stretch target	Performance achieved	Overall achieved (percentage of salary)
Group Underlying Profit before Tax	80	£45.5m	£50.3m	(£38.0m)	0

KRA performance (20% of awards)

The KRAs for the Executive Directors were set at the start of the year and covered a number of key operational and strategic areas including:

KRAs – Alvaro Gomez-Reino	Weight %
Deliver a targeted level of new EBITDA 2020 exit rate from business development opportunities.	14.3%
Strengthen leadership of regional finance teams.	14.3%
Internal audit actions to be agreed, completed to deadline and reviews completed in accordance with the 2019 plan.	14.3%
Review equipment financing strategies comparing different available options.	14.3%
Complete bank refinancing within agreed parameters.	14.3%
Targeted improvements in both Group days of sale outstanding and operating margins.	14.3%
Targeted number of new investors to be added to the shareholder register.	14.3%

KRAs – John Geddes	Weight %
Targeted reduction in safety and security incidents.	20%
Master service agreements reached with a certain number of key account customers.	20%
Targeted number of new investors to be added to the shareholder register.	20%
Targeted number of key account airlines adopting the Menzies audit programme.	20%
Agreed number of investment banks to be following the Group by year end.	20%

Total annual bonus awards

Name	Financial performance achieved (percentage of salary)	KRA performance achieved (percentage of salary)	Overall achieved (percentage of salary)	Cash value of award £000
A Gomez-Reino	0	N/A	0	£0
J Geddes	0	N/A	0	£0

4. LTIP awards vesting in respect of performance ending 31 December 2020

2018 LTIP awards granted to Executive Directors, which are due to vest in 2021 based on performance to 31 December 2020, are as follows:

Criteria	Weighting	Threshold target (25% vesting)	Stretch target (100% vesting)	Attainment	Overall vesting (percentage of maximum)	Performance period
TSR v FTSE SmallCap	100%	TSR = FTSE SmallCap median	TSR > FTSE SmallCap median +30%	0%	0%	1/1/2018 –31/12/2020

Name	Shares granted	Shares vesting
J Geddes	36,603	0

Note:
Awards held by Giles Wilson lapsed at cessation of his employment. Alvaro Gomez-Reino formally joined the Company as Chief Financial Officer in December 2019 and therefore did not participate in the 2018 LTIP.

5. LTIP awards granted in 2020

The following LTIP awards were granted on 16 March 2020:

	Basis of award granted	Nil-cost options awarded	Face value of awards £000's	Maximum vesting	Percentage vesting for threshold performance	Vesting period (Performance period)
G Wilson[1]	100% of salary	133,333	£153[2]	100%	25%	Three years from grant (Three years to 31 December 2022)
A Gomez-Reino	100% of salary	95,000	£109[2]	100%	25%	
J Geddes	100% of salary	91,666	£105[2]	100%	25%	

Notes:
1. Awards lapsed on cessation of employment
2. Based on a share price of 115p at the date of grant

The following performance targets will operate:

- For 50% of awards: 25% of this part of awards will vest for earnings per share ("EPS") growth of RPI+3% p.a., increasing pro-rata to 100% vesting of this part for EPS growth of RPI+8% p.a. as measured over the three financial years ending 31 December 2022.
- For 50% of awards: 25% of this part of awards will vest for median Total Shareholder Return against the constituents of the FTSE SmallCap increasing pro-rata to 100% of this part vesting for median plus 30% measured over the three financial years ending 31 December 2022.

Awards will vest subject to continued employment and the performance targets detailed above on 31 December 2022. In addition, dividend equivalents may be awarded in additional Ordinary Shares and a two-year holding period will apply, to the extent that awards vest.

6. Scheme Interests as at 31 December 2020

Outstanding LTIP and TIP awards as at 31 December 2020 are shown below:

Name		31 December 2019	Granted during 2020	Market price of award	Vested during 2020	Lapsed during 2020	Gain/(loss) £000	31 December 2020	Performance period
P Joeinig	TIP	850,000	–	390p	–	–	–	850,000	18/09/2019 -31/12/2022
A Gomez-Reino	LTIP	–	95,000	115p	–	–	–	95,000	1/1/2020 -31/12/2022
J Geddes	LTIP	43,178[1]	–	579p	–	43,178[1]	–	43,178[1]	1/1/2017 -31/12/2019
	LTIP	36,603	–	683p	–	–	–	36,603[2]	1/1/2018 -31/12/2020
	LTIP	50,925	–	405p	–	–	–	50,925	1/1/2019 -31/12/2021
	LTIP	–	91,666	115p	–	–	–	91,666	1/1/2020 -31/12/2022
G Wilson	LTIP	51,813[1]	–	579p	–	51,813[1]	–	–	1/1/2017 -31/12/2019
	LTIP	47,584[3]	–	683p	–	47,584[3]	–	–	1/1/2018 -31/12/2020
	LTIP	74,074[3]	–	405p	–	74,074[3]	–	–	1/1/2019 -31/12/2021
	LTIP	–	133,333[3]	115p	–	133,333[3]	–	–	1/1/2020 -31/12/2022

Notes:
1. This award lapsed following the Company's final results announcement on 10 March 2020.
2. As the performance criteria have not been achieved, this award shall lapse following the Company's final results announcement on 9 March 2021.
3. Lapsed on cessation of employment.

7. Total Pension Entitlements

Giles Wilson received a cash payment equivalent to 20% of his salary in lieu of pension contribution up to cessation of his employment. John Geddes and Alvaro Gomez-Reino received cash payments of 20% of salary and 10% of salary respectively in lieu of pension contribution. The Chairman & CEO does not receive any pension contribution.

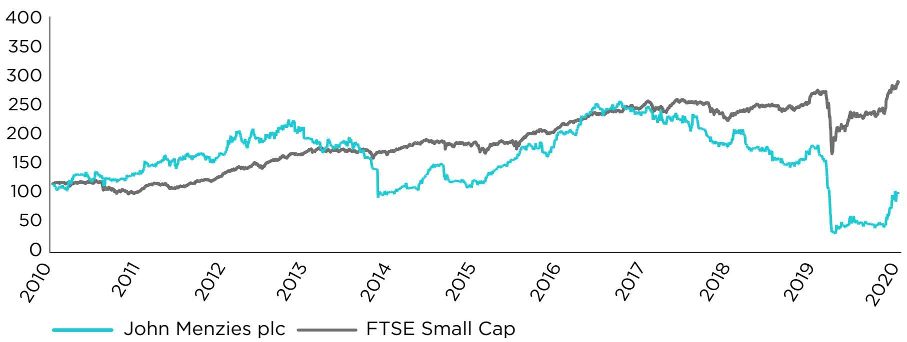
8. Directors' Shareholdings and Share Interests

Executive Directors are expected to build a shareholding in the Company of 200% of salary under the Remuneration Policy. The Remuneration Committee believes that shareholding guidelines of 200% of salary, coupled with post vesting holding periods on share awards create a strong, but proportionate, alignment with shareholders and further align Executive interests with sustained value creation. Executive Directors are given a period of time to build their shareholding in the Company. The following table shows Directors' shareholdings and share interests as at 31 December 2020:

	Number of Ordinary Shares owned (including Deferred Bonus Shares)	Unvested conditional Ordinary Shares subject to performance conditions (2019 LTIP and 2019 TIP)	Unvested Ordinary Shares subject to savings contracts (SAYE)	Vested options exercised during 2020	Unvested conditional Ordinary Shares not subject to performance conditions
P Joeinig	1,300,000	850,000	–	–	–
A Gomez-Reino	80,000	95,000	0	0	0
J Geddes	67,771	179,194	0	0	0
D Garman	60.871	–	–	–	–
P Baines	3,000	–	–	–	–
C Kappelhoff-Wulf	5,450,643	–	–	–	–
S Maizey	5,450				

9. Ten Year Historical TSR Performance and Executive Director Pay

The following graph compares the Company's TSR for the ten years to 31 December 2020 with the equivalent performance of the FTSE SmallCap Index.



The Large and Medium-sized Companies and Groups (Accounts and Report) Regulations 2008 (the "**Regulations**") require companies to show the total remuneration of any director who undertakes the role of Chief Executive Officer ("**CEO**") in each of the last ten years. As the Company's Executive structure did not include the role of CEO prior to October 2014 and until 5 September 2018, the following table shows the required figures for the highest paid Director in each year:

Highest paid Director in year	2011: Dollman	2012: Dollman	2013: Smyth	Jan.–Oct. 2014: Smyth	Oct.–Dec. 2014: Stafford	2015: Stafford	1/1/16 –13/1/16: Stafford	13/1/16 –31/12/16: Black	2017: Wilson	2018: Black	1/1/19 –13/3/19 Black	13/3/19 –31/12/19 Wilson	1/1/20 –31/8/20 Wilson	1/9/20 –31/12/20 Joeinig
Role	Group Finance Director	Group Finance Director	MD, Menzies Aviation	MD, Menzies Aviation	CEO	CEO	CEO	President & MD, Menzies Aviation	Chief Financial Officer	Chief Executive Officer	Chief Executive Officer	Chief Executive Officer	Chief Executive Officer	Chairman & Chief Executive Officer
Total remuneration (£000)	3,578	1,735	1,203	725	167	493	41[1]	648	1,240	1,308	97[2]	397[3]	249	135[4]
Annual bonus award (percentage of maximum)	74	63	46	–	45	–	–	95	98	98	0	0	0	0
Long term incentive vesting (percentage of maximum)	100	100	84	–	n/a	–	–	0	100	100	0	0	0	0

Notes:
1. A payment of £65,200 (gross) was also made to Jeremy Stafford for loss of office together with a contribution of £4,000 plus VAT towards legal fees incurred in connection with his loss of office.
2. Forsyth Black received a gross payment of £94,000 for his loss of office together with a maximum contribution of £10,750 plus VAT towards legal fees incurred in connection with his leaving. Mr Black received an annual bonus for the financial year ending 31 December 2019, commensurate to time served in that financial year and calculated in accordance with normal procedures after the end of the financial year.
3. Giles Wilson held the position of Chief Financial Officer until 12/03/2019 following which he was appointed Interim Chief Executive Officer. On 6 June 2019 Giles Wilson was confirmed as the Company's Chief Executive Officer on a permanent basis.
4. Giles Wilson's employment with the Company ended on 31 August 2020, following which Phillip Joeinig was appointed in a combined roll of Executive Chairman & Chief Executive Officer.

10. Board Changes

Giles Wilson stepped down from the Board, and his employment with the Company ended, on 31 August 2020. Remuneration arrangements in respect of Mr Wilson's departure were in line with the Remuneration Policy. Mr Wilson's salary, pension and benefits were paid until the end of his employment, he will not receive an annual bonus for 2020 and his outstanding long term incentive plan awards lapsed at cessation. No other remuneration payment or any payment for loss of office was made to Mr Wilson.

11. Percentage Change in Remuneration

The percentage change in remuneration between 2019 and 2020, excluding LTIP and pension contributions, for the Chief Executive, Chief Financial Officer, Non-Executive Directors and for other employees in the Group on a full time equivalent basis was as follows:

	Percentage change 2019-2020		
	Wages and salaries[1]	Benefits	Annual bonus
Executive Directors			
P Joeinig	125%	0%	0%
A Gomez-Reino	-7%	22%	0%
J Geddes	-3%	0%	0%
Non-Executive Directors			
D Garman	22%	N/A	N/A
P Baines	-7%	N/A	N/A
C Kappelhoff-Wulf	-7%	N/A	N/A
S Maizey	-7%	N/A	N/A
Employee Population	-15%	-3%	-50%

Note:
1. All Executive and Non-Executive Directors took a temporary 20% reduction in their salary/fee, commencing April 2020 to July 2020.

12. Relative Importance of Spend on Pay

The total Group spend on employee remuneration during 2020 and the immediately preceding financial year is reflected in the following table:

	2020	2019
Group employee remuneration costs	**£419.9m**	£813.6m
Dividend distribution	**£Nil**	£17.3
Share buyback	**£Nil**	£Nil

13. CEO Pay Ratio

The data shows how the CEO's single figure remuneration for 2020 compares to equivalent single figure remuneration for full-time equivalent UK employees, on a Group basis, ranked at the 25th, 50th and 75th percentile. Prior year data is also presented.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2020	**Option A**	**22 : 1**	**18 : 1**	**14 : 1**
2019	Option A	26 : 1	19 : 1	15 : 1

In calculating the Single Total Figure of Remuneration for the CEO, total remuneration for Giles Wilson and Philipp Joeinig, as taken from the single figure table on page 114, was pro-rated to reflect the time served by each individual as CEO in 2020. This approach was also taken in 2019 to reflect the time served as CEO by Giles Wilson and Forsyth Black during 2019.

In calculating the remuneration for the three comparators, the prescribed methodology for Option A was used. Their earnings can be summarised as follows:

	Salary			Total pay and benefits		
Year	25th %tile	Median	75th %tile	25th %tile	Median	75th %tile
2020	**£19,829**	**£22,600**	**£30,809**	**£20,337**	**£24,946**	**£31,724**
2019	£17,970	£23,770	£31,990	£18,032	£24,689	£32,790

Total remuneration for the CEO reduced between 2019 and 2020. Total remuneration increased slightly for the 25th percentile and median comparators, while it fell slightly for the 75th percentile comparator. This has resulted in a reduction in the pay ratios at each level which is a positive development.

Given that the Company has used the most statistically robust method of calculating the CEO pay ratio (Option A), the median ratio is considered to be consistent with the Company's wider policies on employee pay, reward and progression.

14. Remuneration Resolutions

The table below provides the results of the 2019 Directors' Remuneration Report resolution, tabled at the Company's 2020 AGM, and the 2019 Directors' Remuneration Policy resolution, tabled at the Company's general meeting in September 2019:

Resolution	Votes for	Percentage	Votes against	Percentage	Votes total	Votes withheld
2019 Directors' Remuneration Policy	47,254,089	82.98	9,690,558	17.02	56,944,647	13,196
2020 Directors' Remuneration Report	53,386,983	95.33	2,615,617	4.67	56,002,600	9,668

An advisory resolution to approve this Remuneration Report will be tabled at the forthcoming AGM. The Chairman of the Remuneration Committee will be available to answer questions from the Company's shareholders on this Remuneration Report.

15. External Appointments

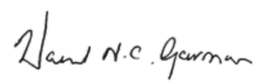
The Board recognises the benefits to the individual and to the Company of involvement by Executive Directors as Non-Executive Directors on the boards of other companies. Prior to accepting an invitation to become a Non-Executive Director of another company, an Executive Director must receive approval from the Chairman of the Company. This approval will not be denied where the Chairman is confident that there is no concern with regard to overboarding and the appointment in question will not interfere with the Director's ability to perform their duties for the Company or provide a conflict of interest. Executive Directors are entitled to retain any fees received under such appointments.

16. Implementation of the Remuneration Policy for 2021

The Committee intends to operate the Remuneration Policy for 2021 as follows:

- Having reviewed the base salary levels of the Chairman & CEO and the Executive Directors, the Remuneration Committee has determined that each of Philipp Joeinig, Alvaro Gomez-Reino and John Geddes will not receive a salary increase at this time.
- No changes will be made to pension at this time although cognisant of the Investment Association's desire for pension provision to be aligned to that provided to the workforce, pension provision will be reviewed during 2021 in advance of a new remuneration policy which will be presented to shareholders at the 2022 AGM.
- The annual bonus will continue to be capped at 100% of salary and the performance metrics will be similar to those operated for 2020. The performance targets, which are currently considered to be commercially sensitive, will be disclosed retrospectively in next year's Directors' Remuneration Report.
- LTIP awards for 2021 for Executive Directors (excluding the Executive Chairman) will be granted over shares with a value of 100% of salary. While the Committee did consider a reduction to award levels as it did in relation to the 2020 LTIP, it concluded that 100% of salary award levels are appropriate for 2021 noting that past LTIP awards are significantly underwater. 100% of salary award levels are not above market practice and the Committee has discretionary powers to reduce awards if there is deemed to be a windfall gain. The Committee will agree and set TSR and EPS targets within six months of the date of grant of the 2021 LTIP. Full details of the TSR and EPS targets applicable to the 2021 LTIP will be published by RNS as soon as they are agreed.

On behalf of the Remuneration Committee



David Garman
Chair of the Remuneration Committee
9 March 2021

STRATEGIC COMMITTEE REPORT

Christian Kappelhoff-Wulff
Chair of the Strategic Committee

Committee Members

Name	Position	Attendance
C Kappelhoff-Wulff	Chair	6/6
P Joeinig	Member	6/6
D Garman	Member	6/6
A Gomez-Reino	Member	6/6
G Wilson[1]	Member	4/4

Note:
1. Giles Wilson stepped down as a member of the Strategic Committee on 31 August 2020 and so only attended four meetings during the year.

I am pleased to introduce the report of the Board-constituted Strategic Committee Report for the 2020 financial year. The Strategic Committee is chaired by me, Christian Kappelhoff-Wulff and comprises Executive and Non-Executive Directors.

In addition to Strategic Committee members, other Board members and members of senior management also regularly attended our Strategic Committee meetings throughout the year demonstrating the Board's ongoing commitment to strategy development and execution.

Meetings and Purpose

The Strategic Committee convened six times during 2020 with its primary purpose being to assist the Board in monitoring the delivery of the Group's strategy and structure and to evaluate all future key strategic decisions, including significant capital investments and any potential merger, disposal and/or acquisition activity.

Role and Responsibilities

The main responsibilities of the Strategic Committee are detailed in its Terms of Reference which are available on the Company's website. These are: (i) considering and reviewing (and, where the Committee thinks appropriate, recommending to the Board) all potential acquisitions and disposals of any business or business unit or significant asset by any member of the Group which may be contemplated by the Group as well as any proposed merger, joint venture, profit sharing or similar transaction involving any member of the Group; (ii) the review of key strategic projects; (iii) the review of industry developments surrounding merger and acquisition activity in the Aviation sector; and (iv) the review of major organic ventures requiring significant capital expenditure. The Strategic Committee also has oversight of Group strategy which feeds into the Group's strategic planning and any proposed diversification into new products or markets.

Key activities undertaken in the reporting year in question were:

- reviewing and assessing the strategic rationale and commercial viability of inbound strategic proposals and making recommendations to the Board;
- reviewing and recommending to the Board entry into emerging markets such as the 51% stake acquired in Royal Airport Services Private Limited, an existing successful ground handling, cargo handling and airline ticketing company in Pakistan, our joint venture with Iraqi Airways, Air BP Limited and Al Burhan Group for the delivery of a full suite of ground handling, cargo and fueling services at Baghdad International Airport and investment in new countries such as Greece and Cyprus;
- scrutinising and recommending to the Board significant capital applications such as harmonisation of the terms of our UK workforce, renewal of the leases for the Group's London Heathrow and Amsterdam cargo facilities and the implementation of Kronos Dimensions Time and Attendance recording software across the network;
- monitoring the pipeline of commercial opportunities across the network and key customer, supplier and organic and inorganic growth opportunities within the industry; and
- reviewing and monitoring the Group's covenant compliance following the successful negotiation with the Group's lenders on a revised covenant package.

Additional information on the key areas of the Group's strategy can be found on pages 18 and 20 of this Annual Report and Accounts 2020.

I look forward to reporting to you next year on the activities undertaken in 2021 as we aim to deliver our defined strategy and return to a normalised trading environment.

On behalf of the Strategic Committee

Christian Kappelhoff-Wulff
Chair of the Strategic Committee
9 March 2021

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The following sections provide information on those items which are required to be included in this Directors' Report, pursuant to the requirements of the Companies Act 2006 (the 2006 Act), the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013) (the 2013 Regulations), the Companies (Miscellaneous Reporting) Regulations 2018 and the Financial Conduct Authority's (the FCA) Listing Rules and the Disclosure Guidance and Transparency Rules. Some items are incorporated by reference into this Directors' Report, as detailed below.

Directors

All of the Directors who served during 2020 are shown in the table below. Biographies of those Directors who were in office at the end of 2020 are included on pages 76 and 77 of this Annual Report and Accounts 2020 and all of these Directors held office throughout 2020.

Current and former Directors' interests in the Company's Ordinary Shares of £0.25 each (the Ordinary Shares) were as follows:

Name	Position	Appointed/resigned		**31 December 2020**	31 December 2019
P Joeinig	Executive Chairman & CEO	Appointed Jun. 2017	Beneficial	**1,300,000**	1,300,000
D Garman	Deputy Chairman	Appointed Jun. 2015	Beneficial	**60,871**	40,871
A Gomez-Reino	Chief Financial Officer	Appointed Dec. 2019	Beneficial	**80,000**	–
J Geddes	Corporate Affairs Director & Group Company Secretary	Appointed Nov. 2016	Beneficial	**67,771**	67,771
P Baines	Non-Executive Director	Appointed Jun. 2016	Beneficial	**3,000**	3,000
C Kappelhoff-Wulff	Non-Executive Director	Appointed May 2019	Non-beneficial	**5,450,643**	5,450,643
S Maizey	Non-Executive Director	Appointed May 2014	Beneficial	**5,450**	5,450
Former Directors					
G Wilson	Chief Executive Officer	Resigned Aug. 2020	Beneficial	**–**	79,134

There have been no subsequent changes to these interests as at 9 March 2021.

No Director had any material interest in any contract, other than a service contract as set out on page 112 of this Annual Report and Accounts 2020.

Substantial Shareholders

In addition to the Directors' interests set out above, the Company had been notified of the following interests of 3% or more in its Ordinary Shares as at 31 December 2020 and 9 March 2021:

Name	Number of Ordinary Shares as at 9 March 2021	Percentage of issued Ordinary Shares as at 9 March 2021	**Number of Ordinary Shares as at 31 December 2020**	Percentage of issued Ordinary Shares as at 31 December 2020
Mithaq Capital	7,499,460	8.90	**7,499,460**	8.90
Lakestreet Capital Partners AG	5,450,643	6.47	**5,450,643**	6.47
Sterling Strategic Value Fund S.A.	5,283,374	6.27	**5,373,374**	6.37
DC Thomson & Company Limited	5.004,488	5.94	**5,004,488**	5.94
Axxion S.A.[1]	4,000,000	4.74	**4,748,550**	5.63

Note:
1. Axxion S.A. acting on behalf of Frankfurter Aktienfonds für Stiftungen and Frankfurter Stiftungsfonds.

Directors' and Officers' Liability Insurance

In accordance with the 2006 Act and the Company's Articles of Association (the Articles), the Company has arranged qualifying third party indemnities against financial exposure which the Directors may incur in the course of their professional duties for the Company. Equivalent qualifying third party indemnities were, and remain, in force for the benefit of the Director who stood down from the Board during 2020. In addition to these indemnities, the Company places Directors' and Officers' liability insurance cover for each Director.

Dividends

In accordance with the Company's Full Year Results 2020 released to the London Stock Exchange on 9 March 2021, the Board believed it prudent and in the best interests of shareholders to continue the temporary suspension of the dividend and therefore, recommended not paying a final dividend or interim dividend for the year.

Political Donations

In accordance with its policy, the Group did not give any money for political purposes nor did it make any donations to political organisations or independent candidates or incur any political expenditure during 2020.

Financial Risk Management Objectives and Policies

The financial risk management objectives and policies, including the policy for hedging each major type of forecasted transaction for which hedge accounting is used, are detailed in Note 16 to the Accounts contained in this Annual Report and Accounts 2020, which information is incorporated by reference into this Directors' Report.

Exposure to Risk

The risk exposure of the Group, including the exposure to price risk, credit risk, liquidity risk and cash flow risk, is included in Note 16 to the Accounts contained in this Annual Report and Accounts 2020, which information is incorporated by reference into this Directors' Report.

Financial Instruments

Details of the use of financial instruments and financial risk management are included in Note 16 to the Accounts contained in this Annual Report and Accounts 2020, which details are incorporated by reference into this Directors' Report.

Workforce Engagement

Details of how the Company engaged with its workforce during the period are contained in the Strategic Report (pages 52 to 55) and the Human Resources Committee Report (pages 100 to 102) which details are incorporated by reference into this Directors' Report.

Customer and Supplier Engagement

Details of how the Company engaged with its customers and suppliers are contained in the Strategic Report (pages 64 to 71) of this Annual Report and Accounts 2020 which details are incorporated by reference into this Directors' Report.

Events after the Reporting Period

On 26 January 2021 the Group acquired a 51% share of Royal Airport Services for a cash consideration of £7.3m. Royal Airport Services provide a range of aviation services including ground and cargo services and airline ticketing in Pakistan. The business handles both domestic and international airlines at eight airports. The acquisition accounting is not yet complete as control has recently been obtained. No further disclosures are provided on the assets and liabilities acquired.

Since the year end, the Group has received US$49.3m of funding comprising US$35.9m grant funding and a US$13.4m loan note under the Coronavirus Aid, Relief, and Economic Security (CARES) Act in the USA.

DIRECTORS' REPORT CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 CONTINUED

Outlook
An indication of the likely future developments in the business of the Company (and its subsidiaries) is included in the Strategic Report section of this Annual Report and Accounts 2020 (pages 1 to 63), which details are incorporated by reference into this Directors' Report.

Research and Development
The Company (nor any subsidiaries included in its consolidation) is not actively involved in activities in the field of research and development.

Geographical Spread
The Company operates in 34 countries worldwide and details of this geographical spread can be found on page 2 of this Annual Report and Accounts 2020, which details are incorporated by reference into this Directors' Report.

Employment Policies
Policies regarding the hiring, continuing employment and training, career development and promotion opportunities for all employees both in the UK and worldwide, together with reports on employee involvement and representation, are contained in the Responsible Business section of this Annual Report and Accounts 2020 (pages 46 to 63), which details are incorporated by reference into this Directors' Report.

At the end of 2020 the split of male to female employees in the Group was:

Employee Group	Male	Female
Directors	6	1
Decision-makers	255	97
All employees	16,377	7,250

Full and fair consideration is given to all applications for employment; Group policies dictate that during the recruitment process all individuals are treated equitably, including those with disabilities. Where employees become disabled whilst employed by the Group we would seek to ensure that their employment could continue or alternative employment arranged whenever reasonable and practicable to do so, subject to any necessary training taking place and making reasonable adjustments where necessary. All employees, irrespective of whether they have a physical or mental disability, are given the same opportunities within the Group in terms of training, career development and promotion. Our policies and procedures for recruitment, training, promotion and reward promote equality of opportunity, regardless of background and personal circumstances.

Policy and Practice on Payment of Creditors
The Group does not operate a standard code in respect of payments to suppliers with each operating business responsible for agreeing the terms and conditions under which business transactions with its suppliers are conducted, including the terms of payment. It is Group policy that payments to suppliers are made in accordance with the agreed terms, provided that the supplier has performed in accordance with all relevant terms and conditions. The amount owed to trade creditors represented 31 days of purchases from suppliers (2019: 22 days).

Audit Information
So far as the Directors in office at the date of signing of this Directors' Report are aware, having made the requisite enquiries, there is no relevant audit information (as defined in section 418 of the 2006 Act) in terms of which the Company's auditor is unaware, and each Director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information. Resolutions to re-appoint Ernst & Young LLP as auditor of the Company and to authorise the Board to set its remuneration will be proposed at the Company's forthcoming annual general meeting (AGM).

Share Capital and Structure
The Company has two classes of shares: the Ordinary Shares of £0.25 each and preference shares of £1.00 each (the Preference Shares). As at 31 December 2020 the Company had an issued share capital comprising 1,394,587 Preference Shares (representing approximately 2% of the Company's issued share capital) and 84,490,964 Ordinary Shares (representing approximately 98% of the Company's issued share capital). Of these 84,490,964 Ordinary Shares, 184,769 were held as treasury shares. It is the Company's policy that shares held in treasury are to be used for the satisfaction of share plan awards.

No shares in the capital of the Company can be allotted at a discount nor can they be allotted except as paid up both in regard to nominal amount and premium to the minimum extent permitted by the 2006 Act.

Articles of Association
Transfer of shares
There are no restrictions on the transfer of shares in the Company other than as contained in the Articles. Subject to the Articles, the Admission and Disclosure Standards of the London Stock Exchange and any requirements of the FCA, the Directors may refuse to register a transfer of a certificated share that is not fully paid provided that this power will not be exercised so as to disturb the market in the Company's shares.

Voting rights
Deadlines for exercising voting rights and appointing a proxy or proxies to vote on the resolutions to be considered at the Company's forthcoming AGM on 14 May 2021 are specified in the Notes to the Notice of AGM. Every ordinary shareholder present in person or by proxy at a general meeting of the Company shall, on a show of hands, have one vote unless, in the case of the latter, they have been appointed by more than one shareholder and have received instructions to vote both in favour of and against the same resolution in which case they will have one vote against that resolution and one vote for. On a poll, every shareholder of the Company present in person or by proxy at a general meeting of the Company shall have one vote for every share which they hold and, if the holders of the Preference Shares have the right to vote on any resolution, each such holder shall have one vote for every Preference Share which they hold.

The holders of the Preference Shares shall have no right to receive notice of or attend or vote at any general meeting of the Company unless either:

(i) at the date of the notice convening the meeting the dividend payable on such Preference Shares or a part thereof is six months or more in arrears; or

(ii) the business of the meeting includes the consideration of a resolution for reducing the capital of or winding-up the Company or for altering the objects of the Company as stated in its Articles or for the sale of the undertaking of the Company or any substantial part thereof or any resolution altering or abrogating any of the special rights or privileges attaching to the Preference Shares, in which circumstances the holders of the Preference Shares shall have the right to vote on any such resolution.

The Company is not aware of any arrangement by which, with the Company's cooperation, financial rights carried by its shares are held by persons other than the holders of its Ordinary Shares or Preference Shares. The Company is not aware of any agreement between holders of its shares which may result in restrictions on the transfer of its shares or on voting rights attaching thereto.

Allotment and Issue of Shares
At the 2020 AGM, the Directors sought authorisation to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company, up to an aggregate nominal amount of £14,051,553 of which any amount in excess of £7,025,776 may only be applied to fully pre-emptive rights issues. Such authority and power will expire at the Company's forthcoming AGM unless previously revoked, varied or renewed. As at the date of this Annual Report and Accounts 2020, no such shares have been issued. It is proposed that such authority and power be renewed by shareholder resolution at this AGM but without prejudice to the exercise of any such authority and power prior to the date of such resolution. Accordingly, shareholders will be asked to grant an authority to allot relevant securities:

Allotment and Issue of Shares continued

(i) up to a nominal amount of £7,025,516; and
(ii) up to a nominal amount of £14,051,032 (after deducting from such limit any relevant securities allotted under (i)), in connection with an offer of a rights issue, such authority to apply until the conclusion of the AGM to be held in 2022 or, if earlier, close of business on 30 June 2022.

Purchase of Own Shares

The Company is, by shareholder resolution passed at the 2020 AGM, authorised to purchase up to 8,430,932 of its Ordinary Shares at a maximum price which is the higher of:
(i) an amount equal to 105% of the average of the middle market quotations for such Ordinary Shares as derived from the London Stock Exchange Daily Official List for the five business days immediately prior to the date of conclusion of the contract for any such purchase; and
(ii) the amount stipulated by Article 5(1) of the EU Buy-back and Stabilisation Regulation 2003 (being the higher of the price of the last independent trade and the highest current independent bid for an Ordinary Share on the trading venues where the market purchases by the Company will be carried out), and at a minimum price of £0.25 per Ordinary Share.

The Company is also, by shareholder resolution passed at the 2020 AGM, authorised to purchase up to 1,394,587 of its Preference Shares at a maximum price which is the higher of:
(i) an amount equal to 110% of the average of the middle market quotations for such Preference Shares as derived from the London Stock Exchange Daily Official List for the five business days immediately prior to the date of conclusion of the contract for any such purchase; and
(ii) the amount stipulated by Article 5(1) of the EU Buy-back and Stabilisation Regulation 2003 (being the higher of the price of the last independent trade and the highest current independent bid for a Preference Share on the trading venues where the market purchases by the Company will be carried out), and at a minimum price of £1.00 per Preference Share.

As at the date of this Annual Report and Accounts 2020, no such shares have been purchased. These authorities will expire at the Company's forthcoming AGM when it is proposed that they be renewed but without prejudice to the exercise of any such authorities prior to the date of such resolutions being put to the Company's shareholders.

Directors

Appointment of Directors

Directors may be appointed by the Company by an ordinary resolution of its shareholders. The Board may appoint a Director either to fill a vacancy or as an additional Director and any Director so appointed shall hold office only until the next AGM of the Company following such appointment and shall then be eligible for re-appointment. If not re-appointed at such AGM, such a Director will vacate office at its conclusion except where a resolution is passed to appoint someone in their place (other than with effect from a time later than the conclusion of the AGM) or a resolution for their re-appointment is put to the AGM and lost (in either which case the retirement takes effect from the passing of the relevant resolution).

An appropriate induction is provided by the Company to all new Directors and ongoing training is supplied as and when it may be required, with documentation on the Company and its activities distributed to Directors on a regular basis. Further details in respect of the induction and training of Directors can be found on pages 85 and 86 of this Annual Report and Accounts 2020, which details are incorporated by reference in this Directors' Report. A Director is not required to hold shares in the capital of the Company.

Retirement of Directors

In accordance with best practice principles, all Directors shall retire at each AGM of the Company.

Directors' powers

The business of the Company shall be managed by the Board which may exercise all the powers of the Company, whether relating to the management of its business or otherwise, subject to any restrictions contained in the Articles which detail the specific powers of the Directors. Copies of the Articles may be obtained from the Group Company Secretary or from the Company's website at www.menziesaviation.com.

Directors' conflicts

The Articles permit the Board to consider and authorise situations where a Director has an actual or potential conflict of interest in relation to the Group. The Company maintains a conflicts of interests register which is reviewed annually by the Board. In addition, prior to each Board meeting, the Directors are asked to declare any conflicts they may have with regard to the business of the meeting. Directors who declare a conflict of interest may be authorised by the rest of the Board to participate in decision-making in accordance with section 175 of the 2006 Act.

Amendments to the Articles

The Articles can only be amended by a special resolution of the Company's shareholders in general meeting.

Significant Agreements – Change of Control

The Group has agreements in place with suppliers and customers, some of which contain change of control clauses giving rights to these suppliers and customers, such as termination rights, on a takeover bid for the Company. A change of control of the Company following a takeover bid may cause a number of other agreements to which the Company or any of its subsidiaries are a party, such as banking arrangements, property leases and licence agreements, to take effect, alter or terminate. Additionally, the Directors' service agreements and employee share plans would be similarly affected upon a change of control.

Emissions Reporting

The information required to be included in this Directors' Report pursuant to the 2013 Regulations in respect of greenhouse gas emissions and energy consumption is included in the Responsible Business section of this Annual Report and Accounts 2020 on pages 46 to 63, which information is incorporated by reference into this Directors' Report.

Annual General Meeting

Notice of the Company's forthcoming AGM on Friday 14 May 2021 is contained at the end of this document.
Approved and issued by the Board of Directors.

On behalf of the Board of Directors

John Geddes
Corporate Affairs Director & Group Company Secretary
9 March 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and parent company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group and the company for that period.

Under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules, group financial statements are required to be prepared in accordance with international financial reporting standards (IFRSs) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In preparing these financial statements the directors are required to:
- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance;
- in respect of the group financial statements, state whether international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs adopted pursuant to Regulation(EC) No 1606/2002 as it applies in the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- in respect of the parent company financial statements, state whether international accounting standards in conformity with the requirements of the Companies Act 2006, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the company and/ or the group will not continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the company and the group financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and parent company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, directors' remuneration report and corporate governance statement that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Directors' Statement Pursuant to the Disclosure Guidance and Transparency Rules

The directors confirm, to the best of their knowledge:
- that the consolidated financial statements, prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs adopted pursuant to Regulation(EC) No 1606/2002 as it applies in the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the parent company and undertakings included in the consolidation taken as a whole;
- that the annual report, including the strategic report, includes a fair review of the development and performance of the business and the position of the company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- that they consider the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position, performance, business model and strategy.

John Geddes

John Geddes
Corporate Affairs Director & Group Company Secretary
9 March 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHN MENZIES PLC

Opinion

In our opinion:
- John Menzies plc's Group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2020 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union;
- the parent company financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 as applied in accordance with section 408 of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of John Menzies plc (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2020, which comprise:

Group	Parent Company
Consolidated balance sheet as at 31 December 2020	Balance sheet as at 31 December 2020
Consolidated income statement for the year then ended	Statement of changes in equity for the year then ended
Consolidated statement of comprehensive income for the year then ended	Statement of cash flows for the year then ended
Consolidated statement of changes in equity for the year then ended	Related Notes 1 to 15 to the financial statements including a summary of significant accounting policies
Consolidated statement of cash flows for the year then ended	
Related Notes 1 to 28 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006 and, as regards the Group financial statements, International Financial Reporting Standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union, as regards the parent company financial statements, as applied in accordance with section 408 of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which indicates that there is a material uncertainty arising as a result of the impact that international travel restrictions could have on the delayed recovery of the business that may risk a breach of the leverage and interest cover covenants at 30 June 2022. As stated in Note 1, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Group and parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Material uncertainty related to going concern continued

We draw attention to the viability statement in the Annual Report on page 34, which indicates that an assumption to the statement of viability is the Group's ability to obtain waivers from lenders in respect of the possible breach of leverage and interest cover covenants at 30 June 2022 under a severe downside stress case. The Directors consider that the material uncertainty referred to in respect of going concern may cast significant doubt over the future viability of the Group and Company should these events arise. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group and parent company's ability to continue to adopt the going concern basis of accounting included:

How we evaluated management's assessment and the key observations arising with respect to that evaluation.

Risk assessment procedures

- We have obtained an understanding of management's basis for use of the going concern basis of accounting. To challenge the completeness of this assessment, we have independently identified factors that may indicate events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. Events or conditions were identified, and we have designed our audit procedures to evaluate the effect of these risks on the entity's ability to continue as a going concern.

Management's method

- In conjunction with our walkthrough of the Group's financial statement close process, we confirmed our understanding of management's going concern assessment process and also engaged with management early to ensure all key factors were considered in their assessment;
- We obtained management's board approved forecast cash flows and covenant calculation covering the period of assessment from the date of signing to 30 June 2022. The Group has modelled a number of adverse scenarios in their cash forecasts and covenant calculations in order to incorporate the impact that prolonged international travel restrictions could have on the delayed recovery of the business;
- Using our understanding of the business, we evaluated whether the forecasting method adopted by management in assessing going concern and concluded it to be appropriate;
- We performed a walkthrough of the method and observed that the forecasts were prepared by local management in each jurisdiction with oversight from Group management. We consider this to be appropriate given COVID-19 impacts differ by geography including the restrictions, availability of government support and impact on trading conditions;
- We tested to ensure that the forecasts were mathematically accurate;
- We considered past historical accuracy of management's forecasting;
- We evaluated management's COVID-19 impact on the forecasts by comparing to the actual impact experienced by the Group in 2020; and
- We inquired of management as to its knowledge of events or conditions beyond the period of management's assessment and read a variety of external aviation market sector recovery sources to challenge and corroborate management's macro assumptions used in the assessment. In doing so, we also considered the consistency of information obtained from other areas of the audit such as the forecasts used for impairment and viability assessments.

Assumptions, stress testing and management's plans for future actions

- We evaluated the relevance and reliability of the underlying data used to make the assessment by challenging operational management in the UK, USA and Australia on the assumptions underpinning the forecasts. We supplemented this with a forecasting and budgeting questionnaire sent to component teams to evaluate the budgeting process undertaken by management and related assumptions;
- We determined whether there was appropriate evidence for the revenue and cost assumptions underlying the assessment through assessing management's assumptions as a percentage of prior period actual results and comparing these to external aviation market sector recovery sources and considered whether there was any indication of management bias;
- We reviewed external aviation industry reports and market data for indicators of contradictory evidence, including press reports to consider the latest information regarding border closures and travel restrictions and used this to stress test management's models.
- We performed reverse stress testing and evaluated management's reverse stress testing on the forecasts to understand how severe the downside scenarios would have to be to result in the elimination of liquidity headroom or a covenant breach;
- We assessed the plausibility of management's downside scenarios by evaluating the actual COVID-19 impact on the Group to date and reading industry analysis from independent third parties that represent the industry to consider the wider outlook for the industry as a whole; and
- We evaluated management's controllable cost mitigations, largely variable pay and overhead reductions in order to determine whether such actions are feasible in the circumstances and considering the restructuring and related savings that have already taken place during 2020.

Debt facilities and liquidity

- Through the involvement of our debt advisory specialists, we performed a detailed review of the borrowing facilities to assess their continued availability to the Group through the going concern period and to ensure completeness of covenants identified by management.
- We reviewed the accuracy of management's covenant forecast model, verifying inputs to board approved forecasts and facility agreement terms;
- We verified the replacement of the previous leverage and interest cover banking covenants at September 2020 with the requirement to maintain a minimum level of available liquidity of £45m and meet pre-determined minimum EBITDA levels for the quarter ends from September 2020 to March 2022;
- We verified the original leverage and interest cover banking covenants that will be measured quarterly from June 2022 quarter end that require the Group to maintain leverage less than 3:1 and interest cover greater than 3:1 at each measurement date;
- In respect of loans received from the US government as part of the Coronavirus Aid, Relief, and Economic Security Act, we obtained a confirmation from the lender; and
- We read correspondence with governments in order to understand the terms of other government assistance that continues to support the Group, including Coronavirus Job Retention Scheme Job Keeper Payment in Australia by assessing the impact of the assistance on forecast cash flows.

Disclosures

- We considered whether management's disclosures, in the Annual Report and financial statements, sufficiently and appropriately capture the impacts of COVID-19 on the going concern assessment and through consideration of relevant disclosure standards.

Our key observations

We have observed that the ground and fuel services business area is experiencing a high level of disruption from the impact of international flight restrictions in response to the pandemic. The cargo and freight forwarding business area is not expected to be significantly impacted by COVID-19 in the going concern assessment period.

The Group has access to committed bank facilities comprising its fully drawn US$235m term loan and the £145m revolving credit facility, both available until the maturity dates of January 2025, and loans from the US government having a maturity date of 2030.

Until 31 March 2022, the Group agreed more relaxed banking covenants that relate to maintaining a minimum liquidity of £45m and exceeding predetermined minimum EBITDA levels, measured quarterly. At 30 June 2022, the covenants revert to an interest cover exceeding 3:1 and a leverage ratio not exceeding 3:1, both as stipulated in the Group's banking facilities prior to the agreement of its revised covenant terms and measured quarterly.

Management's model includes controllable variable cost savings relating to payroll, equipment and property costs which are based on the restructuring of the business that has taken place in 2020.

In the event of multiple risks beyond the severe but plausible downside case, there is a material uncertainty arising as a result of the impact that international travel restrictions could have on the delayed recovery of the business that may risk a breach of the banking leverage and interest cover covenants at 30 June 2022.

Conclusion

In relation to the Group and parent company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in respect of the directors' identification in the financial statements of any material uncertainties to the Group and parent company's ability to continue to do so over a period to 30 June 2022 from the date of approval of the financial statements.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	• We performed an audit of the complete financial information of two components and audit procedures on specific balances for a further 30 components. • The components where we performed full or specific audit procedures accounted for 83% of adjusted profit before tax, 82% of revenue and 82% of total assets.
Key audit matters	• Management override of controls, specifically in relation to revenue recognition and government assistance. • Carrying value of goodwill and intangible assets. • Valuation of defined benefit pension scheme liabilities.
Materiality	• Overall Group materiality of £1.2m which represents 0.15% of revenue.

An overview of the scope of the parent company and Group audits

	Components		Percentage of PBT*		Percentage of revenue		Percentage of total assets	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
Full scope	**2**	6	**23**	36	**26**	43	**40**	48
Specific scope and consolidation adjustments	**30**	32	**60**	45	**56**	37	**42**	32
Overall coverage			**83**	81	**82**	80	**82**	80

* Percentage of profit before tax is calculated on an absolute basis against the adjusted profit before tax measure.

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of Group-wide controls, changes in the business environment and other factors such as recent Internal audit results when assessing the level of work to be performed at each company.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 148 (2019: 145) reporting components of the Group, we selected 32 components (2019: 38) covering entities within the UK, USA, Canada, Australia, New Zealand, Spain, Sweden, the Czech Republic, South Africa, the Netherlands, India and Mexico which represent the principal business units within the Group.

Of the 32 components selected, we performed an audit of the complete financial information of two components ("full scope components") that were selected based on their size or risk characteristics. For the remaining 30 components ("specific scope components"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

The reporting components where we performed audit procedures accounted for 83% of the Group's revenue measure to calculate materiality. In the prior year, adjusted PBT was used to calculate materiality and the reporting components accounted for 81% of this in 2019. In summary, reporting components accounted for 82% (2019: 80%) of the Group's revenue, 83% (2019: 81%) of adjusted PBT and 82% (2019: 80%) of the Group's total assets. For the current year, the full scope components contributed 26% of Group revenues. In the prior year, the full scope components contributed 36% of Group adjusted PBT used to calculate materiality. In summary, full scope components accounted for 26% (2019: 43%) of the Group's revenue, 23% (2019: 36%) of the Group's adjusted PBT and 40% (2019: 48%) of Group's total assets. The specific scope components contributed 56% of Group revenues. In the prior year, the specific scope components contributed 45% of Group adjusted PBT used to calculate materiality. In summary, specific scope components accounted for 56% (2019: 37%) of the Group's revenue, 60% (2019: 45%) of the Group's adjusted PBT and 42% (2019: 32%) of Group's total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group. We also instructed three locations to perform specified procedures over certain aspects of costs and deferred consideration.

Of the remaining 116 components that together represent 17% of the Group's revenue none is individually greater than 2% of the Group's revenue. For these components, we performed other procedures, including analytical review to respond to any potential risks of material misstatement to the Group financial statements.

Changes from the prior year

We have classified two entities as full scope and thirty entities as specific scope in the current year compared to four entities as full scope and thirty as specific scope in the prior year. This is due to significant variances in Group performance as a result of the flight restrictions in place in response to COVID-19 which has impacted relative performance and size of component in relation to the overall Group. We are satisfied in the reduction of full scope entities given the size of the UK and US business in relation to the wider Group. We have ensured that in specific scope entities that we have scoped in enough coverage of Group balances which in turn as given us more coverage over revenue, adjusted PBT and total assets compared to the prior year.

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the 2 full scope components, audit procedures were performed on both of these directly by the primary audit team. For the 30 specific scope components, the majority of work is performed component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole. The Group audit team adapted their approach to interact with and oversee local EY teams in response to the COVID-19 pandemic. Due to COVID-19 travel restrictions imposed by governments, we did not complete our planned visits to the locations. In lieu of these visits, we maintained continuous dialogue with our local EY teams. This included: additional meetings with our component teams and local management via videoconference and performing remote review of the key workpapers associated with the component teams' audit procedures.

The Group audit engagement partner participated in the closing meetings for all full scope components.

The performance of the year end audit was also required to be conducted remotely due to COVID-19 restrictions and social distancing requirements at both component and Group locations. This was supported through remote access to the Group's financial systems and the use of EY software collaboration platforms for the secure and timely delivery of requested audit evidence. Due to COVID-19, we have been unable to perform physical site visits due to travel restrictions. The primary team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed key working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the material uncertainties related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Management override of controls, specifically in relation to revenue recognition and government assistance *Refer to the Audit Committee Report (page 95); Accounting policies (page 148); and Note 2 of the Consolidated Financial Statements (page 159)* There is a risk that the financial statements as a whole are not free from material misstatement due to the risk of management override of controls whether caused by fraud or error. Revenue recognition is an area of focus for our audit in considering possible areas of management bias and fraud. We recognise that sales arrangements for the Group are generally low value, high volume and straightforward in nature, requiring minimal judgment to be exercised. Accordingly, we focus on the appropriate application of contractual rates to address the risk that contracted rates are incorrectly amended in the system. For non-contractual revenue streams, we focus our testing on manual journals. Government assistance received is also an area of audit focus. The key sources of funding primarily comprise the Coronavirus Aid, Relief, & Economic Security Act (CARES) from the US Government, the Coronavirus Job Retention Scheme in the UK and the JobKeeper Scheme in Australia. Under these schemes there is minimal estimation uncertainty and thus the risk is focussed on the potential for management override as monies could be claimed which the Group is not entitled to.	We obtained an understanding of the key controls and processes in place over revenue recognition and government assistance and in particular, the recording of manual journal entries. We used IT specialists to test the Group's in house billing application that stores contractual rates. At both full and specific scope components we performed detailed testing of a sample of sales through inspection of underlying contracts, invoice, and cash receipts to evidence that revenue had been appropriately recognised. We utilised our data analytical tools to correlate sales to debtors and cash for both contract and non-contract-based revenue. We tested a sample of non-correlating entries to third party evidence to ensure that revenue had been appropriately recognised. The primary audit team performed risk assessment analytics by utilising a billing analytics tool to capture all billings by station and airline at all in scope components for contractual revenues to allow us to focus our substantive testing on unusual items and outliers (e.g. unusual contract rates, new contracts identified) from a complete population of revenue transactions for in scope locations. For the sample selected, we enquired of management and inspected underlying contracts and agreed a sample of flights to a third party flight register. These procedures were supplemented with analytical review procedures and enquiry of management. We performed journal entry testing, applying a particular focus to individually unusual and/or material revenue manual journals posted throughout the year. We agreed journals to supporting evidence to confirm that the revenue recognised was appropriate, had an appropriate business rationale and was in line with the Group's accounting policy.	We concluded that revenue and government assistance recognised in the year is materially correct on the basis of procedures performed by the primary audit team and component audit teams. We concluded that revenue and government assistance have been appropriately classified and disclosed in the financial statements.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Management override of controls, specifically in relation to revenue recognition and government assistance (continued) For the year ended 31 December 2020 the Group recognised government assistance, in relation to COVID-19 grant income, of £139.2m (2019: nil) and recognised CARES loans of $35.6m.	In relation to government assistance received, we agreed a sample of costs to supporting records to verify the integrity of any claims. In respect of the CARES loan received, we obtained a letter from the US bank providing the funding to confirm the debt portion of the assistance. We selected a sample of income from government assistance received globally and agreed this to bank statements and other records where appropriate. We assessed the adequacy of disclosures within the financial statements, particularly in relation to COVID-19 government assistance and loans. We also checked the classification of the income was correct. All audit work in relation to this key audit matter was undertaken by the primary and component audit teams.	
Carrying value of goodwill and intangible assets *Refer to the Audit Committee Report (page 95); Accounting policies (page 148); and Note 10 of the Consolidated Financial Statements (page 168).* The significant risk relates to the potential misstatement of goodwill and intangibles. COVID-19 has resulted in the Group having to reduce its workforce significantly and there is a risk that this has a lasting impact on the business that could result in the impairment of goodwill and intangible assets. The risk is therefore elevated compared to 2019. Assessing the appropriateness of forecasts/budgets, growth rates and discount rates requires management to exercise judgment that brings inherent risk due to estimation uncertainty. Management's impairment assessment as at 31 December 2020 concluded that there remained headroom and no impairment charge should be recognised in relation to the intangible assets.	We obtained an understanding of the key controls and processes in place over management's impairment assessment and the appropriateness of the assumptions within the impairment models. We obtained management's impairment assessment which concluded that there are indicators present due to the impact of COVID-19 on the various Group businesses. We performed substantive audit procedures and did not rely on controls. We challenged the assumptions forming the basis of the cashflows including the impact of COVID-19, long term profitability of the cash generating units, terminal growth rates and savings from restructuring. This included reviewing International Air Transport Association reports on forecast flight volumes for potential contradictory evidence. We assessed management's ability to accurately forecast by comparing prior forecasts to actual results. We assessed consistency between the budget that formed the going concern assessment and the forecasts within the cash generating units. We assessed the discount rate used in the impairment models with the assistance of EY's valuation experts. We then applied the EY recalculated discount rates to management's models to assess if impairment were to occur. We performed sensitivity testing of the key assumptions; revenue, aircraft turns, weighted average cost of capital and recovery period from COVID-19 to determine if there remained headroom. We tested the mathematical accuracy of the impairment assessment. We assessed the adequacy of disclosures within the financial statements.	Based on the audit procedures performed in relation to goodwill and intangible assets, we consider the year end carrying value to be appropriate. We consider disclosures made in the accounts to be adequate to explain the estimates made by management and sensitivities should events differ from those assumed in the impairment models.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHN MENZIES PLC CONTINUED

Key audit matters continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Valuation of defined benefit pension scheme liabilities. *Refer to the Audit Committee Report (page 95); Accounting policies (page 148); and Note 22 of the Consolidated Financial Statements (page 184).* At 31 December 2020 the Group recognised a net pension deficit of £6.7m (2019: £4.4m). The significant risk relates to the potential misstatement of the gross pension liabilities of £374.4m (2019: £348.1m) due to the significant judgments being exercised by management in determining the appropriate underlying actuarial assumptions. The principal assumptions include life expectancies of scheme members, discount rate and inflation rate which gives rise to estimation uncertainty.	We understood and walked through management's process and methodology for calculating the pension liability. We evaluated the competence and objectivity of management's external actuarial specialists. Through the involvement of our pension actuarial specialists, we corroborated key assumptions (including discount rate, life expectancies of scheme members and inflation rate) using external third-party data and independently assessed the assumptions to allow us to determine whether the Group's assumptions are within an appropriate range. We test the input data used by the scheme actuaries in the calculation of the pension liability through the inspection of pensionable salary data from payroll reports. We assessed the adequacy of disclosures within the financial statements. All audit work in relation to this key audit matter was undertaken by the primary audit team, with the assistance of our actuarial specialists.	We conclude that the valuation of the gross pension liability is materially correct and that management's judgments in relation to underlying actuarial assumptions are appropriate. We are satisfied with the adequacy of disclosure within the financial statements.

In the prior year, our auditor's report included a key audit matter in relation to the COVID-19 impact on the going concern assessment. In the current year, due to the changes within ISA 570 Revised, Going Concern is now considered in the "Material uncertainty related to going concern" section of this opinion above.

The prior year auditor's report also included classification of exceptional items as a key audit matter ('KAM'). In the current period, the classification of exceptional items has been deemed less subjective by the audit team and thus has not been included as a KAM.

Carrying value of goodwill and intangible assets has been included as a KAM for 2020 as a result of the heighted risk caused by COVID-19 related disruptions on the business.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

Using professional judgment, we determined materiality for the Group to be £1.2 million (2019: £1.4 million), which is 0.15% of revenue (2019: 5%) of adjusted profit before tax ("PBT"). We believe that revenue provides us with a key indication of the Group's performance in the current environment. In determining our benchmark for materiality, we considered a number of different metrics used by investors and other users of the financial statements. We consider that analysts are focused on the speed at which underlying operations and revenue are returning to normal. Setting materiality when the businesses of the Group have been impacted by COVID-19 requires greater auditor judgment. We continue to believe that a materiality based on profit before tax is appropriate given the nature of the Group, but 2020 results have been distorted as a result of the response of various governments to the pandemic. We have further considered the appropriateness of this materiality by considering the equity of the Group, and on the basis that our materiality is 2.6% of equity we remain satisfied that our chosen basis is an appropriate measure of materiality. In selecting revenue as the basis of materiality, we have chosen 0.15% of revenues, which is below our normal materiality range of 0.5%-2%. This reflects the current year risks associated with COVID-19.

This approach is a change from the prior year (which was based on 5% of adjusted PBT).

We determined materiality for the parent company to be £1.6m (2019: £1.7m), which is 0.5% (2019: 0.5%) of total assets. The materiality determined for the standalone parent company financial statements exceeds the Group materiality as it is determined on a different basis given the nature of the operations. For the purposes of the audit of the Group financial statements, our procedures, including those on balances in the parent company, are undertaken with reference to the Group materiality and performance materiality set out in this report.

During the course of our audit, we reassessed initial materiality and there no was reason to change.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgment was that performance materiality was 75% (2019: 75%) of our planning materiality, namely £0.9m (2019: £1.1m). We have set performance materiality at this percentage due to the past history of misstatements, our ability to assess the likelihood of misstatements, the effectiveness of the internal control environment and other factors affecting the entity and its financial reporting.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £0.2m to £0.5m (2019: £0.2m to £0.8m).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £60,000 (2019: £70,000), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report, including the five year review and shareholder information set out on pages 201 to 216, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHN MENZIES PLC CONTINUED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in:

- the strategic report or the directors' report; or
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a Corporate Governance Statement has not been prepared by the Company.

Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group and Company's compliance with the provisions of the UK Corporate Governance Statement specified for our review.

Aside from the impact of the matters disclosed in the material uncertainties related to going concern section, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 33;
- Directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on page 34;
- Directors' statement on fair, balanced and understandable set out on page 75;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 40;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 36; and
- The section describing the work of the audit committee set out on page 95.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 130, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and parent 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 the Directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 (UK) 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 financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are those that relate to the reporting framework (IFRS, Companies Act 2006, the UK Corporate Governance Code and the Listing Rules of the UK Listing Authority) and the relevant tax compliance regulations in the jurisdictions in which the Group operates. In addition, we concluded that there are certain significant laws and regulations relation to health and safety, employee matters, environments and bribery and corruptions practices;
- We understood how the Group is complying with those frameworks by making enquiries of management, internal audit, those responsible for legal and compliance procedures and the Company Secretary. We corroborated our enquiries through our review of Board minutes, papers provided to the Audit Committee and correspondence received from regulatory bodies and noted that there was no contradictory evidence;
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by embedding forensic specialist into our Group team. Our forensic specialists worked with the Group engagement team to identify the fraud risks across the business. We enquired with management within various parts of the business to understand where they considered there was susceptibility to fraud. We also considered performance targets and their influence on efforts made by management to manage earnings or influence the perceptions of analysts. Where this risk was considered higher, we performed audit procedures to address the fraud risk; and
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures included a review of board minutes to identify any non-compliance with laws and regulations, a review of the reporting to the Audit Committee on compliance with regulations, enquiries of general counsel and management as well as utilisation of data analytical tools to review for potential non-compliance with laws and regulations with a focus on manual journals which have heightened risk by nature.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHN MENZIES PLC CONTINUED

Auditor's responsibilities for the audit of the financial statements continued

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud *continued*

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

- Following the recommendation from the audit committee, we were appointed by the company on 6 July 2019 to audit the financial statements for the year ending 31 December 2019 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is 12 years, covering the years ending 31 December 2009 to 31 December 2020.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent company and we remain independent of the group and the parent company in conducting the audit.
- The audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Kevin Weston
Senior Statutory Auditor
for and on behalf of Ernst & Young LLP, Statutory Auditor
Edinburgh
9 March 2021

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020 (YEAR ENDED 31 DECEMBER 2019)

	Notes	Before exceptional and other items £m	Exceptional and other items £m	**2020 £m**	Before exceptional and other items £m	Exceptional and other items £m	2019 £m
Continuing operations							
Revenue	2	**824.2**	**–**	**824.2**	1,325.6	–	1,325.6
Net operating costs	3	**(844.4)**	**(76.8)**	**(921.2)**	(1,280.7)	(11.3)	(1,292.0)
Operating (loss)/profit before joint ventures and associates		**(20.2)**	**(76.8)**	**(97.0)**	44.9	(11.3)	33.6
Share of post-tax results of joint ventures and associates	12	**1.7**	**(0.9)**	**0.8**	7.6	(1.6)	6.0
Operating (loss)/profit	2	**(18.5)**	**(77.7)**	**(96.2)**	52.5	(12.9)	39.6
Analysed as:							
Underlying operating (loss)/profit[i]		**(18.5)**	–	**(18.5)**	52.5	–	52.5
Exceptional items – transaction related and integration	5	**–**	**(2.4)**	**(2.4)**	–	5.1	5.1
Exceptional items – restructuring related	5	**–**	**(31.7)**	**(31.7)**	–	(10.2)	(10.2)
Exceptional items – asset impairment	5	**–**	**(17.8)**	**(17.8)**	–	(5.4)	(5.4)
Exceptional items – estimated credit loss	5	**–**	**(9.3)**	**(9.3)**	–	–	–
Exceptional items – insurance and other legal settlements	5	**–**	**(9.0)**	**(9.0)**	–	5.8	5.8
Acquired intangible asset amortisation	5	**–**	**(6.6)**	**(6.6)**	–	(6.6)	(6.6)
Share of joint ventures and associates interest		**–**	**–**	**–**	–	0.2	0.2
Share of joint ventures and associates tax		**–**	**(0.9)**	**(0.9)**	–	(1.8)	(1.8)
Operating (loss)/profit		**(18.5)**	**(77.7)**	**(96.2)**	52.5	(12.9)	39.6
Finance income	6	**0.2**	**–**	**0.2**	0.6	–	0.6
Finance charges excluding retirement benefit obligation interest	6	**(20.6)**	**(3.9)**	**(24.5)**	(22.3)	(0.2)	(22.5)
Retirement benefit obligation interest	22	**–**	**–**	**–**	(0.4)	–	(0.4)
(Loss)/profit before taxation		**(38.9)**	**(81.6)**	**(120.5)**	30.4	(13.1)	17.3
Taxation	7	**(14.2)**	**6.3**	**(7.9)**	(9.5)	1.2	(8.3)
(Loss)/profit for the year from continuing operations		**(53.1)**	**(75.3)**	**(128.4)**	20.9	(11.9)	9.0
Discontinued operations							
Profit for the year from discontinued operations	27	**–**	**–**	**–**	–	1.7	1.7
(Loss)/profit for the year		**(53.1)**	**(75.3)**	**(128.4)**	20.9	(10.2)	10.7
Attributable to equity shareholders		**(52.1)**	**(75.3)**	**(127.4)**	21.0	(10.2)	10.8
Attributable to non-controlling interests		**(1.0)**	**–**	**(1.0)**	(0.1)	–	(0.1)
		(53.1)	**(75.3)**	**(128.4)**	20.9	(10.2)	10.7
Earnings per ordinary share							
Continuing operations							
Basic	9	**(61.8)p**	**(89.3)p**	**(151.1)p**	24.9p	(14.1)p	10.8p
Diluted	9	**(61.8)p**	**(89.3)p**	**(151.1)p**	24.9p	(14.1)p	10.8p
Continuing and discontinued operations							
Basic	9	**(61.8)p**	**(89.3)p**	**(151.1)p**	24.9p	(12.1)p	12.8p
Diluted	9	**(61.8)p**	**(89.3)p**	**(151.1)p**	24.9p	(12.1)p	12.8p

Note:
(i) Underlying operating (loss)/profit adjusts for exceptional items, impairment charges associated with non-current assets, amortisation relating to acquired contract, customer relationship and brand intangibles and the Group's share of interest and tax on joint ventures and associates to provide an appreciation of the impact of those items on operating (loss)/profit.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020 (YEAR ENDED 31 DECEMBER 2019)

	Note	2020 £m	2019 £m
(Loss)/profit for the year		**(128.4)**	10.7
Items that will not be reclassified subsequently to profit or loss			
Actuarial (loss)/gain on defined benefit retirement obligation	22	**(3.8)**	2.0
Actuarial loss on unfunded retirement benefit obligation		**(0.3)**	(0.1)
Income tax effect on defined benefit retirement obligation		**-**	(0.4)
Loss on equity instrument at fair value through other comprehensive income		**-**	(2.0)
Items that may be reclassified subsequently to profit or loss			
Movement on cash flow hedges		**(2.1)**	(1.9)
Income tax effect on cash flow hedges		**0.4**	0.3
Movement on net investment hedges		**(1.2)**	0.7
Income tax effect on net investment hedges		**0.2**	(0.1)
Exchange gain/(loss) on translation of foreign currency net assets		**2.3**	(8.1)
Income tax effect of exchange loss on foreign currency net assets		**(0.2)**	–
Other comprehensive loss for the year		**(4.7)**	(9.6)
Total comprehensive (loss)/income for the year		**(133.1)**	1.1
Attributable to equity shareholders		**(132.1)**	1.2
Attributable to non-controlling interests		**(1.0)**	(0.1)
		(133.1)	1.1

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2020 (31 DECEMBER 2019)

	Notes	2020 £m	2019 £m
Assets			
Non-current assets			
Intangible assets	10	**167.1**	178.1
Property, plant and equipment	11	**236.5**	278.1
Investments in joint ventures and associates	12	**14.0**	16.2
Other investments	12	**0.1**	0.2
Deferred tax assets	13	**21.2**	23.7
		438.9	496.3
Current assets			
Inventories		**5.7**	5.8
Trade and other receivables	14	**185.1**	242.7
Current tax receivables		**1.8**	3.9
Derivative financial assets	16	**0.2**	0.8
Cash and cash equivalents	18	**209.1**	90.5
		401.9	343.7
Liabilities			
Current liabilities			
Borrowings	16	**(137.0)**	(91.6)
Derivative financial liabilities	16	**(0.8)**	(0.2)
Trade and other payables	15	**(233.7)**	(187.2)
Current tax liabilities		**(14.4)**	(12.4)
Provisions	21	**(45.0)**	(55.2)
		(430.9)	(346.6)
Net current liabilities		**(29.0)**	(2.9)
Total assets less current liabilities		**409.9**	493.4
Non-current liabilities			
Borrowings	16	**(425.0)**	(390.8)
Other payables	15	**(0.4)**	(0.5)
Derivative financial liabilities	16	**(2.4)**	(0.2)
Deferred tax liabilities	13	**(3.1)**	(3.1)
Provisions	21	**(17.3)**	(6.2)
Retirement benefit obligation	22	**(6.7)**	(5.3)
		(454.9)	(406.1)
Net (liabilities)/assets		**(45.0)**	87.3
Ordinary shares	23	**21.1**	21.1
Share premium account		**23.6**	23.5
Treasury shares		**(1.2)**	(1.2)
Other reserves		**(17.8)**	(17.2)
Merger relief reserve		**67.3**	67.3
Retained earnings		**(158.5)**	(27.7)
Capital redemption reserve		**21.6**	21.6
Total shareholders' equity		**(43.9)**	87.4
Non-controlling interest in equity		**(1.1)**	(0.1)
Equity		**(45.0)**	87.3

The accounts were approved by the Board of Directors on 9 March 2021 and signed on its behalf by:

Philipp Joeinig
Chairman and
Chief Executive Officer

Alvaro Gomez-Reino
Chief Financial Officer

Company No. SC34970

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2020 (31 DECEMBER 2019)

	Ordinary shares £m	Share premium account £m	Treasury shares £m	Translation and hedge reserves £m	Merger relief reserve £m	Retained earnings £m	Capital redemption reserve £m	Total shareholders' equity £m	Non-controlling equity £m	Equity £m
At 31 December 2019	21.1	23.5	(1.2)	(17.2)	67.3	(27.7)	21.6	87.4	(0.1)	87.3
Loss for the year	–	–	–	–	–	(127.4)	–	(127.4)	(1.0)	(128.4)
Other comprehensive loss	–	–	–	(0.6)	–	(4.1)	–	(4.7)	–	(4.7)
Total comprehensive loss	–	–	–	(0.6)	–	(131.5)	–	(132.1)	(1.0)	(133.1)
Share capital issued	–	0.1	–	–	–	–	–	0.1	–	0.1
Share-based payments	–	–	–	–	–	0.7	–	0.7	–	0.7
At 31 December 2020	**21.1**	**23.6**	**(1.2)**	**(17.8)**	**67.3**	**(158.5)**	**21.6**	**(43.9)**	**(1.1)**	**(45.0)**

	Ordinary shares £m	Share premium account £m	Treasury shares £m	Translation and hedge reserves £m	Merger relief reserve £m	Retained earnings £m	Capital redemption reserve £m	Total shareholders' equity £m	Non-controlling equity £m	Equity £m
At 31 December 2018	21.1	23.1	(2.6)	(8.1)	67.3	(17.2)	21.6	105.2	(3.9)	101.3
Impact of adoption of IFRS 16	–	–	–	–	–	(1.6)	–	(1.6)	–	(1.6)
Adjusted equity at 1 January 2019	21.1	23.1	(2.6)	(8.1)	67.3	(18.8)	21.6	103.6	(3.9)	99.7
Profit/(loss) for the year	–	–	–	–	–	10.8	–	10.8	(0.1)	10.7
Other comprehensive loss	–	–	–	(9.1)	–	(0.5)	–	(9.6)	–	(9.6)
Total comprehensive (loss)/income	–	–	–	(9.1)	–	10.3	–	1.2	(0.1)	1.1
Share capital issued	–	0.4	–	–	–	–	–	0.4	–	0.4
Share-based payments	–	–	–	–	–	0.8	–	0.8	–	0.8
Income tax effect of share-based payments	–	–	–	–	–	(0.3)	–	(0.3)	–	(0.3)
Subsidiaries acquired (Note 24)	–	–	–	–	–	–	–	–	2.2	2.2
Recapitalisation of subsidiary	–	–	–	–	–	–	–	–	0.5	0.5
Expiry of acquisition related options (Note 16)	–	–	–	–	–	–	–	–	1.6	1.6
Dividends paid (Note 8)	–	–	–	–	–	(17.3)	–	(17.3)	(0.4)	(17.7)
Repurchase of Company's shares	–	–	(1.0)	–	–	–	–	(1.0)	–	(1.0)
Disposal of Company's shares	–	–	2.4	–	–	(2.4)	–	–	–	–
At 31 December 2019	21.1	23.5	(1.2)	(17.2)	67.3	(27.7)	21.6	87.4	(0.1)	87.3

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020 (YEAR ENDED 31 DECEMBER 2019)

	Notes	**2020 £m**	2019 £m
Cash flows from operating activities			
Cash generated from operations	17	**113.7**	104.1
Interest received		**0.2**	0.6
Interest paid on lease liabilities		**(7.3)**	(7.6)
Other interest paid including arrangement fees		**(16.4)**	(13.5)
Tax paid		**(2.5)**	(11.8)
Net cash flow from operating activities		**87.7**	71.8
Cash flows from investing activities			
Acquisitions	24	**–**	(7.2)
Cash acquired with subsidiaries	24	**–**	0.4
Investment in joint ventures	12	**–**	(0.4)
Disposal of joint venture	12	**–**	2.6
Disposal of minority equity investment		**–**	3.0
Increased disposal consideration		**–**	1.8
Purchase of property, plant and equipment		**(24.2)**	(29.7)
Intangible asset additions		**(1.0)**	(5.3)
Proceeds from sale of property, plant and equipment		**4.5**	13.5
Dividends received from equity accounted investments		**2.1**	6.3
Net cash flow used in investing activities		**(18.6)**	(15.0)
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital		**0.1**	0.4
Purchase of Company's shares		**–**	(1.0)
Proceeds from borrowings		**46.6**	50.0
Repayment of borrowings excluding leases		**–**	(10.9)
Principal element of lease repayments		**(59.9)**	(57.1)
Dividends paid to non-controlling interests		**–**	(0.4)
Dividends paid to ordinary shareholders	8	**–**	(17.3)
Net cash flow used in financing activities		**(13.2)**	(36.3)
Increase in net cash and cash equivalents		**55.9**	20.5
Effects of exchange rate movements		**(6.0)**	(3.1)
Opening net cash and cash equivalents(i)		**71.9**	54.5
Closing net cash and cash equivalents(i)	18	**121.8**	71.9

Note:
(i) Net cash and cash equivalents comprise cash at bank and in hand and bank overdrafts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies

Basis of preparation

The consolidated financial statements, which have been prepared under the historical cost convention, in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with International Financial Reporting Standards (IFRS) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, incorporate the financial statements of the Company and its subsidiaries, joint ventures and associates from the effective date of acquisition or to the date of deemed disposal.

The Strategic report on pages 1 to 71 of this Annual Report and Accounts include information on the actions taken in response to the COVID-19 pandemic, the outlook for the Group and the Group's financial position and liquidity. Page 33-35 and 97 of this Annual Report and Accounts provide additional information on the Directors' assessment of the Group's ability to continue as a going concern, and of its longer term viability. Page 97 of this Annual Report and Accounts includes information on the Audit Committee's consideration of going concern, and the work and conclusions of the Audit Committee in respect of that.

Going concern

The UK Corporate Governance Code requires the Directors to state whether the Board considers it appropriate to adopt the going concern basis of accounting in preparing the financial statements, and to identify any material uncertainties to the Company's ability to continue as a going concern over a period of at least 12 months from the date of approval of the financial statements. In adopting the going concern basis for preparing these financial statements, the Board has considered the Group's business activities, together with factors likely to affect its future development, its performance and principal risks and uncertainties. The spread of COVID-19 has precipitated an unprecedented level of air travel restrictions being imposed by governments across the world. Although this has had a broadly positive impact on cargo handling and forwarding businesses, it has had a negative impact on flight volumes that drive the ground and fuelling services businesses.

After reviewing the current liquidity position, financial forecasts and stress testing of potential risks and based on the current funding facilities outlined, the Board has a reasonable expectation that the Company and Group has sufficient resources to continue in operational existence for the foreseeable future, which is for the period to 30 June 2022. The Group has a strong liquidity position. As a result, the Board continues to adopt the going concern basis of accounting in preparing the Company and Group financial statements. The financial statements for the year ended 31 December 2020 were approved by the Board on 9 March 2021. The period of management's going concern assessment is the period to 30 June 2022.

In the event of further severe downside risks beyond the Company's severe but plausible downside case, the Board has identified a material uncertainty arising as a result of the impact that international travel restrictions could have on the delayed recovery of the business that may risk a breach of the leverage and interest cover covenants at 30 June 2022. If such circumstance were to arise, the Company would take steps to further mitigate any risk arising and, if necessary, to seek to agree with its lenders, as it did following the outbreak of the pandemic, a further waiver of or variation to such covenants.

Going concern assessment

Travel restrictions imposed in response to the COVID-19 pandemic have had a significant impact on revenues generated from ground services and into-plane fuelling. In order to respond to the ongoing market uncertainty over the going concern period, significant management actions have been taken in response, including cost saving measures, the application for and the receipt of significant government support in several countries (including loans and grant monies received from the US government as part of the Coronavirus Aid, Relief, and Economic Security Act, JobKeeper Payment in Australia and Coronavirus Job Retention Scheme in the UK), tight cash management and the successfully agreed revised covenant structure with the Group's banks.

The structural changes to the cost base and the continuing expansion into emerging markets gives confidence that the Group will be in a better place to benefit from the recovery in passenger volumes. In addition, the balance of revenue streams that the Group has within its business model has given some protection against the level of decline in passenger related volumes experienced due to travel restrictions imposed on airlines in response to COVID-19.

This balance includes exposure to less impacted markets such as cargo handling, cargo forwarding and fuel farm management, a greater proportion of ground services and into-plane fuelling revenues being generated from less impacted domestic and regional travel rather than international travel, and the geographical spread as a result of operating in over 30 countries.

Assumptions and stress testing

The Board considered the liquidity position and forecast EBITDA in the Group's financial forecasts prepared to 30 June 2022, recognising the challenges around reliably estimating and forecasting the effects of COVID-19 particularly on the ground and fuel service businesses. The key areas of forecasting uncertainty include the extent and duration of border and travel restrictions in the countries in which the Group operates and the recovery in ground and fuel services aircraft turns.

In reaching its conclusion on the going concern assessment, the Board also considered the findings of the work performed to support the statement on the long term viability of the Company and the Group. As noted below, this included assessing forecasts of severe but plausible downside scenarios and further downside stress testing related to the Company's principal risks, notably the extent to which the recovery in the ground and fuel services businesses assumed in its base case forecasts is at risk.

The relevant forecast revenue assumptions as a percentage of the average pre-COVID-19 levels for the impacted ground and fuel services in the first half of 2021, second half of 2021 and for the first half of 2022 under the base case and a severe but plausible downside case are set out below.

	H1 2021	H2 2021	H1 2022
Base case	51%	62%	79%
Severe but plausible downside case	48%	54%	63%

These assumptions reflect the Company's view on the likely rate of recovery along with information from some of the Group's largest airline customers. The percentages have been benchmarked against various recovery scenarios prepared by external third parties including the European Organisation for the Safety of Air Navigation, the International Civil Aviation Organization and the International Air Transport Association.

The Group has taken actions in response to the impact of the ongoing travel restrictions to increase the resilience of the business, reflecting the restructure of the business that has taken place during 2020 and the revised cost base that has resulted in a leaner and more agile workforce. These overhead and labour cost savings are largely within the control of management and therefore the Board is confident they can be implemented. The controllable cost mitigating actions have been considered in the severe but plausible scenario.

In the Company's assumptions, government assistance has been assumed only for the period committed by the authorities in writing. However, the Board is hopeful that this support will continue, commensurate with the impact of travel restrictions and through the period during which such travel restrictions persist, as experienced in 2020 and the first quarter of 2021.

Liquidity and EBITDA headroom

The Group's main committed borrowing facilities comprised its fully drawn US$235m term loan and the £145m revolving credit facility, both available until their maturity dates of January 2025, and loans from the US government having a maturity date of 2030. The US dollar term loan has repayment instalments of US$10m that fell due in January 2021 and US$15m that is to fall due in each of January 2022, 2023 and 2024. As at 31 December 2020, the Group's available liquidity comprised of £20.0m of undrawn revolving credit facility and £121.8m of net cash balances across the Group.

The Group must comply with certain banking covenants measured quarterly. Until 31 March 2022, these relate to maintaining a minimum liquidity of £45m and exceeding predetermined minimum EBITDA levels. At 30 June 2022 the covenants revert to an interest cover exceeding three times and a net debt to EBITDA ratio as measured on a pre-IFRS 16 basis not exceeding three times, both as stipulated under the Group's banking facilities prior to the agreement of the revised covenant structure.

1. Significant Accounting Policies continued

Going concern continued

Liquidity and EBITDA headroom continued

Under both the base case scenario and the severe but plausible downside cases, the Group is forecast to have positive headroom against its two banking covenants for minimum liquidity and minimum EBITDA measured quarterly through to 31 March 2022, and against its original interest cover and leverage covenants in place and measured at 30 June 2022, the end of the going concern period.

A further downside stress test, beyond the severe but plausible downside case, considering the impact of continued international travel restrictions has been considered. Were impacted ground and fuel services businesses volumes in the first half of 2022 to be less than 54% of pre-COVID-19 levels, and the impacts were not to be adequately mitigated, there could be a leverage and interest cover breach at the 30 June 2022 measurement date. If such circumstance were to arise, the Company would take steps to further mitigate any risk arising and, if necessary, to seek to agree with its lenders, as it did following the outbreak of the pandemic, a further waiver of or variation to such covenants.

Going concern statement

After reviewing the current liquidity position, financial forecasts and stress testing of potential risks and based on the current funding facilities outlined, the Board has a reasonable expectation that the Company and the Group has sufficient resources to continue in operational existence for the foreseeable future, which is for the period to 30 June 2022. As a result, the Board continues to adopt the going concern basis of accounting in preparing the Company and Group financial statements.

In the event of further severe downside risks beyond the Company's and Group's severe but plausible downside case, the Board has identified a material uncertainty arising as a result of the impact that international travel restrictions could have on the delayed recovery of the business that risk a breach of the leverage and interest cover covenants at 30 June 2022 that may cast significant doubt upon the Company's ability to continue as a going concern. If such circumstance were to arise, the Company would seek to agree with its lenders, as it did following the outbreak of the pandemic, a further waiver of or variation to such covenants, in order to continue as a going concern. The financial statements do not include the adjustments that would result if the Company and the Group were unable to continue as a going concern.

New accounting standards and amendments

Five new accounting amendments are applicable for the first time in 2020. However, they have no material impact on the financial statements of the Group. These new standards are:

Amendment to IFRS 16 Leases – COVID-19-Related Rent Concessions – effective date 1 June 2020
Amendments to IFRS 3 Business Combinations – effective date 1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 17 – Rate Benchmark Reform – effective date 1 January 2020
Amendments to IAS 1 and IAS 8 – Definition of Material – effective date 1 January 2020
Amendments to References to the Conceptual Framework in IFRS Standards – effective date 1 January 2020

Standards and amendments to standards that have been issued that are applicable for the Group but are not effective for 2020 and have not been early adopted are:

IFRS 17 Insurance Contracts, including Amendments to IFRS 17[(i)] – effective date 1 January 2023
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current[(i)] – effective date 1 January 2023
Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; Annual Improvements 2018-2020[(i)] – effective date 1 January 2022
Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9 – effective date 1 January 2021
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies[(i)] – effective date 1 January 2023
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates[(i)] – effective date 1 January 2023

Note:
(i) IFRS 17 and other amendments and improvements set out above are not yet adopted for use in the European Union.

Basis of consolidation

The consolidated financial statements of the Group comprise the assets, liabilities and results of the Company and subsidiary undertakings in which the Company has a controlling interest using accounts drawn up to 31 December except where entities do not have coterminous year ends. In such cases the information is based on the accounting period of these entities and is adjusted for trading results and material changes up to 31 December.

Controlled interests

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 the Group has all of the following: 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; and 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 when the Group has less than a majority of the voting or similar rights of an investee, it considers the relevant facts and circumstances in assessing whether it has power over an investee, including: contractual arrangements with other vote holders of the investee, rights arising from other contractual arrangements, and the Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control outlined above. Consolidation of a subsidiary begins when the Group obtains initial 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 first obtains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income are attributed to the Company's equity holders and to the non-controlling interests, even if this results in the non-controlling interest having a deficit balance. When necessary adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated 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 the related assets including goodwill, liabilities, non-controlling interests and other components of equity are derecognised, while any resultant gain or loss is recognised in the Income Statement. Any investment retained is recognised at fair value.

Joint ventures and associates

A joint venture is an arrangement where two or more parties have joint control of the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

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 and joint ventures are accounted for using the equity method. The investments in an associate or a joint venture are initially recognised at cost. The carrying amount of investments are adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

1. Significant Accounting Policies continued

Basis of consolidation continued

Joint ventures and associates continued

The Income Statement reflects the Group's share of the results of operations of the associate or joint venture. Any change in Other Comprehensive Income of those investees is presented as part of the Consolidated Statement of Comprehensive Income. If there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes when applicable in the Statement of Changes in Equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the Income Statement outside operating profit and represents profit or loss after tax and non-controlling interests in the associate or joint venture.

At each reporting date the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within the share of the profit of an associate and joint venture in the Income Statement.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the Income Statement.

In India Menzies Aviation Bobba (Bangalore) Private Ltd is 49% owned and Menzies Macau Airport Services Ltd in China is 29% owned. They are treated as joint ventures in the consolidated financial statements as the parties to each of the ventures work together with equal powers to control the entities. Each venturer in the respective entity retains the power of veto, and overall key strategic, operational and financial decisions require the consent of all parties.

The financial statements of each associate or joint venture are prepared for the same reporting period as the Group. The Group's Indian joint venture has a statutory year end of 31 March. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Revenue recognition

Ramp, passenger, into-plane fuelling and other aviation related services income is recognised at the time the service is provided in accordance with the terms of the relevant contract. Air cargo services revenue is recognised at the point of departure for exports and at the point that the goods are ready for despatch for imports. Revenue excludes value added and sales taxes and charges collected on behalf of customers.

The timing of customer billing in relation to the satisfaction of performance obligations results in amounts being recorded in the Balance Sheet for accrued and deferred income. Individual billing arrangements vary by customer and contract. Accrued income is recognised on contracts for which performance obligations have been satisfied but have not yet been billed to customers at the Balance Sheet date. When the recovery of such amounts becomes unconditional, the customer is billed and the amounts are transferred to trade receivables. Deferred income is recognised in respect of payments received from customers in advance of the Group fulfilling its performance obligations under contracts.

Franchise and consortia fees represent revenue earned from periodic management fees for fuel farms and franchising arrangements, which are recognised in accordance with contractual rates over time.

Foreign currencies

Foreign currency assets and liabilities are translated at the rates of exchange ruling at the balance sheet date. The trading results of overseas subsidiaries, joint ventures and associates are translated at the average exchange rate ruling during the year, with the exchange difference between average rates and the rates ruling at the balance sheet date being taken to reserves.

Any differences arising on the translation of the opening net investment, including goodwill, in overseas subsidiaries, joint ventures and associates, and of applicable foreign currency loans, are dealt with as adjustments to reserves. All other exchange differences are dealt with in the Income Statement.

Government grants

Government grants are recognised in the Income Statement on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate. Unutilised income at the period end is recognised in deferred income on the Balance Sheet. Government grants are recognised when there is reasonable assurance that the grant will be received and all conditions attached to the grant will be complied with.

Exceptional items

Exceptional items are those material items which, by virtue of their size or incidence, are presented separately in the Income Statement to enable a full understanding of the Group's financial performance. Transactions that may give rise to exceptional items include asset write downs and impairments, restructuring of business activities in terms of rationalisation costs and onerous lease provisions, one off costs relating to reducing long term pension liabilities and insurance claim settlements, gains or losses on the disposal of businesses and significant assets, and acquisition transaction and other related costs including acquired intangible asset amortisation and changes in deferred consideration.

Intangible assets

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 the acquisition date fair value, and the amount of any non-controlling interest in the acquiree. Acquisition costs incurred are expensed and included in exceptional items.

Goodwill acquired is recognised as an asset and reviewed for impairment at least annually by assessing the recoverable amount of each cash generating unit to which the goodwill relates. When the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognised. Any impairment is recognised in the Income Statement. Goodwill arising on the acquisition of joint ventures and associates is included within the carrying value of the investment.

Contracts, customer relationships and brands

The fair value of intangible assets attributed to contracts, customer relationships and brands at the point of acquisition is determined by discounting the expected future cash flows to be generated from that asset at the relevant risk-adjusted weighted average cost of capital for the Group. Values are not attributed to internally generated customer relationships and brands.

Most contracts, customer relationships and brand assets are amortised on a straight line basis over ten years as this period is the minimum timeframe Management considers when assessing businesses for acquisition. Certain other intangible assets are amortised over the remaining life as appropriate.

Computer software

Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. Costs that are directly attributable to the production of identifiable software products controlled by the Group, and that are expected to generate economic benefits exceeding costs, are recognised as intangible assets. Computer software assets are amortised over their estimated useful lives, usually three to seven years.

Property, plant and equipment

Property, plant and equipment is stated at cost, including costs to acquire, less accumulated depreciation.
Depreciation is provided on a straight line basis at the following rates:
Freehold and long leasehold properties – over the shorter of the remaining lease term and 50 years.
Short leasehold properties – over the remaining lease term.
Plant and equipment – over the estimated life of the asset between three and 20 years.

1. Significant Accounting Policies continued

Leases

As lessee for leases after 1 January 2019 the Group measured right of use assets at cost comprising the amount of the initial measurement of the lease liability, any initial direct costs, and any lease payments made at or before the commencement date. Payments associated with short term leases and leases of low value assets are recognised on a straight line basis as an expense in the Income Statement. Short term leases are leases with a lease term of 12 months or less. Low value assets comprise computer equipment and small items of office furniture where the cash value when new is less than US$5,000. The non-lease proportion of the lease payments for one significant leasing vendor has been determined at 50%.

As lessor, the Group charges rental income under operating leases to the Income Statement on a straight line basis over the applicable lease periods.

Inventories

Inventories are goods for resale and consumables and are stated at the lower of purchase cost and net realisable value. The cost of jet fuel and de-icing fluids are determined on a weighted average basis. The cost of spares and other inventory is determined on a first-in, first-out basis.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Financial assets are classified at initial recognition and subsequently measured at amortised cost or fair value through Other Comprehensive Income. In order for a financial asset such as a debt instrument to be classified and measured at amortised cost it needs to give rise to cash flows that are solely payments of principal and where applicable interest on the principal amount outstanding. This assessment is performed at an instrument level. For the purposes of subsequent measurement, the Group measures financial assets at amortised cost if the financial asset is both held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are subject to impairment assessment and comprise trade receivables and accrued income as set out in Note 14. Where a provision is recognised the carrying value of the receivable is reduced with the amount of the loss recognised in the Income Statement.

Financial assets such as equity instruments and derivatives held for hedging purposes are measured through Other Comprehensive Income. Changes in the fair value of the effective portion of derivatives are recorded in equity and are only recognised in the Income Statement on disposal of the overseas net investment and any ineffective portion is also recognised in the Income Statement.

A financial asset is derecognised when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset to a third party. Further disclosures relating to impairment of financial assets are set out as follows: Note 14 includes disclosures relating to trade receivables including accrued income and Note 16 includes disclosures relating to instruments at fair value through Other Comprehensive Income.

The Group recognises an allowance for expected credit losses based on the difference between the contractual cash flows due in accordance with the contract and the cash flows that the Group expects to receive, discounted if material. For trade receivables and contract assets the Group has adopted the simplified approach in calculating expected credit losses. The Group recognises a loss allowance based on lifetime expected credit losses at each reporting date. Provisions are calculated based on the Group's historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment. Further information specific to credit risk management is set out in Note 14.

Financial liabilities

Financial liabilities are classified at initial recognition as borrowings, payables or derivatives designated as hedging instruments as an effective hedge. All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, borrowings including bank overdrafts, and derivative financial instruments.

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the Income Statement when the liabilities are derecognised. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs, with the charge included as finance costs in the Income Statement. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments and variable lease payments that are based on a specified index or rate. The lease payments are discounted using each lessee's incremental borrowing rate in the same geographic location if the interest rate implicit in the lease is not readily determinable. This rate is the interest rate the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value over a similar term and with similar security to the right of use asset in a similar economic environment.

Derivative financial instruments and hedging

For the purpose of hedge accounting, hedges are classified as either cash flow hedges when hedging the exposure to variability in cash flows or hedges of a net investment in a foreign operation.

Cash flow hedges comprise interest rate swaps and foreign exchange forward contracts that are used to hedge the risks arising from interest rates and the retranslation of foreign currency denominated items. Changes in the fair value of the effective portion of cash flow hedges are recorded in equity until such time as the forecast transaction occurs, at which time they are recognised in the Income Statement. If the transaction results in a non-financial asset or liability, amounts recycled from equity are included in the cost of the non-financial asset or liability. If the forecast transaction remains probable but ceases to be highly probable, from that point changes in fair value are recorded in the Income Statement within finance costs. Similarly if the forecast transaction ceases to be probable, the entire fair value recorded in equity and future changes in fair value are recognised in the Income Statement within finance costs.

Net investment hedges comprise derivatives that are designated as hedges of overseas net investments in foreign currency denominated entities. Changes in the fair value of the effective portion of net investment hedges are recorded in equity and are only recognised in the Income Statement on disposal of the overseas net investment.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. At inception the hedge relationship is designated and documented and the risk management objective and strategy for undertaking the hedge is noted. Derivative contracts entered into are expected to continue to be highly effective until they expire. The effectiveness of these contracts is monitored during the year.

Taxation

Current tax is the amount of tax payable or recoverable in respect of the taxable profit or loss for the period.

Deferred tax is provided in full, using the liability method, on temporary differences between the carrying amount of an asset or liability in the Balance Sheet and its tax base. Deferred tax arising from the initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, is not recognised. Deferred tax liabilities represent tax payable in future periods in respect of taxable temporary differences. Deferred tax assets represent tax recoverable in future periods in respect of deductible temporary differences, the carry forward of unused tax losses and the carry forward of unused tax credits.

1. Significant Accounting Policies continued

Taxation continued

Deferred tax is determined using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled. Deferred tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Current and deferred tax is recognised in the Income Statement except if it relates to an item recognised directly in equity or in other comprehensive income, in which case it is recognised directly in the Statement of Changes in Equity or in the Statement of Comprehensive Income as appropriate.

Provisions

Provisions are liabilities of uncertain timing and amount. Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Retirement benefit obligation

For the defined contribution pension schemes, the Income Statement charge represents contributions made. For the defined benefit pension scheme, the operating and financing costs of pensions are charged to the Income Statement in the period in which they arise and are recognised separately. The costs of past service benefit enhancements, settlements and curtailments are recognised in the period in which they arise. The difference between actual and expected returns on assets during the year, including changes in actuarial assumptions, is recognised in the Statement of Comprehensive Income. Pension charges are assessed in accordance with the advice of a qualified actuary.

Share capital

Ordinary shares are classed as equity. Where the Company purchases its own shares the consideration paid, including any directly attributable incremental costs, is deducted from the equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed.

Share-based payments

Equity settled share-based payments are measured at fair value at the date of grant and recognised as an expense over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest unless the options do not vest as a result of a failure to satisfy market conditions. Fair value is measured by use of a relevant pricing model.

Dividend distributions

Final ordinary dividends are recognised as liabilities in the period in which the dividends are approved by the Company's shareholders.

Assumptions, estimates and judgments

The preparation of the consolidated accounts requires Management to make assumptions, estimates and judgments that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates will, by definition, seldom equal the related actual results, particularly given changes in economic conditions and the level of uncertainty regarding their duration and severity.

Assumptions and estimates

Management has made a number of accounting assumptions and estimates which, if they transpire to be materially incorrect, have a risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the future. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The most important assumptions and estimates are set out below.

Fair value of intangible assets

On the acquisition of a business it is necessary to attribute fair values to any intangible assets acquired, provided they meet the criteria to be recognised. The fair values of these intangible assets are dependent on estimates of attributable future revenues, margins and cash flows, as well as appropriate discount rates. In addition, the allocation of useful lives to acquired intangible assets requires the application of judgment based on available information and Management expectations at the time of recognition. See Note 10 for further details.

Impairment of intangible assets and investments

Management performs an impairment review on any assets that show indications of impairment and annually on goodwill and intangibles that are deemed to have indefinite lives. Management's impairment review of goodwill involves exercising judgment about future cash flows and other events that are by their nature uncertain. Management has disclosed the pre-tax discount rates used when performing this review in Note 10. No impairments were identified in the current year.

Retirement benefit obligation

Management is responsible for making a number of financial and demographic assumptions in relation to the defined benefit pension scheme that has a direct impact on the pension deficit recognised within the financial statements. The assumptions underlying the calculation of the retirement benefit obligation are important and Management has determined the appropriate estimates based on independent actuarial advice. Changes in these assumptions could have a material impact on the measurement of the Group's retirement benefit obligation. See Note 22 for further details.

Judgments

The following are key judgments, apart from those involving estimations which are dealt with separately above, that Management has made in the process of applying the accounting policies and that have a significant effect on the amounts recognised within the financial statements.

Leases

Judgment is exercised in determining the non-lease component for one significant leasing vendor. Judgment is necessary in assessing the non-lease proportion of the lease payments and has been determined at 50% after reviewing a range of sample data provided by the lessor. See Note 20 for further details.

Provisions

Judgment is exercised in determining whether provisions are required in relation to workers' compensation claims and legal claims. Judgment is necessary in assessing the veracity, measurement and probability of the claims. Management has reviewed available external and internal information relating to these types of claims and has made appropriate provisions accordingly. Judgment is exercised in determining whether provisions are required in relation to insurance, warranties and claims. Management has reviewed available external and internal information relating to these items and has made appropriate provisions accordingly. See Note 21 for further details.

Income taxes

The Group is subject to income tax in a number of jurisdictions and judgment is required in determining the provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain. Provisions for tax are recognised by estimating the taxes that are likely to become due, based on Management's interpretation of country specific tax law and the likelihood of settlement. Management has used the services of a professional firm together with the expertise and historic experience of the Group's in-house tax team when assessing tax risks. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made. Management have considered the measurement of each uncertain tax position under the principles of IFRIC 23, applying either a most likely outcome or expected value approach based upon which method better predicts the resolution of each uncertainty.

1. Significant Accounting Policies continued

Assumptions, estimates and judgments continued

Judgments continued

Income taxes continued

A provision is held against a claim for a reduced rate of tax in an overseas territory based on the nature of its activities in that territory, which is subject to enquiry by the relevant tax authority. The potential benefit to the effective tax rate from that claim is not recognised until the agreement of the relevant tax authority is obtained and therefore an appropriate provision is held until that point. Other uncertain tax provisions are held for potential tax authority challenge of transfer pricing arrangements, deemed distributions of profits, the tax treatment of interest and foreign exchange differences on certain intercompany loans and for tax authority challenge against the interpretation of local tax legislation where the application of that legislation is unclear. Whilst there is a range of potential outcomes for these uncertain tax positions, based on management's experience of such issues, on conclusion of the open positions it is believed that a likely range of outcomes is an additional tax liability of up to £3.0m and a reduction in the tax liability of around £2.3m.

Deferred tax assets on tax losses carried forward have been recognised despite current year losses being incurred within Mexico of £1.4m, France of £0.5m and in the Czech Republic of £0.5m, as there is sufficient evidence in the form of projected future profitability to conclude that these losses will be recoverable in the foreseeable future. See Notes 7 and 13 for further details.

Non-GAAP measures

The Group's consolidated financial statements are prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with International Financial Reporting Standards (IFRS) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. In measuring our performance, the financial measures that are used include those that have been derived from the reported results in order to eliminate factors that distort period-on-period comparisons. These are considered non-GAAP financial measures. This information, along with comparable GAAP measurements, is useful to investors in providing a basis for measuring our operational performance. Management uses these financial measures, along with the most directly comparable GAAP financial measures, in evaluating performance and value creation. Non-GAAP measures should not be considered in isolation from, or as a substitute for, financial information in compliance with GAAP. Non-GAAP financial measures as reported by the Group may not be comparable with similarly titled amounts reported by other companies.

Contract, customer relationship and brand amortisation

As disclosed above, contract, customer relationship and brand amortisation relates to intangible assets recognised on historic acquisitions and since it is transaction related it is presented separately in order to provide an appreciation for underlying business performance.

Share of earnings from joint ventures and associates

As disclosed in the Income Statement, the Group's share of post-tax profit relating to joint ventures and associates is included within operating profit given the similarity of those operations to wholly owned businesses.

Underlying operating profit

As disclosed on the face of the Income Statement, underlying operating profit adjusts for non-recurring exceptional items, impairment charges associated with non-current assets, joint venture assets and other intangibles, contract, customer relationship and brand amortisation and the Group's share of joint ventures and associates interest and tax to provide an appreciation of the impact of those items on operating profit.

Underlying operating profit and the reconciliation to operating profit are set out on the face of the Income Statement.

Underlying profit before taxation

As disclosed on the face of the Income Statement, underlying profit before taxation is defined as underlying operating profit less net finance charges and before exceptional items as set out above in the underlying operating profit definition.

Underlying earnings per share

As disclosed on the face of the Income Statement, underlying earnings per share is defined as profit after taxation and non-controlling interest before intangible amortisation and impairment and exceptional items, divided by the weighted average number of ordinary shares in issue. The calculation of underlying earnings per share is set out in Note 9.

Free cash flow

Free cash flow is defined as the cash generated after net capital expenditure, interest and taxation, before special pension contributions, acquisitions, disposals, exceptional items, cash raised, capitalised lease repayments, ordinary dividends and net spend on shares.

	2020 £m	2019 £m
Cash generated from operations	**113.7**	104.1
Adjusted for:		
Net interest paid	**(23.5)**	(20.5)
Exceptional interest paid	**2.8**	–
Tax paid	**(2.5)**	(11.8)
Dividends received from equity accounted investments	**2.1**	6.3
Purchase of property, plant and equipment	**(24.2)**	(29.7)
Intangible asset additions	**(1.0)**	(5.3)
Proceeds from sale of property, plant and equipment	**4.5**	13.5
Additional retirement benefit obligation contribution	**3.7**	12.1
Exceptional cash spend(i)	**30.1**	12.4
Free cash flow	**105.7**	81.1

Note:
(i) Current year exceptional spend relates mainly to redundancy and workforce restructuring costs as set out in Note 5.

Underlying operating cash flow

Underlying operating cash flow is free cash flow before net capital expenditure, net interest paid and taxation.

	2020 £m	2019 £m
Free cash flow as set out above	**105.7**	81.1
Adjusted for:		
Purchase of property, plant and equipment	**24.2**	29.7
Intangible asset additions	**1.0**	5.3
Proceeds from sale of property, plant and equipment	**(4.5)**	(13.5)
Net interest paid excluding exceptional interest	**20.7**	20.5
Tax paid	**2.5**	11.8
Underlying operating cash flow	**149.6**	134.9

2. Segment Information

The Group provides ground and air cargo services as well as into-plane fuelling and fuel farm management services across the world. Cargo forwarding services are separately disclosed, as they are distinct from the other types of aviation related services provided and are provided globally.

The Board assesses the performance of the operating segments based on underlying operating profit/(loss). These results are before exceptional items, intangible amortisation and share of interest and tax on joint ventures and associates. Transfer prices between segments are set on an arm's length basis.

2. Segment Information continued

Business segments

Segmental revenue and the reconciliation of segmental underlying operating (loss)/profit to (loss)/profit before tax for the period is set out below.

	Note	Americas £m	EMEA £m	Rest of World £m	Cargo Forwarding £m	Group £m
2020						
Revenue		**290.9**	**269.5**	**91.8**	**172.0**	**824.2**
Underlying operating profit/(loss)(i),(ii)		**16.7**	**(51.3)**	**8.8**	**7.3**	**(18.5)**
Exceptional items – transaction related	5					**(2.4)**
Exceptional items – restructuring related	5					**(31.7)**
Exceptional items – asset impairment	5					**(17.8)**
Exceptional items – estimated credit loss	5					**(9.3)**
Exceptional items – insurance	5					**(9.0)**
Acquired intangible asset amortisation	5					**(6.6)**
Share of tax on joint ventures and associates						**(0.9)**
Operating loss						**(96.2)**
Net finance expense						**(24.3)**
Loss before taxation						**(120.5)**

	Note	Americas £m	EMEA £m	Rest of World £m	Cargo Forwarding £m	Group £m
2019						
Revenue		464.3	552.5	161.3	147.5	1,325.6
Underlying operating profit(i),(ii)		20.9	13.4	12.2	6.0	52.5
Exceptional transaction related and integration	5					5.1
Exceptional legal settlements and other	5					5.8
Exceptional restructuring and pension related items	5					(15.6)
Acquired intangible asset amortisation	5					(6.6)
Share of interest on joint ventures and associates						0.2
Share of tax on joint ventures and associates						(1.8)
Operating profit						39.6
Net finance expense						(22.3)
Profit before taxation						17.3

Notes:
(i) Underlying operating (loss)/profit is defined as operating (loss)/profit excluding intangible amortisation as shown in Note 5 and exceptional items but including the pre-tax share of results from joint ventures and associates.
(ii) Included within underlying operating (loss)/profit are the Group's share of profit/(loss) of joint ventures and associates in EMEA £2.3m and Rest of World £(0.6)m (2019: EMEA £2.9m and Rest of World £4.7m).

The information reported to the Chairman and Chief Executive Officer in his capacity as chief operating decision maker does not include an analysis of assets and liabilities by segment and accordingly no such information is presented.

	Capital expenditure		Depreciation(i)		Amortisation	
	2020 £m	2019 £m	**2020 £m**	2019 £m	**2020 £m**	2019 £m
Americas	**9.0**	21.3	**36.1**	36.6	**4.6**	4.5
EMEA	**18.5**	8.2	**36.1**	33.9	**2.3**	2.2
Rest of World	**2.2**	3.3	**10.3**	10.7	**1.3**	1.2
Cargo Forwarding	**0.7**	1.4	**3.9**	3.5	**0.5**	0.3
	30.4	34.2	**86.4**	84.7	**8.7**	8.2

Note:
(i) Includes £63.1m of depreciation relating to IFRS 16 right of use assets (2019: £62.0m).

Geographic information

	Revenue		Non-current assets(i)	
	2020 £m	2019 £m	**2020 £m**	2019 £m
USA	**265.4**	372.1	**153.0**	192.3
UK	**172.4**	287.6	**91.7**	96.5
Australia	**102.9**	161.2	**40.0**	44.1
Others	**283.5**	504.7	**133.0**	139.7
	824.2	1,325.6	**417.7**	472.6

Note:
(i) Non-current assets exclude deferred tax assets and derivative financial assets.

Revenue by performance obligation

	2020 £m	2019 £m
At the point of service	**800.0**	1,298.2
Franchise and consortia fees	**24.2**	27.4
	824.2	1,325.6

Revenue is earned at the point of service in each segment of the business. Franchise and consortia fees are earned in Americas and EMEA.

The business provides customers with a comprehensive handling service whilst aircraft are on the ground, encompassing a variety of critical support services including baggage handling, cleaning, fuelling, de-icing and towing. The level of service required can vary according to conditions therefore judgment is exercised in determining the distinct performance obligations under the contract. Performance obligations under ground services, fuelling services and air cargo services contracts constitute a package of services provided together within a single aircraft turnaround. The interrelated activities are considered to be integrated in providing a single turnaround to customers. Revenue on these contracts is recognised according to the actual work carried out, typically governed by a schedule of agreed rates, at the time the service is provided.

Within air cargo services the business also undertakes cargo forwarding services where contracts with customers to fulfil the single performance obligation to facilitate the transportation of goods from one location to another. The business directs the performance of this obligation, selecting carriers to use. Revenue is recognised at the point of delivery as this is the point at which the revenue is significantly assured.

Franchise and consortia fees represent revenue earned from periodic management fees for fuel farms and franchising arrangements, which are recognised in accordance with contractual rates over time.

3. Net Operating Costs

	Notes	2020 £m	2019 £m
Goods for resale and other direct operating costs		**143.6**	148.7
Consumable supplies		**24.9**	24.4
Inventory written off		**–**	0.5
Employment costs	4	**419.9**	813.6
Lease costs relating to non-lease component and short term leases of plant and equipment		**18.0**	24.4
Lease costs relating to short term property leases		**10.2**	13.4
Depreciation	11	**86.4**	84.7
Loss/(gain) on disposal of property, plant and equipment		**0.1**	(1.7)
Exceptional items	5	**70.2**	4.7
Intangible assets amortisation	10	**8.7**	8.2
Other operating charges		**139.2**	171.1
		921.2	1,292.0

The Group obtained services from the Group's auditor at costs as provided below.

	2020 £m	2019 £m
Audit of the Company and consolidated accounts	**0.3**	0.3
Audit of the Company's subsidiaries pursuant to legislation	**0.9**	1.0
Transaction advisory services	**–**	1.0

4. Employee Costs

	2020 £m	2019 £m
Wages and salaries	**500.1**	727.4
Government payroll subsidies(i)	**(139.2)**	–
Share-based payments	**0.7**	0.8
Social security costs	**42.3**	62.6
	403.9	790.8
Pension charge	**16.0**	22.8
	419.9	813.6

Note:
(i) The Group benefits from various COVID-19 related government grants and assistance programmes in many countries around the world, most notably the Coronavirus Aid, Relief, and Economic Security (CARES) Act in the USA, and the Coronavirus Job Retention Scheme (CJRS) in the UK.

During 2020, the Group received US$118.4m of governmental funding under the CARES Act. This comprised US$82.8m of grant funding to support the payroll of the US business and US$35.6m as a loan note as set out in Note 16. The purpose of the grant income is to support the business through the period when aviation activity has been most adversely impacted by the pandemic. As there in no specific period over which the grant funding is to be utilised Management has applied judgment in determining the appropriate systematic basis to recognise the grant income for the Group. Grant income is released from when monies are received over the period in which in-country revenue is expected to be impacted by travel restrictions in response to COVID-19. The release is based on the expected revenue level compared to 2019 revenue and applied to expected payroll over the anticipated recovery timeline at date of receipt. The unutilised grant funding at 31 December 2020 is included in Trade and Other Payables on the Balance Sheet and disclosed separately in Note 17 Cash Generated from Operations. The Group has complied with the grant agreement and applicable US law in the year. As set out in Note 28 Events After The Reporting Period, after the reporting period a further US$49.3m was received in February 2021 comprising US$35.9m grant funding and a US$13.4m loan note.

Under the CJRS scheme, grant income is claimed in respect of certain costs to the Group of furloughed employees. The grant income recognised of £46.5m reflects the costs incurred in the UK in the year ended 31 December 2020 that are eligible to be included in claims to the extent Management considers there to be reasonable certainty that the grant will be received.

The average number of people employed during the year is provided below.

	2020	2019
USA	**6,585**	8,608
UK	**5,556**	6,638
Australia	**2,131**	2,225
Others	**12,617**	14,917
	26,889	32,388

Retirement benefit obligation charge

Certain subsidiaries participate in a number of pension schemes which are of a defined contribution nature and some of which operate overseas. The Income Statement charge for defined contribution schemes represents the contributions payable. A defined benefit scheme is operated in the UK as set out in Note 22.

The retirement benefit obligation charge to underlying operating profit is provided below.

	2020 £m	2019 £m
Defined contribution schemes	**14.7**	21.8
Defined benefit scheme	**1.3**	1.0
	16.0	22.8

5. Exceptional and Other Items

Exceptional items included in operating profit

	2020 £m	2019 £m
Acquisition and transaction related costs(i)	**(2.4)**	(3.9)
Acquisition integration costs(ii)	**–**	(3.3)
Acquisition claims settlement(iii)	**–**	12.3
Restructuring and pension de-risking costs(iv)	**(31.7)**	(10.2)
Asset impairments(v)	**(17.8)**	(5.4)
Estimated credit loss(vi)	**(9.3)**	–
Insurance and other legal settlements(vii)	**(9.0)**	5.8
	(70.2)	(4.7)

Notes:
(i) Acquisition and transaction related costs comprise £2.4m of joint venture set up costs. In the prior year, acquisition and transaction related costs comprised £2.9m of costs in relation to aborted potential transactions, £0.9m of joint venture set up costs and £0.1m of other related costs.
(ii) In the prior year, acquisition integration costs related to the integration of the Airline Services business in the UK.
(iii) In the prior year, a net credit acquisition claims settlement of £12.3m was recognised.
(iv) Restructuring costs include £23.1m of redundancy and workforce restructure costs, £4.7m for professional adviser fees related to the renegotiation of covenants of the Group's banking facilities and £3.9m in station closure costs all in response to the need to resize the business following the result of the governmental responses to the COVID-19 pandemic. In the prior year, restructuring costs comprised £8.0m of redundancy payments and £1.3m of station closure costs. Professional fees of £0.9m were also incurred to complete a programme to derisk the UK defined benefit pension scheme.
(v) Asset impairments include £8.0m of owned equipment assets and £9.8m of leased property and equipment assets following a review of post-COVID-19 asset utilisation. In the prior year £5.4m of asset write-downs and refurbishments related to an asset optimisation programme were recognised.
(vi) Estimated credit losses of £9.3m were incurred as a result of certain airlines facing financial difficulties due to flight restrictions in response to COVID-19.
(vii) Insurance and other legal settlement costs of £9.0m relate to unanticipated reimbursement of costs to the insurers in respect of an incident that occurred in 2017. No further reimbursement to the insurer is anticipated. In the prior year, other legal settlements resulted in a net credit of £5.8m.

Exceptional items included in finance charges

	2020 £m	2019 £m
Impact of renegotiated banking facilities(i)	**(3.9)**	–

Note:
(i) The Group's bank facilities were revised during the year resulting in a fair value charge of £3.9m.

5. Exceptional and Other Items continued

Acquired intangible assets amortisation included in operating profit

Acquired intangible asset amortisation costs incurred were £6.6m (2019: £6.6m). The amortisation relates to contract, customer relationship and brand assets recognised on the acquisition of businesses.

Tax effect of exceptional items

The taxation effect of the exceptional items is a net credit of £5.1m (2019: net charge of £1.4m) due to tax deductible costs incurred during the year, offset in part by deferred tax credits not taken on tax deductions available for a proportion of the exceptional costs arising during the year, following a reassessment of the profitability of the UK business.

6. Net Finance Costs

	2020 £m	2019 £m
Finance income		
Bank deposits	0.2	0.6
Finance charges		
Bank loans and overdrafts	(12.7)	(13.0)
Option to protect the year end debt value	-	(1.6)
Lease liabilities	(7.3)	(7.6)
Government loans	(0.5)	–
Preference dividends	(0.1)	(0.1)
	(20.6)	(22.3)
	(20.4)	(21.7)

7. Taxation

Tax charge in the Income Statement

	2020 £m	2019 £m
Current tax		
UK corporation tax on (loss)/profit for the year	0.1	(0.4)
Overseas tax	5.6	11.6
Adjustments to prior years' liabilities	0.5	(0.7)
	6.2	10.5
Deferred tax		
Origination and reversal of temporary differences	2.9	(2.5)
Adjustments to prior years' liabilities	(0.3)	(1.5)
	2.6	(4.0)
Retirement benefit obligation	(0.9)	1.8
	1.7	(2.2)
Tax on (loss)/profit	7.9	8.3

Tax related to items charged/(credited) outside the Income Statement

	2020 £m	2019 £m
Deferred tax on actuarial gain on retirement benefit obligation	-	0.4
Deferred tax on share-based payments	-	0.3
Current tax on net exchange adjustments	-	(0.1)
Deferred tax on net exchange adjustments	0.5	(0.1)
IFRS 16 transition adjustment	-	(0.3)
	0.5	0.2

Effective tax rate

The reconciliation between tax charge and the product of accounting profit multiplied by the Group's domestic tax rate is provided below.

	2020 £m	2019 £m
(Loss)/profit before tax	(120.5)	17.3
(Loss)/profit before tax multiplied by standard rate of UK corporation tax of 19% (2019: 19%)	(22.9)	3.3
Income not taxable and non-deductible expenses including intangible amortisation	2.7	2.2
Impact of changes in tax rates	(1.3)	0.1
Profits covered by brought forward tax losses	(6.2)	(0.2)
Unrelieved overseas losses	6.8	(0.2)
Deferred tax asset recognised on overseas losses carried forward	(0.7)	(2.5)
Deferred tax asset not recognised on losses and other temporary differences	15.5	1.8
Deferred tax asset written off	10.2	4.1
Exceptional deferred tax asset not recognised on losses and temporary differences	2.1	(1.0)
(Lower)/higher tax rates on overseas earnings	(0.4)	2.8
Share of joint venture and associate post-tax result included in (loss)/profit before tax	(0.7)	(1.5)
Adjustments to prior years' liabilities	0.2	(2.2)
Corporation tax provision movement	2.6	1.6
	7.9	8.3

The effective tax rate of -6.6% (2019: 48%) was driven mainly by the trading activities of the Group and the significant loss incurred in the year, as the effective tax rate was negatively impacted by deferred tax assets written off and deferred tax credits in the year not recognised as a result. As trading profits return to a more normal level in the future, we would expect the effective tax rate to move towards a more stable rate, comparable with previous years.

The main rate of UK corporation tax remains at 19%. However on 3 March 2021 it was announced that the UK corporation tax rate will increase from 19% to 25% on 1 April 2023.

7. Taxation continued

Factors that may affect future tax charges

The Group has tax losses carried forward that arose in subsidiary companies operating in the undernoted jurisdictions and are available for offset against future profits of those subsidiaries. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries where it is not probable that future taxable profits will be available against which such assets could be utilised. The losses carried forward are set out below.

	Expiry	2020 £m	2019 £m
Colombia	Carry forward for up to 12 years	**1.3**	0.4
Denmark	Carry forward indefinitely	**5.7**	–
Germany	Carry forward indefinitely	**12.6**	10.9
Hungary	Carry forward for 5 years	**2.1**	–
Indonesia	Carry forward for 5 years	**0.2**	0.1
Ireland	Carry forward indefinitely	**1.6**	0.6
Namibia	Carry forward indefinitely	**0.4**	0.3
Norway	Carry forward indefinitely	**23.6**	18.3
St Maarten	Carry forward for up to 10 years	**2.2**	–
South Africa	Carry forward indefinitely	**18.6**	16.0
Spain	Carry forward indefinitely	**4.8**	–
Sweden	Carry forward indefinitely	**4.2**	–
Thailand	Carry forward for 5 years	**1.4**	2.5
The Netherlands	Carry forward for 4 years	**6.5**	0.4
UK	Carry forward indefinitely	**127.5**	36.0
USA	Carry forward for up to 20 years/indefinitely	**–**	41.2

The UK also has deferred tax assets not recognised on other temporary differences of £27.8m (2019: £Nil), including temporary differences arising on property, plant and equipment, share-based payments, retirement benefit obligations, accruals and provisions.

8. Dividends

Dividends paid on ordinary shares	2020 £m	2019 £m
Interim paid in respect of 2019, 6.0p per share	**–**	5.1
Final paid in respect of 2018, 14.5p per share	**–**	12.2
	–	17.3

Given the impact of flight restrictions in response to the COVID-19 pandemic on the operations of the Group in 2020 and the ongoing uncertainty of the extent of the impact on the aviation industry, the Board believes it prudent and in the best interests of shareholders to suspend the dividend for the time being. The Board is therefore not recommending a final dividend payment for the year.

9. Earnings Per Share

	Basic		Underlying[i]	
	2020 £m	2019 £m	**2020 £m**	2019 £m
(Loss)/profit for the year after tax as set out in the Income Statement	**(128.4)**	10.7	**(53.1)**	20.9
Adjustment to exclude result relating to non-controlling interests	**1.0**	0.1	**1.0**	0.1
(Loss)/earnings for the year attributable to equity shareholders	**(127.4)**	10.8	**(52.1)**	21.0
Basic earnings per ordinary share				
(Loss)/earnings per ordinary share	**(151.1)p**	12.8p		
Diluted (loss)/earnings per ordinary share	**(151.1)p**	12.8p		
Underlying earnings per ordinary share[i]				
(Loss)/earnings per ordinary share			**(61.8)p**	24.9p
Diluted (loss)/earnings per ordinary share			**(61.8)p**	24.9p
Number of ordinary shares in issue				
Weighted average (million)	**84.3**	84.2		
Diluted weighted average (million)	**84.3**	84.2		
Continuing operations				
(Loss)/profit for the year after tax as set out in the Income Statement	**(128.4)**	10.7	**(53.1)**	20.9
Adjustment to exclude result from discontinued operations	**–**	(1.7)	**–**	–
Adjustment to exclude result relating to non-controlling interests	**1.0**	0.1	**1.0**	0.1
(Loss)/earnings for the year attributable to equity shareholders	**(127.4)**	9.1	**(52.1)**	21.0
Basic earnings per ordinary share				
(Loss)/earnings per ordinary share	**(151.1)p**	10.8p		
Diluted (loss)/earnings per ordinary share	**(151.1)p**	10.8p		
Underlying earnings per ordinary share[i]				
(Loss)/earnings per ordinary share			**(61.8)p**	24.9p
Diluted (loss)/earnings per ordinary share			**(61.8)p**	24.9p
Discontinued operations				
(Loss)/profit for the year after tax as set out in the Income Statement	**(128.4)**	10.7	**(53.1)**	20.9
Adjustment to exclude result from continuing operations	**128.4**	(9.0)	**53.1**	(20.9)
Earnings for the year attributable to equity shareholders	**–**	1.7	**–**	–
Basic earnings per ordinary share				
Earnings per ordinary share	**–**	2.0p		
Diluted earnings per ordinary share	**–**	2.0p		
Underlying earnings per ordinary share[i]				
Earnings per ordinary share			**–**	–
Diluted earnings per ordinary share			**–**	–

Note:
(i) Underlying earnings is presented as an additional performance measure and is stated before exceptional items.

9. Earnings Per Share continued

The weighted average number of fully paid shares in issue during the year excludes those held by the employee share trusts. The diluted weighted average is calculated by adjusting for all outstanding share options that are potentially dilutive (i.e. where the exercise price is less than the average market price of the shares during the year). There was no impact of these share options on the diluted weighted average number of shares (2019: Nil) and there was no anti-dilutive impact on basic or underlying EPS in the year.

10. Intangible Assets

	Goodwill £m	Contracts, customer relationships and brands £m	Computer software £m	Total £m
Cost				
At 31 December 2019	153.6	108.8	19.2	281.6
Additions	–	–	1.0	1.0
Currency translation	(2.4)	0.4	–	(2.0)
At 31 December 2020	**151.2**	**109.2**	**20.2**	**280.6**
Amortisation and impairment				
At 31 December 2019	23.4	68.4	11.7	103.5
Amortisation charge	–	6.6	2.1	8.7
Impairment(i)	–	–	1.1	1.1
Currency translation	(0.9)	1.1	–	0.2
At 31 December 2020	**22.5**	**76.1**	**14.9**	**113.5**
Net book value				
At 31 December 2020	**128.7**	**33.1**	**5.3**	**167.1**
At 31 December 2019	130.2	40.4	7.5	178.1

Note:
(i) Computer software assets of £1.1m were impaired following a review of post-COVID-19 asset utilisation. Along with other impairments, this amount is included in the £8.0m exceptional charge set out in Note 5.

	Goodwill £m	Contracts, customer relationships and brands £m	Computer software £m	Total £m
Cost				
At 31 December 2018	136.8	103.8	14.6	255.2
Subsidiaries acquired (Note 24)	20.5	6.2	–	26.7
Additions	–	–	5.3	5.3
Disposals	–	–	(0.7)	(0.7)
Currency translation	(3.7)	(1.2)	–	(4.9)
At 31 December 2019	153.6	108.8	19.2	281.6
Amortisation and impairment				
At 31 December 2018	24.4	61.5	10.1	96.0
Amortisation charge	–	6.6	1.6	8.2
Currency translation	(1.0)	0.3	–	(0.7)
At 31 December 2019	23.4	68.4	11.7	103.5
Net book value				
At 31 December 2019	130.2	40.4	7.5	178.1
At 31 December 2018	112.4	42.3	4.5	159.2

Goodwill acquired through business combinations has been allocated at acquisition to cash generating units (CGUs) that are expected to benefit from the business combination. The carrying amount of the goodwill has been allocated to the operating units as provided below.

		2020		2019	
		Pre-tax discount rate used in impairment review	Goodwill £m	Pre-tax discount rate used in impairment review	Goodwill £m
Americas	Ground services	**10%**	**55.0**	10%	55.6
	Cargo services	**9%**	**9.9**	9%	9.5
EMEA	Ground handling	**11%**	**45.1**	12%	45.1
	Cargo services	**11%**	**2.8**	10%	2.8
Rest of World		**11%**	**7.4**	9%	8.3
Cargo Forwarding		**11%**	**8.5**	11%	8.9
			128.7		130.2

The Group tests goodwill annually for impairment or more frequently if there are indications that these might be impaired. The basis of these impairment tests including key assumptions are set out below.

The recoverable amounts of the CGUs are determined from value in use calculations. These calculations use future cash flow projections based on financial forecasts approved by Management. The key assumptions for these forecasts are those regarding revenue growth, net margin, capital expenditure and the level of working capital required to support trading, which Management estimates based on past experience and expectations of future changes in the market.

The value in use calculations use a post-tax discount rate assumption in a range from 7% to 8% (2019: 7% to 8%) based on the Group's weighted average post-tax cost of capital and having considered the uncertainty risk attributable to individual CGUs. The equivalent pre-tax discount rate is a range from 9% to 11% (2019: 9% to 12%) as shown in the table above. The pre-tax rate has been applied to pre-tax cash flows.

Value in use calculations are based on Board approved budgets and outlooks extrapolated out for five years. Growth rates in the cash flows beyond three years have been assumed to be Nil% (2019: Nil%). Net margin assumptions are based on historic experience. Base case forecasts show significant headroom above carrying value for each CGU. Sensitivity analysis has been undertaken for each CGU to assess the impact of any reasonably possible change in key assumptions. For all significant CGUs there are no reasonably possible changes that would cause the carrying values to exceed recoverable amounts.

11. Property, Plant and Equipment

	Owned freehold property £m	Leasehold property improvements £m	Right of use asset property £m	Right of use asset subleased as lessor £m	Owned plant and equipment £m	Right of use asset plant and equipment £m	Total £m
Cost							
At 31 December 2019	5.8	51.5	109.4	0.8	234.1	115.5	517.1
Additions	0.1	2.2	–	–	27.1	–	29.4
Right of use assets recognised	–	–	44.6	–	–	6.0	50.6
Disposals	–	(1.4)	(19.8)	–	(29.2)	(46.8)	(97.2)
Currency translation	0.4	0.3	1.1	–	(0.4)	0.7	2.1
At 31 December 2020	**6.3**	**52.6**	**135.3**	**0.8**	**231.6**	**75.4**	**502.0**
Depreciation							
At 31 December 2019	4.3	34.5	30.5	0.2	138.6	30.9	239.0
Charge for the year	0.1	2.7	37.4	–	20.5	25.7	86.4
Disposals	–	(1.1)	(17.2)	–	(24.3)	(23.8)	(66.4)
Impairment(i)	–	–	–	–	6.3	–	6.3
Currency translation	–	0.4	0.2	–	(0.4)	–	0.2
At 31 December 2020	**4.4**	**36.5**	**50.9**	**0.2**	**140.7**	**32.8**	**265.5**
Net book value							
At 31 December 2020	**1.9**	**16.1**	**84.4**	**0.6**	**90.9**	**42.6**	**236.5**
At 31 December 2019	1.5	17.0	78.9	0.6	95.5	84.6	278.1

	Owned freehold property £m	Leasehold property improvements £m	Right of use asset property £m	Right of use asset subleased as lessor £m	Owned plant and equipment £m	Right of use asset plant and equipment £m	Total £m
Cost							
At 31 December 2018	11.8	51.8	–	–	218.1	–	281.7
Impact of adoption of IFRS 16	–	–	97.9	–	–	117.9	215.8
Adjusted balance at 1 January 2019	11.8	51.8	97.9	–	218.1	117.9	497.5
Acquisitions (Note 24)	–	0.1	–	–	4.2	2.7	7.0
Additions	0.3	1.3	–	–	27.3	–	28.9
Right of use assets recognised	–	–	15.2	0.8	–	4.5	20.5
Disposals	(6.1)	(0.4)	(0.8)	–	(9.2)	(6.6)	(23.1)
Currency translation	(0.2)	(1.3)	(2.9)	–	(6.3)	(3.0)	(13.7)
At 31 December 2019	5.8	51.5	109.4	0.8	234.1	115.5	517.1
Depreciation							
At 31 December 2018	5.6	33.4	–	–	126.7	–	165.7
Impact of adoption of IFRS 16	–	–	0.6	–	–	–	0.6
Adjusted balance at 1 January 2019	5.6	33.4	0.6	–	126.7	–	166.3
Charge for the year	0.2	2.1	29.8	–	20.4	32.2	84.7
Disposals	(1.5)	(0.4)	(0.1)	–	(5.1)	(1.2)	(8.3)
Impairment	–	–	1.0	0.2	–	0.6	1.8
Currency translation	–	(0.6)	(0.8)	–	(3.4)	(0.7)	(5.5)
At 31 December 2019	4.3	34.5	30.5	0.2	138.6	30.9	239.0
Net book value							
At 31 December 2019	1.5	17.0	78.9	0.6	95.5	84.6	278.1
At 31 December 2018	6.2	18.4	–	–	91.4	–	116.0

12. Investments

The movement of the net book value of investments is set out below.

	Interest in joint ventures £m	Interest in associates £m	Other £m	Total £m
Net book value				
At 31 December 2019	16.1	0.1	0.2	16.4
Share of post-tax results	0.8	–	–	0.8
Dividends received during the year	(2.9)	–	–	(2.9)
Disposal	–	–	(0.1)	(0.1)
Currency translation	(0.2)	0.1	–	(0.1)
At 31 December 2020	**13.8**	**0.2**	**0.1**	**14.1**

	Interest in joint ventures £m	Interest in associates £m	Other £m	Total £m
Net book value				
At 31 December 2018	18.9	0.4	5.2	24.5
Share of post-tax results	6.0	–	–	6.0
Dividends received during the year	(5.5)	–	–	(5.5)
Additions	0.4	–	–	0.4
Revaluation	–	–	(2.0)	(2.0)
Disposal(i)	(2.7)	(0.6)	(3.0)	(6.3)
Currency translation	(1.0)	0.3	–	(0.7)
At 31 December 2019	16.1	0.1	0.2	16.4

Note:
(i) The principal disposals during the prior year relate to the closure of the Hyderabad ground handling operations and the disposal of the remaining 10% interest in the Distribution business. The Menzies Bobba Ground Handling Service Private Ltd business at Hyderabad was wound up and cash proceeds of £2.6m were received on 1 July 2019 resulting in an exceptional gain of £0.2m as set out in Note 5. The 10% equity investment of £5.0m in Endless Newco1 Ltd, the parent entity of the former Distribution business, was disposed on 13 September 2019 for £3.0m. Immediately prior to the disposal the investment was written down by £2.0m.

Material joint ventures

2020	Menzies Aviation Bobba (Bangalore) Private Ltd £m	Menzies Macau Airport Services Ltd £m
Country of incorporation	India	China
Statutory year end	31 March	31 December
Business activity	Cargo handling services in Bangalore	Ground handling and cargo handling in Macau
Interest held – ordinary shares	49%	29%
Interest held – preference shares	100%	–
Group's share of total comprehensive income	49%	29%
Group's share of net assets	67%	29%

12. Investments continued

2020	Menzies Aviation Bobba (Bangalore) Private Ltd £m	Menzies Macau Airport Services Ltd £m
Summarised Balance Sheet and reconciliation to carrying value		
Cash	5.6	3.6
Other current assets	1.9	2.3
Non-current assets	7.2	7.9
Current liabilities	(2.6)	(3.3)
Non-current liabilities	–	(0.5)
Net assets	12.1	10.0
Partners' share of net assets	(4.0)	(7.1)
Carrying amount of the investment	8.1	2.9
Summarised Income Statement		
Revenue	13.3	14.5
Depreciation and amortisation	(1.0)	(1.4)
Other operating costs	(7.2)	(16.2)
Exceptional items	–	(0.2)
Interest income	0.2	–
Income tax	(1.6)	–
Profit/(loss)	3.7	(3.3)
Comprehensive income/(loss) for the year	3.7	(3.3)
Group's share of total comprehensive income/(loss)	1.8	(1.0)
Carrying amount of investment		
At 31 December 2019	8.8	4.8
Group's share of total comprehensive income	1.8	(1.0)
Dividends received during the year	(2.0)	(0.9)
Currency translation	(0.5)	–
At 31 December 2020	**8.1**	**2.9**

2019	Menzies Bobba Ground Handling Services Private Ltd £m	Menzies Aviation Bobba (Bangalore) Private Ltd £m	Menzies Macau Airport Services Ltd £m
Interest held – ordinary shares	–	49%	29%
Interest held – preference shares	–	100%	–
Group's share of total comprehensive income	–	49%	29%
Group's share of net assets	–	65%	29%
Summarised Balance Sheet and reconciliation to carrying value			
Cash	4.2	5.0	8.8
Other current assets	1.0	1.8	7.7
Non-current assets	–	8.6	9.3
Current liabilities	(0.2)	(1.9)	(8.8)
Non-current liabilities	–	–	(0.5)
Net assets	5.0	13.5	16.5
Partners' share of net assets	(5.0)	(4.7)	(11.7)
Carrying amount of the investment	–	8.8	4.8

2019	Menzies Bobba Ground Handling Services Private Ltd £m	Menzies Aviation Bobba (Bangalore) Private Ltd £m	Menzies Macau Airport Services Ltd £m
Summarised Income Statement			
Revenue	1.1	15.0	51.9
Depreciation and amortisation	(0.3)	(1.1)	(1.4)
Other operating costs	(0.6)	(9.2)	(34.4)
Interest income	0.3	0.4	–
Income tax	(0.4)	(2.1)	(1.9)
Profit from continuing operations	0.1	3.0	14.2
Comprehensive income for the year	0.1	3.0	14.2
Group's share of total comprehensive income	0.1	1.5	4.1
Carrying amount of investment			
At 31 December 2018	2.5	10.1	3.7
Group's share of total comprehensive income	0.1	1.5	4.1
Dividends received during the year	(0.2)	(2.4)	(2.8)
Disposal	(2.3)	–	–
Currency translation	(0.1)	(0.4)	(0.2)
At 31 December 2019	–	8.8	4.8

Individually immaterial joint ventures and associates

	2020 £m	2019 £m
Carrying amount of interests in joint ventures and associates	**3.0**	2.6
Share of profit	**–**	0.3
Currency translation	**0.4**	–
Total comprehensive income	**0.4**	0.3

The listing of joint ventures and associates, along with subsidiary undertakings, is presented on pages 202 to 216.

13. Deferred Tax

	2020 £m	2019 £m
Deferred tax assets		
Retirement benefit obligation	**–**	0.9
Share-based payments	**–**	0.6
Tax losses	**9.1**	15.9
Deferred income taxed in advance	**6.1**	–
Other temporary differences[i]	**6.0**	6.3
	21.2	23.7
Deferred tax liabilities		
Intangible assets	**(1.4)**	(1.4)
Other overseas temporary differences	**(1.7)**	(1.7)
	(3.1)	(3.1)

13. Deferred Tax continued

	2020 £m	2019 £m
Net recognised in Balance Sheet	**18.1**	20.6
Movement in net deferred tax assets in the year:		
Income Statement: retirement benefit obligation	**(0.9)**	(1.8)
Income Statement: other	**(0.8)**	4.0
Exchange adjustments	**(0.3)**	(0.4)
Transaction related movements	**–**	(1.2)
Tax related to items credited outside the Income Statement	**(0.5)**	(0.3)
	(2.5)	0.3

Note:
(i) Other temporary differences predominantly includes deferred income taxed in advance, accruals that are deductible when settled, provisions and temporary differences arising on property, plant and equipment.

The value of unremitted earnings of the Group's subsidiaries on which no deferred tax liability has been provided is £25.9m (2019: £27.0m). No deferred tax liability has been recognised on the basis that the Group can control the timing of the remittance of these reserves and there are currently no plans for these reserves to be remitted.

14. Trade and Other Receivables

	2020 £m	2019 £m
Trade receivables	**113.1**	142.8
Less: provision for estimated credit loss	**(13.1)**	(2.5)
Net trade receivables	**100.0**	140.3
Accrued income	**23.1**	27.3
Consortia related receivables	**6.4**	7.7
Prepayments	**18.3**	14.6
Other receivables	**37.3**	52.8
	185.1	242.7

The average credit period on sale of goods is 44 days (2019: 39 days). Interest is not charged on trade receivables.

During the year £23.1m of accrued income at 31 December 2020 was recognised in the Income Statement (2019: £27.3m).

Consortia related receivables include re-billable expenses and restricted cash relating to fuel farm management services. Restricted cash represents funding received from customers and held in a fiduciary capacity to be used on their behalf to satisfy fuel farm cash funding requirements within 12 months and is therefore classified as a current asset.

Credit risk management
Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and controls relating to customer credit risk management. New customers are subject to formal credit checks. Credit terms for new customers cannot exceed 30 days without prior approval. New contracts and renewals with existing customers are subject to credit worthiness checks. Existing or previous trading experiences are taken into account before making a recommendation on terms. Receivables 12 months overdue are provided in full unless there is clear evidence of collectability. Bad debts written off require prior approval.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. Days past due is a key indicator of rates. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low due to its wide customer base. There is minimum risk relating to consortia related receivables due to funding received in advance for fuel farm operations.

The credit risk exposure on the Group's trade receivables and accrued income is set out below.

2020	Accrued income £m	Trade receivables: Current £m	31-60 days £m	61-90 days £m	Over 90 days £m	Total £m
Estimated credit loss rate	**–**	**0.6%**	**8.3%**	**28.0%**	**61.0%**	
Gross carrying amount	**23.1**	**69.9**	**21.8**	**6.4**	**15.0**	**113.1**
Expected credit loss	**–**	**0.4**	**1.8**	**1.8**	**9.1**	**13.1**

2019	Accrued income £m	Trade receivables: Current £m	31-60 days £m	61-90 days £m	Over 90 days £m	Total £m
Estimated credit loss rate	–	0.2%	0.4%	4.7%	36.0%	
Gross carrying amount	27.3	108.4	24.5	4.3	5.6	142.8
Expected credit loss	–	0.2	0.1	0.2	2.0	2.5

Allowance for expected credit loss

	2020 £m	2019 £m
At beginning of year	**2.5**	3.9
Amounts provided	**11.4**	0.6
Amounts released	**(0.2)**	(1.7)
Amounts utilised	**(0.7)**	(0.2)
Currency translation	**0.1**	(0.1)
At end of year	**13.1**	2.5

15. Trade and Other Payables

	2020 £m	2019 £m
Due within one year		
Trade payables	**46.0**	36.5
Accruals	**116.1**	105.0
Government grant	**23.9**	–
Deferred income	**3.4**	1.2
Consortia related payables	**8.2**	9.7
Other taxes and social security costs	**5.4**	7.7
Other payables	**30.7**	27.1
	233.7	187.2
Due after more than one year		
Other payables	**0.4**	0.5

The carrying value of trade and other payables approximates fair value.

Included within other payables is contingent consideration and other contingent acquisition related amounts as disclosed in Note 16. Such amounts included within other payables due within one year are £1.7m (2019: £1.6m).

During the year £1.2m of deferred income at 31 December 2019 was recognised in the Income Statement (2019: £2.4m).

16. Financial Instruments

Derivative financial instruments

Recognised in the Balance Sheet

	2020 £m	2019 £m
Current asset	0.2	0.8
Current liability	(0.8)	(0.2)
Non-current liability	(2.4)	(0.2)
Net fair value	(3.0)	0.4

Adjusted to fair value through the Statement of Comprehensive Income

	2020 £m	2019 £m
Cash flow hedges:		
Interest rate swaps	(2.4)	(0.2)
Foreign currency net investment hedges:		
Foreign exchange forward contracts	(0.6)	0.6
Net fair value	(3.0)	0.4

The Group is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk and interest rate risk. The Group only enters into derivative financial instruments that are designated as hedging instruments. The fair values of foreign currency instruments are calculated by reference to current market rates.

The Group uses a hierarchy for determining and disclosing the fair value of financial instruments by valuation technique as set out below.

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

During the year, all derivative financial instruments were measured using Level 2 fair value measurements (2019: all Level 2). For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Cash flow hedges

During the year the Group held foreign currency forward contracts designated as hedges of transaction exposures arising from revenue in foreign currencies. These contracts were in line with the Group's policy to hedge significant forecast transaction exposures for a maximum 18 months forward. The cash flow hedges for revenue in foreign currencies were assessed to be highly effective therefore there is no ineffectiveness recognised within the Income Statement. At the year end on 31 December 2020 the Group did not hold any hedges of transaction exposures.

The notional value of forward contracts utilised to hedge forecast foreign currency transaction exposures at 31 December is £Nil (2019: £16.5m, all expired within 12 months). The cash flow hedge reserve records the portion of the gains or losses on hedging instruments used as cash flow hedges that are determined to be effective.

The Group's amortising interest rate swaps were replaced by new interest rate swaps of the same value but which do not amortise and run to 29 January 2025. The interest on the loan received in the US under the Coronavirus Aid, Relief, and Economic Security (CARES) Act is fixed. At 31 December 2020, 31.9% (2019: 30.4%) of the interest on the Group's external borrowings was fixed.

	2020 Liabilities £m	2019 Liabilities £m
Fair value of cash flow hedges – interest rate swaps	(2.4)	(0.2)
Non-current value	(2.4)	(0.2)

Foreign currency net investment hedges

The Group's policy is to hedge the exposure of foreign currency denominated assets to minimise foreign exchange risk. This is primarily achieved using forward contracts denominated in the relevant foreign currencies. Gains or losses on the retranslation of these hedges are transferred to reserves to offset any gains or losses on translation of the net investments in the subsidiary undertakings. The foreign currency net investment hedges were assessed to be highly effective.

	2020		2019	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m
Fair value of foreign currency net investment hedges	0.2	(0.8)	0.8	(0.2)
Current value	0.2	(0.8)	0.8	(0.2)

The notional value of forward contracts designated as foreign currency net investment hedges at 31 December 2020 is £36.5m (2019: £42.8m), all of which expire within 12 months.

The notional principal amounts of the outstanding forward foreign exchange contracts relating to the most significant currencies for the Group is provided below.

	Currency value		Sterling equivalent	
	2020 m	2019 m	2020 £m	2019 £m
Australian dollar	13.0	18.0	7.3	9.6
Canadian dollar	11.5	11.5	6.6	6.7
Colombian peso	5,100	5,100	1.1	1.2
Czech koruna	115.0	115.0	3.9	3.8
Danish krone	5.0	15.0	0.6	1.7
Euro	7.6	2.1	6.8	1.8
Indian rupee	424.0	424.0	4.2	4.5
Mexican peso	26.0	51.0	1.0	2.0
New Zealand dollar	5.0	5.0	2.6	2.5
Norwegian krone	15.0	35.0	1.3	3.1
South African rand	30.0	30.0	1.5	1.6
Swedish krona	50.0	50.0	4.5	4.0

Other financial instruments

Contingent consideration

The acquisition of PlaneBiz 2015 Ltd in 2014 included options in relation to the 40% shareholding owned by a third party. These options took the form of a put option in favour of the third party shareholders for up to 30% of the share capital, exercisable in 2019, while the Group holds call options over 25% of the unexercised amount. During the prior year options relating to 15% of the share capital lapsed while the options relating to the remaining 15% were exercised and remain outstanding as a £1.7m payable at 31 December 2020.

The acquisition of GTO Global Logistics Inc during the prior year included an earn out mechanism relating to the future profitability of the business. There is a base earn out and a growth earn out mechanism that compares actual EBITDA generated by the business over a three-year period compared to stipulated profit levels. The maximum amount payable is £0.4m and the minimum amount payable £Nil.

As part of the acquisition accounting process the amount provided in the prior year as deferred consideration was £0.2m and this remains unchanged at the year end. The liabilities for contingent consideration and other acquisition related amounts are Level 3 derivative financial instruments.

16. Financial Instruments continued

The fair value of contingent acquisition related amounts is set out below.

	2020 £m	2019 £m
PlaneBiz 2015 Ltd	**1.7**	1.6
GTO Global Logistics Inc	**0.2**	0.2

Interest-bearing loans and borrowings

	Maturity	2020 £m	2019 £m
Bank overdrafts	On demand	**87.3**	18.6
Non-amortising sterling bank loans	January 2025	**125.0**	109.0
Amortising US dollar term loan	January 2025	**175.8**	177.9
US government loan	January 2030	**26.2**	–
Spanish government backed loans	June 2025	**3.6**	–
French government backed loans	July 2021	**1.3**	–
Lease liabilities	Various	**141.4**	175.5
Preference shares	Non-redeemable	**1.4**	1.4
		562.0	482.4
Current value		**137.0**	91.6
Non-current value		**425.0**	390.8
		562.0	482.4

The Company has issued 1,394,587 cumulative preference shares of £1 each. These shares are not redeemable and pay an interest coupon of 9% semi-annually.

Refinancing

In January 2020 the Group completed the refinance of its bank facilities maturing in June 2021, replacing them with a US$235m amortising term loan and a £145m revolving credit facility both due to mature in January 2025. Due to the impact of COVID-19 on the Group, a new covenant package was agreed with the Company's lending syndicate to ensure that these facilities remain in place. This agreement secures additional flexibility to support the Group through to June 2022. Beyond this date the Group will revert to the original covenants for the remainder of the facilities' term. The key terms of the new covenant package are: the net leverage covenant is replaced with a minimum EBITDA covenant tested on a quarterly basis; a new minimum liquidity covenant requiring the Group to keep a minimum of £45m liquidity; a new interest margin of 4.0% while the Group is above 3.5x net debt to EBITDA, as measured and on a pre-IFRS 16 basis; and interest cover covenant is suspended. The new covenant package will remain in place until the earlier of June 2022 or Group leverage, as measured and on a pre-IFRS 16 basis, being below 3.0:1 for two consecutive quarters.

As set out in Note 5, a fair value adjustment of £3.9m was recognised as an exceptional charge and increased debt relating to increased interest margin agreed under the revised facilities. This increased debt will be amortised over the remaining term of the facility.

Government grant and loan financing

Between June and September 2020 the Group received US$118.4m of federal funding in the USA under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. This comprised US$82.8m of grant funding to support the payroll of the USA business and US$35.6m in the form of a loan note. The loan note is a ten year non-amortising term loan that attracts 1.0% cash and 3.0% non-cash interest during the first five years. After the fifth year the interest rates increase annually by 1.0% each year, capped at 8.0%. There are no early repayment penalties relating to this loan. The loan note is included within proceeds from borrowings in the Statement of Cash Flows. The Group has complied with the grant agreement and applicable US law in the period. The Group has also complied with the requirements of the separate loan note during the period.

On 3 June 2020 the Group received support in Spain where the Group received a £3.6m bank loan that is backed by an 80% guarantee from the Spanish government. This five year term loan amortises monthly over four years from July 2021 and attracts a margin of 2.5% above EURIBOR, with a minimum rate payable of 2.5%.

On 15 July 2020 the Group received support in France where the Group received a £1.3m bank loan, guaranteed by the French government. This loan attracts a margin of 0.25% above EURIBOR for the first year. After the first year the loan can be repaid immediately or over a period from one to five years. The interest rate for the repayment period is EURIBOR+1% for one to two years duration and EURIBOR+2% for the three to five year period.

Net borrowings

	2020 £m	2019 £m
Interest-bearing loans and borrowings	**562.0**	482.4
Derivative financial instruments	**3.0**	(0.4)
Total borrowings	**565.0**	482.0
Less: cash at bank, cash in hand and short term deposits	**(209.1)**	(90.5)
	355.9	391.5

The book and fair values of net borrowings is provided below.

	2020		2019	
	Book value £m	Fair value £m	Book value £m	Fair value £m
Short term bank borrowings	**8.7**	**8.7**	16.2	16.2
Medium term bank borrowings	**293.1**	**293.1**	270.7	270.7
Long term borrowings	**31.5**	**31.5**	1.4	1.4
Short term lease liabilities	**41.0**	**41.0**	56.8	56.8
Long term lease liabilities	**100.4**	**100.4**	118.7	118.7
Derivative financial instruments	**3.0**	**3.0**	(0.4)	(0.4)
Bank overdrafts	**87.3**	**87.3**	18.6	18.6
Total financial liabilities	**565.0**	**565.0**	482.0	482.0
Less: cash at bank, cash in hand and short term deposits	**(209.1)**	**(209.1)**	(90.5)	(90.5)
Net borrowings	**355.9**	**355.9**	391.5	391.5

The fair value of the fixed term, amortising borrowing is calculated as the present value of all future cash flows discounted at prevailing market rates. Other than trade and other receivables and payables, there are no financial assets or liabilities excluded from the above analysis. No financial assets or liabilities were held or issued for trading purposes.

The currency and interest rate profile of financial liabilities is provided below.

	2020			2019		
	Floating rate financial liabilities £m	Fixed rate financial liabilities £m	Total £m	Floating rate financial liabilities £m	Fixed rate financial liabilities £m	Total £m
Sterling denominated	**184.9**	**34.1**	**219.0**	118.8	34.0	152.8
US dollar denominated	**121.7**	**154.9**	**276.6**	96.7	149.2	245.9
Australian dollar denominated	**–**	**23.1**	**23.1**	–	27.2	27.2
Euro denominated	**6.8**	**5.6**	**12.4**	–	21.2	21.2
Other denominated	**1.2**	**29.7**	**30.9**	1.0	34.3	35.3
	314.6	**247.4**	**562.0**	216.5	265.9	482.4

At 31 December 2020 undrawn committed facilities of £20.0m expired between two and five years (2019: £41.0m between two and five years).

16. Financial Instruments continued

Trade and other receivables and payables

Trade and other receivables and trade and other payables carrying values of £137.3m (2019: £193.1m) and £192.8m (2019: £168.6m), respectively, in respect of the Group which approximate their fair values due to their short term nature.

Sensitivity and risk information

Foreign currency sensitivity

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities and the Group's net investments in foreign subsidiaries. The impact of sterling weakening/strengthening by 10% on currencies that have a significant impact on the consolidated profit before tax and equity, with all other variables held constant, is set out below.

		2020		2019	
	Changes in rate	**Effect on profit before tax £m**	**Effect on equity £m**	Effect on profit before tax £m	Effect on equity £m
US dollar	+10%	**1.9**	**(2.2)**	2.8	(0.5)
US dollar	-10%	**(1.5)**	**1.8**	(2.3)	0.6
Euro	+10%	**(1.7)**	**(1.3)**	1.4	0.4
Euro	-10%	**1.4**	**1.1**	(1.1)	(0.3)
Australian dollar	+10%	**1.1**	**3.1**	1.0	1.0
Australian dollar	-10%	**(0.9)**	**(2.6)**	(0.8)	(0.9)

Capital risk

The Group capital structure is managed in order to minimise the cost of capital whilst ensuring that it has access to ongoing sources of finance such as the debt capital markets. The Group defines capital as the sum of net borrowings (as set out in Note 18) and equity attributable to equity holders of the Company (as set out in the Group and Company Statement of Changes in Equity). The key terms of the new covenant package agreed during the year are set out above. To maintain or adjust its capital structure, the Group may adjust the dividend payment to shareholders and/or issue new shares.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily trade receivables, and from its financing activities, including deposits with banks as set out below.

	2020 £m	2019 £m
Bank deposits	**209.1**	90.5
Trade receivables	**100.0**	140.3
Accrued income	**23.1**	27.3
	332.2	258.1

For banks and financial institutions, the Group's policy is to seek to transact with independently rated parties with a minimum rating of 'A'. If there is no independent rating the credit quality of the counterparty is assessed taking into account factors including its financial position and past experience. In addition, as the Group utilises a number of different banks in different geographical locations the concentration risk is deemed minimal but is continually kept under review. For trade receivables and accrued income the Group's credit risk policy and management process is set out in Note 14.

Liquidity risk

Liquidity risk is managed by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows. The following is an analysis of the maturity of the consolidated financial liabilities and derivative financial liabilities based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Floating rate interest is estimated using the prevailing rate at the balance sheet date. Net values of transaction hedging are disclosed in accordance with the contractual terms of these derivative instruments.

2020	Due under 1 year £m	Due between 1 and 2 years £m	Due between 2 and 5 years £m	Due over 5 years £m
Interest-bearing loans and borrowings	**109.4**	**24.0**	**338.4**	**–**
Lease liabilities	**47.3**	**40.2**	**55.3**	**19.9**
Preference shares	**0.1**	**0.1**	**0.4**	**1.5**
Trade and other payables	**76.7**	**0.4**	**–**	**–**
Financial derivatives	**37.1**	**0.7**	**1.3**	**–**
	270.6	**65.4**	**395.4**	**21.4**

2019	Due under 1 year £m	Due between 1 and 2 years £m	Due between 2 and 5 years £m	Due over 5 years £m
Interest-bearing loans and borrowings	35.3	275.8	–	–
Lease liabilities	62.6	46.5	68.1	20.4
Preference shares	0.1	0.1	0.4	1.5
Trade and other payables	63.6	0.5	–	–
Financial derivatives	42.3	–	–	–
	203.9	322.9	68.5	21.9

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with floating interest rates. The Group's policy is to minimise exposures to interest rate risk by ensuring an appropriate balance of long term and short term floating rates and by maintaining interest rate swaps.

If interest rates on sterling denominated borrowings had been 0.5% higher/lower with all other variables held constant, post-tax profit for the year would have been £0.7m (2019: £0.5m) lower/higher, as a result of higher/lower interest expense on floating rate borrowings.

If interest rates on US dollar denominated borrowings had been 0.5% higher/lower with all other variables held constant, post-tax profit for the year would have been £0.5m (2019: £0.5m) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

17. Cash Generated from Operations

	2020 £m	2019 £m
(Loss)/profit before tax[i]	**(120.5)**	19.0
Net interest charge	**24.3**	22.3
Share of post-tax results of joint ventures and associates	**(0.8)**	(6.0)
Depreciation	**86.4**	84.7
Amortisation of intangible assets	**8.7**	8.2
Share-based payments expense	**0.7**	0.8
Cash spend on onerous leases	**(2.9)**	(0.9)
Loss/(gain) on sale of property, plant and equipment	**0.1**	(1.7)
Pension charge	**1.3**	1.0
Pension contributions in cash	**(3.7)**	(12.1)
Continuing operations exceptional items	**70.2**	4.7
Discontinued operations exceptional items	**–**	(1.7)
Cash spend on exceptional items[ii]	**(27.2)**	(11.5)
Government grant funding received	**23.9**	–
Decrease/(increase) in working capital	**53.2**	(2.7)
	113.7	104.1

Notes:
(i) Prior year includes both continuing and discontinued operations.
(ii) Current year spend relates mainly to redundancy and workforce restructuring costs as set out in Note 5.

18. Changes in Net Borrowings

	31 December 2019 £m	Lease liabilities recognised during the year less terminations £m	Cash flows £m	Fair value movements £m	Currency translation £m	31 December 2020 £m
Cash at bank and in hand	90.5	–	123.3	–	(4.7)	**209.1**
Bank overdrafts	(18.6)	–	(67.4)	–	(1.3)	**(87.3)**
Net cash and cash equivalents	71.9	–	55.9	–	(6.0)	**121.8**
Bank loans due within one year	(16.2)	–	7.5	–	–	**(8.7)**
Lease liability due within one year	(56.8)	(1.1)	17.4	–	(0.5)	**(41.0)**
Preference shares	(1.4)	–	–	–	–	**(1.4)**
Government loans due after one year	–	–	(26.2)	–	–	**(26.2)**
Debt due after one year	(270.7)	–	(27.9)	(3.9)	5.5	**(297.0)**
Lease liability due after one year	(118.7)	(23.1)	42.5	–	(1.1)	**(100.4)**
Net derivative assets/(liabilities)	0.4	–	(0.1)	(3.3)	–	**(3.0)**
Net borrowings	(391.5)	(24.2)	69.1	(7.2)	(2.1)	**(355.9)**

As set out in the Statement of Cash Flows, proceeds from borrowings were £46.6m (2019: £50.0m) and repayments of borrowings were £0.5m (2019: £10.9m). The principal element of lease payments were £59.9m (2019: £57.1m).

Currency translation movements result from the Group's policy of hedging overseas net assets, which are denominated mainly in US dollars, euros and Australian dollars. The translation effect on net debt is offset by the translation effect on net assets, which resulted in an overall net exchange gain of £1.1m (2019: loss of £7.5m). The net gain is recognised in other comprehensive income.

19. Capital Commitments

	2020 £m	2019 £m
Contracted but not provided – property, plant and equipment	**0.1**	4.1

20. Leasing

The Group leases various offices, warehouses, ground handling equipment and vehicles as a lessee. Lease contracts are typically entered into for fixed periods of one to ten years but may have break options or extension options as set out below. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group also has certain leases of property and equipment with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the short-term lease and low value assets recognition exemptions for these leases.

The carrying amounts of right of use assets recognised and the movements during the year are set out in Note 11. The carrying amounts of lease liabilities and the movements during the year are set out in Note 16 and Note 18. The maturity profile of the Group's lease liabilities based on contractual undiscounted payments are set out in Note 16 along with the currency and interest rate profile. Cash outflows relating to both capitalised and non-capitalised leases were £95.2m (2019: £102.5m).

The following are the lease related amounts recognised in the Income Statement.

	Notes	2020 £m	2019 £m
Depreciation charge of right of use assets	11	**63.1**	62.0
Interest charge on lease liabilities	6	**7.3**	7.6
Expense relating to short-term leases		**14.8**	22.8
		85.2	92.4

The Group has lease commitments relating to non-lease components of contracts as well as short-term leases where the exemption from capitalisation has been utilised. Future aggregate minimum commitments under non-capitalised leases are set out below.

	2020 £m	2019 £m
Within one year	**11.2**	18.7
Between one and two years	**8.4**	14.7
Between two and three years	**3.6**	14.6
Between three and four years	**0.5**	4.2
Between four and five years	**0.1**	0.2
After five years	**–**	0.1
	23.8	52.5

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. In determining the lease term applicable for accounting purposes, Management considers facts and circumstances that create economic incentive to exercise an extension option or not to exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended or not terminated. The assessment is reviewed if a significant event or significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

As lessor, the Group has entered into one operating lease consisting of one floor of an office building. Rental income recognised by the Group during the year was £0.2m (2019: £0.2m). Future minimum rentals receivable under the non-cancellable operating lease as at 31 December 2020 are £0.3m (2019: £0.3m) within one year and £0.5m between two and five years (2019: £0.8m). This subleased asset is disclosed separately in Note 11.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

21. Provisions

	Insurance £m	Legal and employee related £m	Property and equipment £m	Other £m	Group £m
At 31 December 2019	32.7	20.7	5.2	2.8	61.4
Provided during year	14.5	6.7	2.2	4.6	28.0
Utilised during year	(2.3)	(17.8)	(2.9)	(3.0)	(26.0)
Reclassifications	–	0.1	(0.2)	–	(0.1)
Currency translation gain	(1.0)	–	–	–	(1.0)
At 31 December 2020	**43.9**	**9.7**	**4.3**	**4.4**	**62.3**
Current	**34.2**	**4.5**	**2.6**	**3.7**	**45.0**
Non-current	**9.7**	**5.2**	**1.7**	**0.7**	**17.3**
	43.9	**9.7**	**4.3**	**4.4**	**62.3**
At 31 December 2018	27.0	26.8	4.9	1.2	59.9
Impact of adoption of IFRS 16	–	–	(3.1)	–	(3.1)
Adjusted balance at 1 January 2019	27.0	26.8	1.8	1.2	56.8
Provided/(released) during year	12.9	4.5	3.7	(0.5)	20.6
Utilised during year	(7.2)	(7.2)	(0.9)	(0.4)	(15.7)
Reclassifications	–	(3.1)	0.2	–	(2.9)
Subsidiaries acquired	–	–	0.6	2.6	3.2
Currency translation gain	–	(0.3)	(0.2)	(0.1)	(0.6)
At 31 December 2019	32.7	20.7	5.2	2.8	61.4
Current	32.7	16.8	3.3	2.4	55.2
Non-current	–	3.9	1.9	0.4	6.2
	32.7	20.7	5.2	2.8	61.4

Insurance provisions relate to anticipated settlement obligations arising from past events. Reimbursement receivable assets of £19.2m (2019: £34.4m) relating to insurance and legal provisions are included in other receivables in Note 14. The timing and amount of these liabilities is uncertain and is based on estimates using available information on the claims and historical experience of similar claims. As set out in Note 5 an exceptional cost was recognised as a provision during the year and remains outstanding at year end.

Legal and employee related provisions include amounts in respect of the cost of settling workers' compensation claims in the USA. The timing and amount of these liabilities is uncertain and is based on estimates using available information on the claims and historical experience of similar claims. Property, plant and equipment provisions include equipment refurbishments and dilapidation obligations on leasehold properties that the Group has exited or anticipate exiting within the next two years, and non-rent costs associated with two empty retail premises on long leaseholds. Other provisions mainly comprise of amounts recognised in relation to vendor settlement negotiations.

22. Retirement Benefit Obligation

Defined benefit scheme

The principal Group-funded defined benefit pension scheme is the Menzies Pension Fund (the Fund) in the UK. The Fund closed to future accrual in March 2017. The scheme valuations were assessed in accordance with independent actuarial advice from PricewaterhouseCoopers (the Actuary).

Fund financial assumptions and information

The Actuary undertook a valuation of the Fund as at 31 December 2020 (31 December 2019) based on the Fund's membership data as at 31 March 2018. In deriving the results the Actuary used the financial assumptions as set out below.

	2020 %	2019 %
Price inflation	**2.9**	3.0
Discount rate	**1.3**	2.0
Rate of increase on pensions accrued before 2006	**3.5**	3.5
Rate of increase on pensions accrued after 2006	**2.1**	2.1

Assumptions regarding future mortality experience are based on advice that uses published statistics and experience in the business.

The average future life expectancy for a pensioner aged 65 is set out below.

	2020 Years	2019 Years
Male	**21**	21
Female	**23**	23

The average future life expectancy at age 65 for a non-pensioner aged 45 is set out below.

	2020 Years	2019 Years
Male	**22**	22
Female	**24**	24

The membership of the Fund is set out below.

	2020	2019
Deferred members	**2,884**	3,001
Pensioners	**1,699**	1,705
	4,583	4,706

The liability split of the Fund by membership is set out below.

	2020	2019
Deferred members	**56%**	54%
Pensioners	**44%**	46%

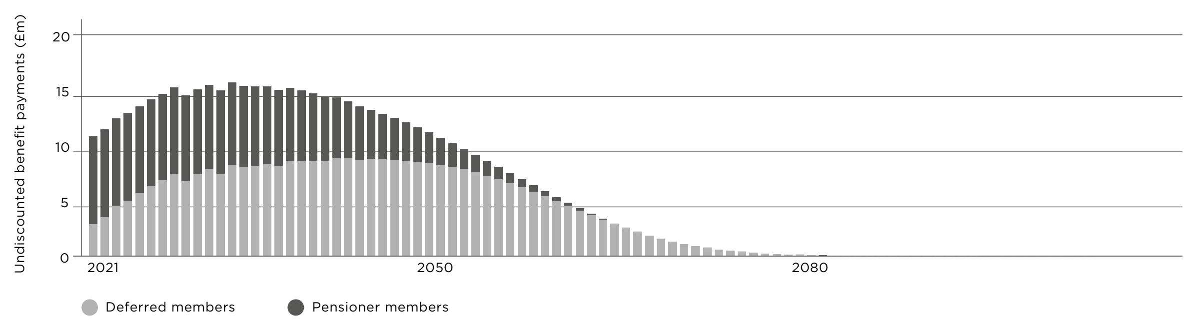
The average liability duration of the Fund by membership is set out below.

	2020 Years	2019 Years
Deferred members	**21**	21
Pensioners	**12**	12

Overall weighted average liability duration is 17 years (2019: 17 years).

Future Fund benefit payments

Estimated undiscounted benefit payments expected to be paid from the Fund over its life is set out below.



22. Retirement Benefit Obligation continued

Pension expense

The charge to the Income Statement is assessed in accordance with independent actuarial advice from the Actuary using the projected unit method. The components of pension expense are set out below.

	2020 £m	2019 £m
Amounts charged to operating profit		
Administrative costs	**1.3**	1.0
Amounts included in finance costs		
Interest cost on defined benefit obligation	**6.6**	8.9
Interest income on Fund assets	**(6.6)**	(8.5)
Net finance charge	**–**	0.4
Pension expense	**1.3**	1.4

The components of the actuarial (loss)/gain in the consolidated Statement of Comprehensive Income are:

	2020 £m	2019 £m
Returns on assets excluding interest income	**32.1**	36.9
Changes in demographic assumptions	**4.1**	2.7
Changes in financial assumptions	**(39.1)**	(39.1)
Experience	**(0.9)**	1.5
Actuarial (loss)/gain	**(3.8)**	2.0

Changes in Fund assets and defined benefit obligation

	2020 £m	2019 £m
Fair value of assets at start of year	**342.8**	305.0
Interest income	**6.6**	8.5
Returns on assets excluding interest income	**32.1**	36.9
Company contributions	**3.7**	12.1
Benefits and expenses paid	**(17.5)**	(19.7)
Fair value of assets at end of year	**367.7**	342.8
Return on scheme assets including interest income	**38.7**	45.4

	2020 £m	2019 £m
Defined benefit obligation at start of year	**348.1**	323.0
Administrative costs	**1.3**	1.0
Interest cost	**6.6**	8.9
Benefits and expenses paid	**(17.5)**	(19.7)
Changes in demographic assumptions	**0.9**	(2.7)
Changes in financial assumptions	**39.1**	39.1
Experience	**(4.1)**	(1.5)
Defined benefit obligation at end of year	**374.4**	348.1

The fair value of Fund assets and liabilities is set out below.

	2020			2019		
	Quoted £m	Unquoted[i] £m	Total £m	Quoted £m	Unquoted[i] £m	Total £m
Equities	**62.7**	**–**	**62.7**	89.2	–	89.2
Bonds	**110.9**	**–**	**110.9**	100.3	–	100.3
Investment funds	**17.4**	**28.3**	**45.7**	8.0	40.4	48.4
Liability driven investment funds	**–**	**84.0**	**84.0**	–	57.4	57.4
Property	**–**	**23.4**	**23.4**	–	24.1	24.1
Annuity contracts[ii]	**–**	**5.1**	**5.1**	–	5.0	5.0
Cash	**27.5**	**–**	**27.5**	18.4	–	18.4
Other	**0.6**	**7.8**	**8.4**	–	–	–
Assets	**219.1**	**148.6**	**367.7**	215.9	126.9	342.8
Defined benefit obligation			**(374.4)**			(348.1)
Recognised in Balance Sheet			**(6.7)**			(5.3)
Related deferred tax asset (Note 13)			**–**			0.9
Net retirement obligation			**(6.7)**			(4.4)

Notes:
(i) The valuations of unquoted assets have been determined by reference to appropriate manager valuation reports.
(ii) The Fund holds annuity contracts in respect of a number of members that provide cash flows to the Fund that match the benefit payments to these members.

The value of Fund liabilities at various assumptions is set out below.

	2020 £m	2019 £m
0.5% decrease in discount rate	**406.9**	377.4
One year increase in life expectancy	**392.4**	363.3
0.5% decrease in inflation	**359.3**	334.5
0.25% increase in pensions	**384.0**	357.0

Actuarial gains and losses are recognised immediately through the remeasurement of the net defined benefit liability.

Benefits, regulatory framework and governance of the Fund

The Fund is a registered defined benefit career average revalued earnings scheme subject to the UK regulatory framework for pensions, including the statutory funding regime. The Fund is operated under trust and, as such, the Trustee of the Fund is responsible for operating the Fund and it has a statutory responsibility to act in accordance with the Fund's Trust Deed and Rules in the best interests of the beneficiaries of the Fund and UK legislation including trust law. The Trustee and the Company have the joint power to set the contributions that are paid to the Fund.

Risks of the Fund

The nature of the Fund exposes the Company to the risk of paying unanticipated additional contributions to the Fund in times of adverse experience.

The most financially significant risks are that the movements in the value of the Fund's liabilities are not met by corresponding movements in the value of the Fund's assets as a result of lower than anticipated discount rates; lower than expected investment returns; members living for longer than expected; and higher than expected actual inflation and pension increase experience.

The sensitivity analysis disclosed above is intended to provide an indication of the impact on the value of the Fund's liabilities of the risks highlighted.

22. Retirement Benefit Obligation continued

Asset-liability matching strategies

The Trustee's current investment strategy is to invest the majority of the Fund's assets in a mix of equities and bonds in order to strike a balance between maximising the returns on the Fund's assets and minimising the risks associated with lower than expected returns on the Fund's assets.

The Trustee has implemented a derisking process such that the Fund's assets are gradually switched out of equities and into bonds as funding improves. This should lead to better matching of assets and liabilities as the Fund matures whilst at the same time locking in favourable asset performance. The current benchmark is to hold 60% in growth assets such as equities and 40% in bonds including index-linked and fixed interest Government bonds and corporate bonds with hedging of liabilities across interest rates (50% hedged) and inflation (50% hedged) using LDI funds.

The Company and Trustee have agreed changes to the investment strategy to increase diversification of growth assets, invest in income generating assets classes such as credit and increase the level of interest rate and inflation hedging. The Trustee has begun implementing these changes and expects to complete the process in the first half of 2021.

The triennial valuation process in which the Company and Trustee agree the long term funding strategy was concluded for 31 March 2018 and a schedule of contributions agreed and dated 29 November 2018. The schedule of contributions sets out the additional contributions required to meet the funding shortfall between the value of the Fund's assets and liabilities. The additional contributions have been agreed as monthly contributions totalling £9.4m per annum rising with the higher of the UK retail price index or the annual percentage change in dividends beginning in December 2018 and continuing to the year ended 31 March 2026. The Company and the Trustee have agreed that reasonable adjustment be made for the impact of any equity raising or change in equity, recognising the actual percentage increase in dividend per share.

The value of the net liabilities of the fund at 31 March 2018 as measured on the Trustee's technical provisions basis was approximately £73m and the funding level, being the ratio of assets to liabilities measured on the technical provisions basis was 80%. The Company and the Trustee have agreed that the schedule of contributions may be revised should the funding level reach 98% following any quarter end before 31 March 2026. The purpose of any revision would be to ensure that contributions are sufficient to reach 100% by 31 March 2026 without the possibility of overfunding at that time. The next triennial valuation of the Fund will be effective as at 31 March 2021.

The Company expects to contribute around £8.4m to the Fund during the year to 31 December 2021.

The Group has an unconditional right to a refund of a projected future surplus at some point in the future. There is no requirement for the Group to adjust the Balance Sheet to recognise the future agreed deficit recovery contributions.

Other information

Small settlements of members' retirement obligations have occurred over the year. As set out in Note 5, there were £0.9m of costs incurred in the prior year relating to de-risking the defined benefit pension obligation and modernising the death in service portion of the deferred contribution scheme.

23. Share Capital

	2020 £m	2019 £m
Allotted, called up and fully paid		
Opening – 84,467,894 ordinary shares of 25p each	**21.1**	21.1
Closing – 84,490,964 ordinary shares of 25p each(i)	**21.1**	21.1

Notes:
(i) As a result of share scheme allotments, 23,070 (2019: 104,180) ordinary shares having a nominal value of £Nil (2019: £Nil) were issued during the year at a share premium of £0.1m (2019: £0.4m).

Employees hold options to subscribe for shares in the Company under the Savings related Share Option Scheme approved by the shareholders, details of which are shown below. Options on 17,184 shares were exercised in 2020 and 668,509 options lapsed.

Year of grant	Exercise price	Exercise period	**2020 Number**	2019 Number
2016	424p	2019-2020	**–**	192,836
2017	567p	2020-2021	**261,616**	412,267
2018	470p	2021-2022	**341,855**	528,972
2019	317p	2022-2023	**335,930**	486,869
2020	91p	2023-2024	**741,478**	–
			1,680,879	1,620,944

Company share schemes

The Company operates the following share-based payment arrangements as set out below.

Savings-related Share Option Scheme

The Company operates a Savings-related Share Option Scheme which is open to all full and part-time employees in the United Kingdom. Annual grants of options are made in September or October each year and become exercisable after three years. Employees enter into a savings contract administered by a third party. The options are granted at a 20% discount of the share price at the date of grant and lapse if not exercised within six months of maturity. Special provisions apply to employees who leave their employment due to ill health, redundancy or retirement.

Value Creation Plan

In the prior year awards under the Value Creation Plan (VCP) were withdrawn and therefore no accounting charge has been made in relation to the VCP during the year.

Share Matching Plan (SMP)

The SMP offered Executive Directors and other Senior Executives selected by the Board the opportunity to invest part of their annual cash bonus for a financial year in the Company's shares, entitling them, provided certain performance targets are met, to a grant of additional matching shares. Since 2010 the ratio of matching shares to contributory shares has been set at 1:1. The maximum amount of the annual cash bonus which may be eligible for matching has been set at 40%. The net of tax amount is applied in the purchase of shares.

The SMP was approved at the Annual General Meeting of the Company on 15 May 2014 and discontinued from 2017. There were no outstanding shares under option at 31 December 2020 under this scheme.

Performance targets are based on real growth in earnings measured over three financial years. For awards in 2017, if the percentage growth in the Company's EPS is Consumer Prices Index +3% p.a. or more, then the number of matching shares that will vest is one. If the threshold growth in EPS is achieved (CPI +0%) then 25% of the matching shares will be paid. For EPS growth of between CPI +0% p.a. and CPI +3% p.a., the number of matching shares vesting will be calculated on a straight line basis. No matching shares will vest for EPS percentage growth below CPI +0% p.a. for any award.

Long term Incentive Plan (LTIP)

The LTIP enables divisional and senior management to align more closely with the achievement of target Group and divisional financial results. A detailed description of this plan is included in the Directors' Remuneration Report on page 108.

Shares will vest at the end of three year financial periods. A £Nil award will be achieved where the financial results are below the threshold performance target, 25% if at threshold and 100% will vest where the results are equal to or greater than the stretch performance target, with a result between threshold and stretch being made on a straight line basis. Actual performance targets for Executive Directors are disclosed in the Directors' Remuneration Report in the year following the expiry of the performance period.

23. Share Capital continued

Fair values of share options

Options are valued using the Black-Scholes option-pricing and the Monte Carlo simulation models. No performance conditions are included in the fair value calculations.

The fair value per option granted and the assumptions used in the calculation is set out below.

	Savings related Option Scheme			
Date of grant (November)	**2020**	2019	2018	2017
Share price at grant date	**115p**	396p	588p	709p
Exercise price	**91p**	317p	470p	567p
Vesting period (years)	**3**	3	3	3
Expected volatility	**55%**	22%	23%	33%
Option life (years)	**3.5**	3.5	3.5	3.5
Expected life (years)	**3.5**	3.5	3.5	3.5
Risk-free rate	**-0.1%**	0.3%	1.0%	1.0%
Expected dividends expressed as a dividend yield(i)	**–**	4.3%	3.7%	3.0%
Fair value per option	**37p**	73p	97p	184p
Charge per option(ii)	**25.9p**	51p	68p	129p

The expected volatility is based on the historical volatility over the last three years. The expected life is the average expected period to vesting. The risk free rate of return is the zero coupon UK government bonds of a term consistent with the assumed award life.

Notes:
(i) Based on the daily 12 month trailing dividend yield averaged over the 12 months prior to valuation date.
(ii) The difference between the fair value and charge per option is due to adjustments for forfeiture risk.

	LTIP		
Date of grant (March)	**2020**	2019	2018
Share price at grant date	**115p**	401p	683p
Contractual life (years)	**3.0**	3.4	3.0
Expected leavers	**0%**	0%	0%
Expected outcome of meeting performance criteria	**n/a**	n/a	n/a
Fair value per share	**42p**	183p	225p
Charge per share award, adjusted for forfeiture risk	**42p**	183p	225p

Movement in share options

	Savings-related Option Scheme			
	2020		2019	
	Number	**Weighted average exercise price (pence)**	Number	Weighted average exercise price (pence)
Outstanding at start of year	**1,620,944**	**443**	1,741,771	491
Granted	**745,628**	**91**	491,906	317
Forfeited/expired	**(668,509)**	**343**	(507,675)	496
Exercised	**(17,184)**	**424**	(105,058)	369
Outstanding at end of year	**1,680,879**	**287**	1,620,944	443
Exercisable	**261,616**		412,267	
Range of exercise prices		**91-567**		317-567
Weighted average remaining contractual life (years)	**1.9**		1.6	

	BCIP/SMP				LTIP			
	2020		2019		**2020**		2019	
	Number	**Weighted average price (pence)**	Number	Weighted average price (pence)	**Number**	**Weighted average price (pence)**	Number	Weighted average price (pence)
Outstanding at start of year	**2,550**	**637**	9,453	550	**900,431**	**528**	940,346	557
Awards made	**–**	**–**	–	–	**692,019**	**115**	395,636	405
Lapsed	**(2,550)**	**637**	(1,761)	637	**(606,606)**	**287**	(116,701)	583
Exercised	**–**	**–**	(5,142)	478	**–**	**–**	(318,850)	443
Outstanding at end of year	**–**	**–**	2,550	637	**985,844**	**283**	900,431	528
Range of award date prices		**–**		637		**115-683**		405-683
Weighted average remaining contractual life (years)	**–**		0.3		**1.6**		1.3	

Charge for share-based incentive schemes

The total charge for the year relating to employee share-based plans was £0.7m (2019: £0.8m), all of which related to equity-settled share-based payment transactions. After tax the total charge was £1.3m (2019: £0.4m). The tax charge of £0.6m relates to the write off of the opening deferred tax asset held on employee share-based plans (2019: £0.4m credit).

Treasury shares

Ordinary shares are held for employee share schemes. At 31 December 2020, the Company held 181,642 (2019: 181,642) ordinary shares with a market value of £0.5m (2019: £0.9m).

24. Acquisitions

There were no acquisitions during the year. Aggregated details relating to the prior year are set out below and detailed more fully in the 2019 Annual Report and Accounts.

	2019 £m
Purchase consideration:	
Cash paid	21.0
Trading and working capital funding to date of completion	6.1
Working capital adjustment	0.2
Fair value of existing equity interest in associate	0.8
Deferred consideration	0.2
	28.3
Less: non-controlling interest acquired at fair value	(2.2)
Less: fair value of net assets acquired	10.0
Goodwill	20.5

24. Acquisitions continued

The fair value of assets and liabilities arising from the acquisitions were:

	2019 £m
Intangible assets – contracts and customer relationships	6.2
Other investments	0.2
Deferred tax assets	0.1
Property, plant and equipment	7.0
Inventory	1.6
Trade and other receivables	7.7
Cash	0.4
Current borrowings	(0.9)
Trade and other payables	(5.9)
Provisions	(3.2)
Non-current borrowings	(1.8)
Non-current payables	(0.1)
Deferred tax liability	(1.3)
Net assets acquired at fair value	10.0

There have been no changes to the provisional fair values of the net assets acquired in the prior year.

25. Related Party Transactions

During the year the Group transacted with related parties in the normal course of business and on an arm's length basis. These sales to and from related parties are made at normal market prices and details are set out below.

Related party	Group share holding %	**Sales to related party 2020 £m**	**Amounts owed by related party at 31 December 2020 £m**	Sales to related party 2019 £m	Amounts owed by related party at 31 December 2019 £m
Menzies Macau Airport Services Ltd	29	**0.5**	**0.1**	0.5	0.1
Menzies Aviation Bobba (Bangalore) Private Ltd	49	**0.1**	**0.1**	0.1	0.1

Remuneration of key management personnel, who comprise Directors of the Company and those having authority and responsibility for planning, directing and controlling activities of the business as disclosed in the segmental analysis is set out below.

	2020 £m	2019 £m
Short term employee benefits	**2.7**	2.6
Post-employment pension and medical benefits	**0.3**	0.4
Termination benefits	**–**	0.6
Share-based payments	**0.7**	0.8
	3.7	4.4

26. Related Undertakings

The subsidiary entities and entities in which the Company has a significant interest at 31 December 2020 are disclosed as an appendix to these financial statements.

27. Discontinued Operations

In 2018 the Group disposed of Menzies Distribution Ltd and its subsidiaries and in 2019 an exceptional gain of £1.7m was recognised.

28. Events After The Reporting Period

On 26 January 2021 the Group acquired a 51% share of Royal Airport Services for a cash consideration of £7.3m. Royal Airport Services provide aviation services including ground and cargo services and airline ticketing in Pakistan. The business handles both domestic and international airlines at eight airports. The acquisition accounting is not yet complete as control has recently been obtained. No further disclosures are provided on the assets and liabilities acquired.

Since the year end, the Group has received US$49.3m of funding comprising US$35.9m grant funding and a US$13.4m loan note under the Coronavirus Aid, Relief, and Economic Security Act in the USA.

Company Financial Statements

BALANCE SHEET

AS AT 31 DECEMBER 2020 (31 DECEMBER 2019)

	Notes	2020 £m	2019 £m
Assets			
Non-current assets			
Property, plant and equipment	5	**0.2**	0.8
Investments in subsidiaries	6	**121.6**	121.6
Deferred tax assets	8	**0.2**	6.1
		122.0	128.5
Current assets			
Trade and other receivables	9	**597.5**	504.2
Current tax receivable		**0.1**	0.1
Derivative financial assets	11	**0.2**	0.8
Cash and cash equivalents		**15.8**	16.8
		613.6	521.9
Liabilities			
Current liabilities			
Borrowings	11	**(67.5)**	(27.7)
Derivative financial liabilities	11	**(0.8)**	(0.2)
Trade and other payables	10	**(201.5)**	(162.1)
Provisions	12	**(3.4)**	(7.3)
		(273.2)	(197.3)
Net current assets		**340.4**	324.6
Total assets less current liabilities		**462.4**	453.1
Non-current liabilities			
Borrowings	11	**(300.3)**	(276.3)
Derivative financial liabilities	11	**(2.4)**	(0.2)
Provisions	12	**(2.1)**	–
Retirement benefit obligation	14	**(6.7)**	(5.3)
		(311.5)	(281.8)
Net assets		**150.9**	171.3
Ordinary shares	15	**21.1**	21.1
Share premium account		**23.6**	23.5
Treasury shares		**(1.2)**	(1.2)
Other reserves		**(3.3)**	(1.6)
Merger relief reserve		**67.3**	67.3
Retained earnings(i)		**21.8**	40.6
Capital redemption reserve		**21.6**	21.6
Equity		**150.9**	171.3

Note:
(i) Loss after tax for the year was £15.4m (2019: profit £17.9m).

The accounts were approved by the Board of Directors on 9 March 2021 and signed on its behalf by:

Philipp Joeinig
Chairman

Alvaro Gomez-Reino
Chief Financial Officer

Company No. SC34970

Company Financial Statements

STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2020 (31 DECEMBER 2019)

	Ordinary shares £m	Share premium account £m	Treasury shares £m	Hedge reserve £m	Merger relief reserve £m	Retained earnings £m	Capital redemption reserve £m	Equity £m
At 31 December 2019	21.1	23.5	(1.2)	(1.6)	67.3	40.6	21.6	171.3
Loss for the year	–	–	–	–	–	(15.4)	–	(15.4)
Other comprehensive loss	–	–	–	(1.7)	–	(4.1)	–	(5.8)
Total comprehensive loss	–	–	–	(1.7)	–	(19.5)	–	(21.2)
Share capital issued	–	0.1	–	–	–	–	–	0.1
Share-based payments	–	–	–	–	–	0.7	–	0.7
At 31 December 2020	**21.1**	**23.6**	**(1.2)**	**(3.3)**	**67.3**	**21.8**	**21.6**	**150.9**

	Ordinary shares £m	Share premium account £m	Treasury shares £m	Hedge reserve £m	Merger relief reserve £m	Retained earnings £m	Capital redemption reserve £m	Equity £m
At 31 December 2018	21.1	23.1	(2.6)	–	67.3	43.7	21.6	174.2
Impact of adoption of IFRS 16	–	–	–	–	–	(1.6)	–	(1.6)
Adjusted equity at 1 January 2019	21.1	23.1	(2.6)	–	67.3	42.1	21.6	172.6
Profit for the year	–	–	–	–	–	17.9	–	17.9
Other comprehensive loss	–	–	–	(1.6)	–	(0.2)	–	(1.8)
Total comprehensive (loss)/income	–	–	–	(1.6)	–	17.7	–	16.1
Share capital issued	–	0.4	–	–	–	–	–	0.4
Share-based payments	–	–	–	–	–	0.8	–	0.8
Income tax effect of share-based payments	–	–	–	–	–	(0.3)	–	(0.3)
Dividends paid	–	–	–	–	–	(17.3)	–	(17.3)
Repurchase of own shares	–	–	(1.0)	–	–	–	–	(1.0)
Disposal of own shares	–	–	2.4	–	–	(2.4)	–	–
At 31 December 2019	21.1	23.5	(1.2)	(1.6)	67.3	40.6	21.6	171.3

Company Financial Statements
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020 (YEAR ENDED 31 DECEMBER 2019)

	Notes	2020 £m	2019 £m
Cash flows from operating activities			
Cash generated from operations	13	**(18.9)**	(22.1)
Interest paid on lease liabilities		**(0.2)**	(0.1)
Other interest paid including arrangement fees		**(15.7)**	(12.8)
Tax paid		**–**	(0.1)
Net cash flow used in operating activities		**(34.8)**	(35.1)
Cash flows from investing activities			
Disposal of minority equity investment	7	**–**	3.0
Increased disposal consideration		**–**	1.8
Purchase of property, plant and equipment		**–**	(0.4)
Net cash flow from investing activities		**–**	4.4
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital		**0.1**	0.4
Purchase of own shares		**–**	(1.0)
Proceeds from borrowings		**15.5**	50.0
Repayment of borrowings		**–**	(10.9)
Principal element of lease repayments		**(0.9)**	(0.3)
Dividends paid to ordinary shareholders	4	**–**	(17.3)
Net amounts (lent to)/repaid by subsidiaries		**(31.7)**	31.7
Net cash flow (used in)/from financing activities		**(17.0)**	52.6
(Decrease)/increase in net cash and cash equivalents		**(51.8)**	21.9
Opening net cash and cash equivalents[(i)]		**7.4**	(14.5)
Closing net cash and cash equivalents[(i)]		**(44.4)**	7.4

Note:
(i) Net cash and cash equivalents comprise cash at bank and in hand and bank overdrafts.

Company Financial Statements
NOTES TO THE FINANCIAL STATEMENTS

The financial statements of the Company for the year ended 31 December 2020 were approved and authorised for issue in accordance with a resolution of the Directors on 9 March 2021. John Menzies plc, a public company with registered number SC34970 and registered address of 2 Lochside Avenue, Edinburgh Park, Edinburgh EH12 9DJ is a limited company incorporated in Scotland and listed on the London Stock Exchange.

1. Significant Accounting Policies

Basis of preparation

The principal accounting policies adopted by the Company are the same as those set out in the consolidated financial statements. They have consistently been prepared under the historical cost convention and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

As permitted by section 408 of the Companies Act 2006, no Income Statement is presented by the Company.

New accounting standards and amendments

The new accounting standards and amendments applicable for the Company for the first time in 2020 are the same as those set out in the consolidated financial statements.

Assumptions, estimates and judgments

The preparation of the Company's financial statements requires Management to make assumptions, estimates and judgments that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates will, by definition, seldom equal the related actual results, particularly given changes in economic conditions and the level of uncertainty regarding their duration and severity.

Management considers the items where the largest estimates and judgments have been made in the Company's accounts relate to the retirement benefit obligation and income taxes. Details are set out in the consolidated financial statements.

2. Audit Fees

During the year, the Company obtained services from the Group's auditor at costs set out in the consolidated financial statements.

3. Directors' Emoluments

	2020 £m	2019 £m
Salary, fees and benefits	**1.3**	1.1
Termination benefits	**–**	0.6
Pension salary supplement	**0.2**	0.2
	1.5	1.9

No gains were made on the exercise of Long Term Incentive Plan awards (2019: same). There were eight employees of the Company, all of whom were members of the Board (2019: eight). Key Management personnel are the same as the individuals who are Directors of the Company.

Further details of the Directors' remuneration are disclosed in the Directors' Remuneration Report.

4. Dividends

No dividends were paid in the year. Details of the dividends paid are set out in Note 8 of the consolidated financial statements.

5. Property, Plant and Equipment

	Right of use asset property £m	Right of use asset subleased as lessor £m	**2020 £m**	2019 £m
Cost				
At beginning of year	0.9	0.8	**1.7**	7.7
Additions	–	–	**–**	0.4
Disposals	–	–	**–**	(8.1)
At end of year	**0.9**	**0.8**	**1.7**	1.7
Depreciation				
At beginning of year	0.7	0.2	**0.9**	2.1
Charge for the year	0.2	0.4	**0.6**	0.5
Disposals	**–**	**–**	**–**	(2.5)
At end of year	**0.9**	**0.6**	**1.5**	0.9
Net book value				
At end of year	**–**	**0.2**	**0.2**	0.8
At beginning of year	0.2	0.6	**0.8**	5.6

6. Investments in Subsidiaries

During the year there was no change in the investment in subsidiary entities of £121.6m (2019: £121.6m).

7. Other Investments

In the prior year the Company's 10% equity investment of £5.0m in Endless Newco1 Ltd was disposed on 13 September 2019 for £3.0m.

8. Deferred Tax

	2020 £m	2019 £m
Deferred tax assets		
Retirement benefit obligation	**–**	0.9
Share-based payments	**–**	0.2
Tax losses	**–**	4.2
Other temporary differences	**0.2**	0.8
	0.2	6.1
Deferred tax liabilities		
Accelerated capital allowances and other temporary differences	**–**	–
	–	–
Net recognised in the Balance Sheet	**0.2**	6.1
Movement in net deferred tax assets in the year:		
Income Statement: retirement benefit obligation	**(0.9)**	(1.8)
Income Statement: other	**(4.9)**	1.4
Tax related to items credited outside the Income Statement	**–**	(0.3)
	(5.8)	(0.7)

9. Trade and Other Receivables

	2020 £m	2019 £m
Prepayments	**5.0**	1.7
Amounts owed by other Group companies	**592.5**	502.3
Other receivables	**–**	0.2
	597.5	504.2

10. Trade and Other Payables

	2020 £m	2019 £m
Accruals	**0.9**	1.8
Amounts owed to other Group companies	**197.8**	155.3
Other payables	**2.8**	5.0
	201.5	162.1

11. Financial Instruments

Details relating to financial instruments are set out in Note 16 of the consolidated financial statements. Information specific to the Company is set out below.

Net borrowings

	2020 £m	2019 £m
Interest-bearing loans and borrowings	**367.8**	304.0
Derivative financial instruments	**3.0**	(0.4)
Total borrowings	**370.8**	303.6
Less: cash at bank, cash in hand and short-term deposits	**(15.8)**	(16.8)
	355.0	286.8

Interest-bearing loans and borrowings

	Maturity	**2020 £m**	2019 £m
Bank overdrafts	On demand	**60.2**	9.4
Non-amortising sterling bank loans	January 2025	**125.0**	109.0
Amortising US dollar term loan	January 2025	**175.8**	177.9
Lease liabilities	Various	**5.4**	6.3
Preference shares	Non-redeemable	**1.4**	1.4
		367.8	304.0
Current value		**67.5**	27.7
Non-current value		**300.3**	276.3
		367.8	304.0

Non cash movements

As set out in Note 18, non cash movements during the year comprise a £3.9m adverse fair value adjustment in bank debt, £3.3m adverse fair value adjustment on derivatives and £5.5m favourable currency translation on bank debt.

Trade and other receivables and payables

Trade and other receivables and trade and other payables carrying values of £592.5m and £201.5m (2019: £502.5m and £162.1m) approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

11. Financial Instruments continued

Credit risk

Exposure to credit risk is set out in the table below.

	2020 £m	2019 £m
Bank deposits	**15.8**	16.8

For banks and financial institutions, the Company's policy is to transact with independently rated parties with a minimum rating of 'A'. If there is no independent rating, the Company assesses the credit quality of the counterparty taking into account its financial position, past experience and other factors. As the Company utilises a number of different banks the concentration risk is deemed minimal but is continually kept under review.

In addition to the relevant items above the Company is exposed to credit risk in relation to on demand amounts owed by other Group companies. The amounts owed to and due by the Company from dealings with subsidiary companies are disclosed in Notes 9 and 10. Transactions between the Company and other Group companies primarily related to financing activities.

12. Provisions

The Company carries an insurance provision of £3.1m (all current). In the prior year this provision was £5.9m (all current).

The Company also carries an onerous lease provision of £2.4m (£0.3m current and £2.1m non-current). In the prior year this provision was £1.5m (£0.3m current and £1.2m non-current).

13. Cash Generated from Operations

	2020 £m	2019 £m
Loss before tax	**(12.5)**	(11.0)
Net interest charge	**4.0**	2.8
Depreciation	**0.6**	0.5
Share-based payments expense	**0.7**	0.8
Pension contributions in cash	**(3.7)**	(12.1)
Net movement relating to exceptional items	**–**	(2.1)
Increase in working capital	**(8.0)**	(1.0)
	(18.9)	(22.1)

14. Retirement Benefit Obligation

Details of the Company's defined benefit pension scheme in the UK are set out in Note 22 of the consolidated financial statements.

15. Share Capital

Details of Company share capital, including issuance of new shares in the year, are set out in Note 23 of the consolidated financial statements. Details of share-based payments are set out in Note 23 of the consolidated financial statements.

FIVE YEAR SUMMARY

	2020 £m	2019 £m	2018 £m	2017 £m	2016 £m
Revenue					
Americas	**290.9**	464.3	463.8	460.4	219.8
EMEA	**269.5**	552.5	517.3	508.2	376.8
Rest of World	**91.8**	161.3	157.6	162.6	130.0
Cargo Forwarding	**172.0**	147.5	152.3	142.4	116.8
	824.2	1,325.6	1,291.0	1,273.6	843.4
Underlying operating (loss)/profit	**(18.5)**	52.5	55.1	53.1	30.5
Exceptional and other items	**(76.8)**	(11.3)	(19.8)	(29.7)	(23.7)
Share of joint ventures and associates interest and tax	**(0.9)**	(1.6)	(1.3)	(1.0)	(0.9)
(Loss)/profit before interest	**(96.2)**	39.6	34.0	22.4	5.9
Net finance costs	**(24.3)**	(22.3)	(12.4)	(12.5)	(7.8)
(Loss)/profit before taxation	**(120.5)**	17.3	21.6	9.9	(1.9)
Per ordinary share					
Dividends paid	**–**	20.5p	20.5p	19.1p	17.2p
Underlying (loss)/earnings	**(61.8)p**	24.9p	37.6p	33.7p	21.8p
Basic (loss)/earnings	**(151.1)p**	10.8p	14.6p	0.1p	(11.2)p

SUBSIDIARY, JOINT VENTURE AND ASSOCIATE UNDERTAKINGS

AT 31 DECEMBER 2020

Interests in all of the companies listed below are in ordinary share capital of these undertakings, except where otherwise stated.

Subsidiary, joint venture and associate undertakings	Country of incorporation	Registered address	Direct or indirect holding (100% unless otherwise stated)
Administracion de Servicios en Tierra, S.A. de C.V.	Mexico	Plaza Alamos Local 2, SM 311, MZ 26 Lote 03-01 Boulevard Luis Donaldo Colosio C.P. 77560, Cancun, Quintana Roo	Indirect
Aeroground, Inc.	USA	251 Little Falls Drive, Wilmington, Delaware 19808	Indirect
Air Marketing Services Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Air Menzies International (Aust) Pty Ltd	Australia	Unit 12, Discovery Cove, 1801 Botany Road, Banksmeadow NSW 2019	Indirect
Air Menzies International (Cape) Proprietary Ltd	South Africa	New Agents Road, Unit 6, Air Cargo Centre, Cape Town International Airport, Cape Town	Indirect (65%)
Air Menzies International (India) Private Ltd	India	Cargo Terminal 1, Kempegowda International Airport, Bangalore 560300	Indirect
Air Menzies International (Netherlands) B.V.	The Netherlands	Anchoragelaan 50, 1118 LE Schiphol	Indirect
Air Menzies International (NZ) Ltd	New Zealand	c/o Buddle Findlay, Level 18, PwC Tower, 188 Quay Street, Auckland 1140	Indirect
Air Menzies International (USA), Inc.	USA	251 Little Falls Drive, Wilmington, Delaware 19808	Indirect
Air Menzies International Cargo (Canada) Ltd	Canada	2800 Park Place, 666 Burrard Street, Vancouver V6C 2Z7	Indirect
Air Menzies International Holding (NZ) Ltd	New Zealand	c/o Buddle Findlay, Level 18, PwC Tower, 188 Quay Street, Auckland 1140	Indirect
Air Menzies International Ltd	UK	5 The Enterprise Centre, Kelvin Lane, Crawley RH10 9PT	Indirect
Air Menzies International SA Proprietary Ltd	South Africa	Unit 3 Aviation Park, 17 Pomona Road, Kempton Park, Johannesburg	Indirect (65%)
Airbase Flight Support Ltd	Isle of Man	66 Athol Street, Douglas IM1 1JE	Indirect
Airbase Flight Support Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect

Subsidiary, joint venture and associate undertakings	Country of incorporation	Registered address	Direct or indirect holding (100% unless otherwise stated)
Aircraft Service International Group Holdings (Thailand) Ltd	Thailand	7th-9th & 16th Floor, Bubhajit Building, 20 North Sathorn Road, Silom, Bangrak, Bangkok 10500	Indirect (49.6%)
Aircraft Service International Group, Inc.	USA	251 Little Falls Drive, Wilmington, Delaware 19808	Indirect
Aircraft Service International, Inc.	USA	251 Little Falls Drive, Wilmington, Delaware 19808	Indirect
Airports Bureau Systems Ltd	UK	Windmill House, 91-93 Windmill Road, Sunbury-on-Thames TW16 7EF	Indirect (27%)
AMI Asia HK Ltd	China	Room 1403, Causeway Commercial Building, 3 Sugar Street, Causeway Bay, Hong Kong	Indirect
AMI Ocean Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Direct
ASIG (Thailand) Co. Ltd	Thailand	7th-9th & 16th Floor, Bubhajit Building, 20 North Sathorn Road, Silom, Bangrak, Bangkok 10500	Indirect (51%)
ASIG (U.K.) Limited	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
ASIG Ground Handling Canada Ltd	Canada	6500 Silver Dart Drive, Suite 257, Mississauga, Ontario L5P 1B2	Indirect
ASIG Holdings (Barbados) Ltd	Barbados	Suite 1, Ground Floor, The Financial Services Centre, Bishop's Court Hill, St. Michael	Indirect
ASIG Holdings Corp.	USA	251 Little Falls Drive, Wilmington, Delaware 19808	Indirect
ASIG Holdings Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
ASIG Lounge, Inc.	USA	251 Little Falls Drive, Wilmington, Delaware 19808	Indirect
ASIG Manchester Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect

SUBSIDIARY, JOINT VENTURE AND ASSOCIATE UNDERTAKINGS CONTINUED

Subsidiary, joint venture and associate undertakings	Country of incorporation	Registered address	Direct or indirect holding (100% unless otherwise stated)
ASIG Tanking (Thailand) Ltd	Thailand	7th-9th & 16th Floor, Bubhajit Building, 20 North Sathorn Road, Silom, Bangrak, Bangkok 10500	Indirect (40%)
Australian Air Support Pty Ltd	Australia	c/o Norton Rose Fulbright, Level 21, 111 Eagle Street, Brisbane QLD 4000	Indirect
Aviation Consultancy Services Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Aviation Service (Iraq) Limited	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect (40%)
Aviation Service Leader (Chile) S.A.	Chile	Est. Arturo Alessandri, Amunategui 277, 3F, Santiago	Indirect
Boker Aeroclean Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Cargo 2000 Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Cargosave Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Direct
Coronet Aviation Services Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Cranford Forwarders Bond Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect (50%)
Czech GH s.r.o.	Czech Republic	K Letisti 1049/57, 161 00 Prague 6	Indirect
DNDS Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Elmdon Cargo Handling Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect

Subsidiary, joint venture and associate undertakings	Country of incorporation	Registered address	Direct or indirect holding (100% unless otherwise stated)
Express Handling (Scotland) Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
FMD Ltd	UK	Two Snowhill, Snow Hill, Birmingham B4 6GA	Indirect (50%)
Gold Cost Air Terminal Services Pty	Australia	c/o Norton Rose Fulbright, Level 21, 111 Eagle Street, Brisbane QLD 4000	Indirect
Hamilton Aero Avionics Ltd	New Zealand	Boyd & Ingram Roads, Hamilton Airport, P.O. Box 11078, Hillcrest, Hamilton 3251	Indirect (50%)
Hamilton Aero Maintenance Ltd	New Zealand	Boyd & Ingram Roads, Hamilton Airport, P.O. Box 11078, Hillcrest, Hamilton 3251	Indirect
Heathrow Aviation Services Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
HO/Menzies Investimentos & Transportes Investments Limitada	China	Avenida da Praia Grande 665, Edificio Great Will, Macau	Indirect
JM Nominees Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Direct
JM Secretaries Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Direct
John Menzies (108) Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Direct
John Menzies (Birmingham) Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Direct
John Menzies (Edinburgh) Ltd	UK	2 Lochside Avenue, Edinburgh Park, Edinburgh EH12 9DJ	Direct
John Menzies (GB) Ltd	UK	2 Lochside Avenue, Edinburgh Park, Edinburgh EH12 9DJ	Direct
John Menzies Corporate Services Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Direct

SUBSIDIARY, JOINT VENTURE AND ASSOCIATE UNDERTAKINGS CONTINUED

Subsidiary, joint venture and associate undertakings	Country of incorporation	Registered address	Direct or indirect holding (100% unless otherwise stated)
John Menzies Distribution Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Direct
John Menzies Finance Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Direct
John Menzies Holding GmbH	Germany	Rechtsanwaelte Hoelters & Elsing, Immermannstrasse 40, 40210 Dusseldorf	Indirect
John Menzies International Ltd	UK	2 Lochside Avenue, Edinburgh Park, Edinburgh EH12 9DJ	Indirect
John Menzies Property 1 Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Direct
John Menzies Property 2 Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Direct
John Menzies Property 3 Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Direct
John Menzies USA Holdings, Inc.	USA	251 Little Falls Drive, Wilmington, Delaware 19808	Indirect
John Menzies USA, Inc.	USA	251 Little Falls Drive, Wilmington, Delaware 19808	Direct
London Cargo Group Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
London Cargo Handling Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
London Cargo Imports Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Lonsdale Universal Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect

Subsidiary, joint venture and associate undertakings	Country of incorporation	Registered address	Direct or indirect holding (100% unless otherwise stated)
Lonsdale Universal Trustees Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Direct
Luton Ramp Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Luton Services Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
MA Secretaries Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
MAG Nominees Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Mancargo Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Manchester Cargo Centre Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Manchester Handling Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
MCS Trustee Ltd	UK	2 Lochside Avenue, Edinburgh Park, Edinburgh EH12 9DJ	Direct
Menzies Aviation – Portugal – Servicos De Carga, Unipessoal, Lda	Portugal	Avenida Antonio Augusto de Aguiar, No. 183, R/C Dto., 1050-014 Lisbon	Indirect
Menzies Aviation (Africa) Pty Ltd	South Africa	Unit F4, CTX Business Park, Cape Town International Airport, Cape Town	Indirect
Menzies Aviation (Asia Pacific) Ltd	British Virgin Islands	Newhaven Corporate Services (BVI) Limited, 3rd Floor, Omar Hodge Building, Wickhams Cay I, PO Box 362, Road Town, Tortola	Indirect

SUBSIDIARY, JOINT VENTURE AND ASSOCIATE UNDERTAKINGS CONTINUED

Subsidiary, joint venture and associate undertakings	Country of incorporation	Registered address	Direct or indirect holding (100% unless otherwise stated)
Menzies Aviation (ASIG Ground Handling) Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Menzies Aviation (ASIG) Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Menzies Aviation (Australia) Pty Ltd	Australia	c/o Norton Rose Fulbright, Level 21, 111 Eagle Street, Brisbane QLD 4000	Indirect
Menzies Aviation (Aviation) B.V.	The Netherlands	Anchoragelaan 50, 1118 LE Schiphol	Indirect
Menzies Aviation (Brasil) Ltd	Brazil	Avenida Nove de Julho no. 4865, 5 Andar, Conjunto 51, Sala A, Sao Paulo	Indirect
Menzies Aviation (Canada) Ltd	Canada	10 Carlson Court, Suite 300, Toronto, Ontario M9W 6A2	Indirect
Menzies Aviation (Cargo) B.V.	The Netherlands	Anchoragelaan 50, 1118 LE Schiphol	Indirect
Menzies Aviation (Chengdu) Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Menzies Aviation (Czech) s.r.o.	Czech Republic	K Letisti 1049/57, 161 00 Prague 6	Indirect
Menzies Aviation (DEL), Inc.	USA	251 Little Falls Drive, Wilmington, Delaware 19808	Indirect
Menzies Aviation (Denmark) A/S	Denmark	Copenhagen Airport, Terminal 2, Lufthavnsboulevarden 6, 2770 Kastrup	Indirect
Menzies Aviation (Dominicana) Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Menzies Aviation (EMEA) Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Menzies Aviation (Europe) B.V.	The Netherlands	Anchoragelaan 50, 1118 LE Schiphol	Indirect
Menzies Aviation (FR9) B.V.	The Netherlands	Anchoragelaan 50, 1118 LE Schiphol	Indirect
Menzies Aviation (France) SAS	France	Aeroport Toulouse Blagnac, Hall C, 31700 Blagnac	Indirect
Menzies Aviation (Freighter Handling) B.V.	The Netherlands	Anchoragelaan 50, 1118 LE Schiphol	Indirect

Subsidiary, joint venture and associate undertakings	Country of incorporation	Registered address	Direct or indirect holding (100% unless otherwise stated)
Menzies Aviation (Fuelling) France	France	Aeroport Toulouse Blagnac, Hall C, 31700 Blagnac	Indirect
Menzies Aviation (Fuelling) Spain	Spain	Calle Nunez Morgado 6-Bj Dc, 28036 Madrid	Indirect
Menzies Aviation (Ground Services) Australia Pty Ltd	Australia	c/o Norton Rose Fulbright, Level 21, 111 Eagle Street, Brisbane QLD 4000	Indirect
Menzies Aviation (Handling) Proprietary Ltd	South Africa	Unit F4, CTX Business Park, Cape Town International Airport, Cape Town	Indirect (65%)
Menzies Aviation (Hungary) Kft.	Hungary	Liszt Ferenc Nemzetkozi Repuloter, Repules Oktatasi Kozpont, 17, sz H-1185 Budapest	Indirect
Menzies Aviation (Ibérica) S.A.	Spain	Calle Nunez Morgado 6-Bj Dc, 28036 Madrid	Indirect
Menzies Aviation (India) Private Ltd	India	Plot No-C-04L, Cargo Terminal-1, Kempegowda International Airport, Devanahalli, Bangalore 560300	Indirect
Menzies Aviation (Ireland) Limited	Republic of Ireland	First Floor, Riverside Two, 43/49 Sir John Rogerson's Quay, Dublin 2	Indirect
Menzies Aviation (Italy) srl	Italy	Via Carducci 11, 20123, Milan	Indirect
Menzies Aviation (LCC) B.V.	The Netherlands	Anchoragelaan 50, 1118 LE Schiphol	Indirect
Menzies Aviation (Lounge) B.V.	The Netherlands	Anchoragelaan 50, 1118 LE Schiphol	Indirect
Menzies Aviation (Luton) Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Menzies Aviation (Mexico) S.A. de C.V.	Mexico	Plaza Alamos Local 2, SM 311, MZ 26 Lote 03-01 Boulevard Luis Donaldo Colosio C.P. 77560, Cancun, Quintana Roo	Indirect
Menzies Aviation (Namibia) Proprietary Ltd	Namibia	Bougain Villas, 78 Sam Nujoma Drive, Windhoek	Indirect
Menzies Aviation (New Zealand) Ltd	New Zealand	George Bolt Memorial Drive, Auckland Airport, Auckland 2022	Indirect
Menzies Aviation (NL) Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect

SUBSIDIARY, JOINT VENTURE AND ASSOCIATE UNDERTAKINGS CONTINUED

Subsidiary, joint venture and associate undertakings	Country of incorporation	Registered address	Direct or indirect holding (100% unless otherwise stated)
Menzies Aviation (Oslo) AS	Norway	Sigrid Undsets plass, Terminalen, 2060 Gardermoen, 0235 Ullensaker	Indirect
Menzies Aviation (Poland) Sp. z.o.o.	Poland	ul. Sienna 72/3, 00-833 Warsaw	Indirect
Menzies Aviation (Romania) S.A.	Romania	Henri-Coanda International Airport, Calea Bucurestilor no 224E, Otopeni City, Ilfov	Indirect
Menzies Aviation (Santo Domingo) Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Menzies Aviation (Schiphol) B.V.	The Netherlands	Luna Arena, Herikerbergweg 238, 1101 CM Amsterdam	Indirect
Menzies Aviation (South Africa) (Cargo) Proprietary Ltd	South Africa	Unit F4, CTX Business Park, Cape Town International Airport, Cape Town	Indirect (65%)
Menzies Aviation (South Africa) (Pty) Ltd	South Africa	Unit F4, CTX Business Park, Cape Town International, Airport, Cape Town	Indirect (65%)
Menzies Aviation (Stockholm) AB	Sweden	Box 197, SE 190-45, Stockholm, Arlanda	Indirect
Menzies Aviation (Support Services) B.V.	The Netherlands	Anchoragelaan 50, 1118 LE Schiphol	Indirect
Menzies Aviation (Support) B.V.	The Netherlands	Anchoragelaan 50, 1118 LE Schiphol	Indirect
Menzies Aviation (Sverige) AB	Sweden	Box 197, SE 190-45, Stockholm, Arlanda	Indirect
Menzies Aviation (Sweden) AB	Sweden	Box 51, 230 32 Malmo, Sturup	Indirect
Menzies Aviation (Texas), Inc.	USA	251 Little Falls Drive, Wilmington, Delaware 19808	Indirect
Menzies Aviation (UK) Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Menzies Aviation (USA), Inc.	USA	251 Little Falls Drive, Wilmington, Delaware 19808	Indirect
Menzies Aviation (Venezuela) S.A.	Venezuela	Aeropuerto Internacional Simon Bolivar, Nivel 1, Sector 1, Maiquetia	Indirect
Menzies Aviation (Washington), Inc.	USA	251 Little Falls Drive, Wilmington, Delaware 19808	Indirect
Menzies Aviation (Windhoek Lounge) (Pty) Ltd	Namibia	Bougain Villas, 78 Sam Nujoma Drive, Windhoek	Indirect
Menzies Aviation Bermuda Ltd	Bermuda	Thistle House, 4 Burnaby Street, Hamilton HM 11	Indirect

Subsidiary, joint venture and associate undertakings	Country of incorporation	Registered address	Direct or indirect holding (100% unless otherwise stated)
Menzies Aviation Bobba (Bangalore) Private Ltd	India	Plot No-C-04L, Cargo Terminal-1, Kempegowda International Airport, Devanahalli, Bangalore 560300	Indirect (49%); 100% of preference shares
Menzies Aviation Cairns Pty Ltd	Australia	c/o Norton Rose Fulbright, Level 21, 111 Eagle Street, Brisbane QLD 4000	Indirect (50%)
Menzies Aviation Cargo (Bangalore) Ltd	Mauritius	5th Floor, Ebene Esplanade, 24 Cybercity, Ebene	Indirect
Menzies Aviation Cargo (Hungary) Kft.	Hungary	H-2220 Vecses, Lorinci str. 59, C Building, Budapest	Indirect
Menzies Aviation Cargo (Hyderabad) Ltd	Mauritius	5th Floor, Ebene Esplanade, 24 Cybercity, Ebene	Indirect
Menzies Aviation Cargo (Romania) S.R.L.	Romania	Henri-Coanda International Airport, Calea Bucurestilor no 224E, Otopeni City, Ilfov	Indirect
Menzies Aviation Colombia Holdings S.A.S.	Colombia	Carrera 7, No 71 – 21 Torre A, Oficina 602, Bogota	Indirect
Menzies Aviation Colombia S.A.S.	Colombia	Carrera 7, No 71 – 21 Torre A, Oficina 602, Bogota	Indirect
Menzies Aviation Contracts (NL) B.V.	The Netherlands	Anchoragelaan 50, 1118 LE Schiphol	Indirect
Menzies Aviation Corporate Services Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Menzies Aviation Cyprus Limited	Cyprus	Karaiskaki, 13, 3032 Limassol	Indirect
Menzies Aviation Denmark Lounges A/S	Denmark	Menzies Aviation, Copenhagen Airport, Petersdalvej 13, 1st, 2770 Kastrup	Indirect
Menzies Aviation Deutschland Verwaltungs GmbH	Germany	Carl-Theodor-Strasse 6, 40213 Dusseldorf	Indirect (75%)
Menzies Aviation Finance (USA) LLC	USA	251 Little Falls Drive, Wilmington, Delaware 19808	Indirect
Menzies Aviation Fuelling (Canada) Ltd	Canada	6500 Silver Dart Drive, Suite 257, Mississauga, Ontario L5P 1B2	Indirect
Menzies Aviation Fuelling Panama, Inc.	Panama	c/o Patton, Moreno & Asvat, Capital Plaza, 8th Floor, Roberto Motta Ave., Costa del Este, Panama City	Indirect
Menzies Aviation Greece S.A.	Greece	280 Kifissias Avenue, Chalandri of Attica	Indirect (75%)

SUBSIDIARY, JOINT VENTURE AND ASSOCIATE UNDERTAKINGS CONTINUED

Subsidiary, joint venture and associate undertakings	Country of incorporation	Registered address	Direct or indirect holding (100% unless otherwise stated)
Menzies Aviation Group (Philippines) B.V.	The Netherlands	Anchoragelaan 50, 1118 LE Schiphol	Indirect
Menzies Aviation Ground Services GmbH	Germany	Carl-Theodor-Strasse 6, 40213 Dusseldorf	Indirect
Menzies Aviation Handling Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Menzies Aviation Holdings (Asia Pacific) Ltd	British Virgin Islands	Newhaven Corporate Services (BVI) Limited, 3rd Floor, Omar Hodge Building, Wickhams Cay I, PO Box 362, Road Town, Tortola	Indirect
Menzies Aviation Holdings (Australia) Pty Ltd	Australia	c/o Norton Rose Fulbright, Level 21, 111 Eagle Street, Brisbane QLD 4000	Indirect
Menzies Aviation Holdings (Brasil) Ltda	Brazil	Avenida Nove de Julho no. 4865, 5 Andar, Conjunto 51, Sala A, Sao Paulo	Indirect
Menzies Aviation Holdings (Venezuela) S.A.	Venezuela	Aeropuerto Internacional Simon Bolivar, Nivel 1, Sector 1, Maiquetia	Indirect
Menzies Aviation Holdings Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Menzies Aviation Hyderabad (Passenger) Ltd	Mauritius	5th Floor, Ebene Esplanade, 24 Cybercity, Ebene	Indirect
Menzies Aviation International Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Menzies Aviation Leasing (Mexico) S.A. de C.V.	Mexico	Plaza Alamos Local 2, SM 311, MZ 26 Lote 03-01 Boulevard Luis Donaldo Colosio C.P. 77560, Cancun, Quintana Roo	Indirect
Menzies Aviation Pakistan (Private) Ltd	Pakistan	Office No. 311, 3rd Floor, The Forum, Khayaban-e-Jami, Clifton, Block 9, Karachi	Indirect (60%)
Menzies Aviation plc	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Menzies Aviation Puerto Plata S.A.	Dominican Republic	7 and 8 of General Gregorio Luperón, International Airport, Sosua, Puerto Plata	Indirect
Menzies Aviation Services (Asia Pacific) LLC	USA	251 Little Falls Drive, Wilmington, Delaware 19808	Indirect

Subsidiary, joint venture and associate undertakings	Country of incorporation	Registered address	Direct or indirect holding (100% unless otherwise stated)
Menzies Aviation Services Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Menzies Aviation Services SL	Spain	Calle Nunez Morgado 6-Bj Dc, 28036 Madrid	Indirect
Menzies Aviation Services Venezuela S.A.	Venezuela	Aeropuerto Internacional Simon Bolivar, Nivel 1, Sector 1, Maiquetia	Indirect
Menzies Aviation Spain SL	Spain	Calle Nunez Morgado 6-Bj Dc, 28036 Madrid	Indirect
Menzies Aviation St. Maarten B.V.	Sint Maarten	P.O. Box 2003, Princess Juliana Airport	Indirect
Menzies Aviation Washing Denmark A/S	Denmark	Menzies Aviation, Copenhagen Airport, Petersdalvej 13, 1st, 2770 Kastrup	Indirect
Menzies Aviation Washing Oslo AS	Norway	Sigrid Undsets plass, Terminalen, 2060 Gardermoen, 0235 Ullensaker	Indirect
Menzies Aviation, Inc.	USA	251 Little Falls Drive, Wilmington, Delaware 19808	Indirect
Menzies Bobba Ground Handling Services Private Ltd	India	H.No.6-3-345/1/2, Flat No. 102, Apurupa Classic, Road No. 1, Banjara Hills, Hyderabad 500034	Indirect (51%)
Menzies Cargo Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Menzies Cargo Services Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Menzies Client Solutions (USA), Inc.	USA	251 Little Falls Drive, Wilmington, Delaware 19808	Indirect
Menzies Client Solutions Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Menzies Express Baggage Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Menzies Group Holdings Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Direct

SUBSIDIARY, JOINT VENTURE AND ASSOCIATE UNDERTAKINGS CONTINUED

Subsidiary, joint venture and associate undertakings	Country of incorporation	Registered address	Direct or indirect holding (100% unless otherwise stated)
Menzies Macau Airport Services Ltd	China	Avenido de Aeroporto, Edificio Airport Logistic Business Centre, 1 andar, sala 52, Taipa, Macau	Indirect (29%)
Menzies Security Services B.V.	The Netherlands	Anchoragelaan 50, 1118 LE Schiphol	Indirect
Menzies Services Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Direct
Menzies Services, Inc.	USA	251 Little Falls Drive, Wilmington, Delaware 19808	Indirect
Menzies Wholesale Ltd	UK	2 Lochside Avenue, Edinburgh Park, Edinburgh EH12 9DJ	Direct
Menzies World Cargo (Amsterdam) B.V.	The Netherlands	Anchoragelaan 50, 1118 LE Schiphol	Indirect
Menzies World Cargo (Rotterdam) B.V.	The Netherlands	Brandenburghbaan 2b, 3045 AK Rotterdam	Indirect
Menzies World Cargo Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Menzies Worldwide Distribution Ltd	UK	2 Lochside Avenue, Edinburgh Park, Edinburgh EH12 9DJ	Direct
Moose Aviation Services AB	Sweden	Box 2, 190 45 Stockholm, Arlanda	Indirect
MPF Trustee Ltd	UK	2 Lochside Avenue, Edinburgh Park, Edinburgh EH12 9DJ	Direct
Ogden Aviation Services (Chile) Ltda	Chile	Est. Arturo Alessandri, Amunategui 277, 3F, Santiago	Indirect
Ogden Cargo Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Perth Cargo Centre Pty Ltd	Australia	c/o Norton Rose Fulbright, Level 21, 111 Eagle Street, Brisbane QLD 4000	Indirect
PlaneBiz 2015 Ltd	New Zealand	George Bolt Memorial Drive, Auckland Airport, Auckland 2022	Indirect (60%)
Princes Street (Jersey) Ltd	Jersey	47 Esplanade, St. Helier JE1 0BD	Direct

Subsidiary, joint venture and associate undertakings	Country of incorporation	Registered address	Direct or indirect holding (100% unless otherwise stated)
PT. Menzies Aviation Indonesia	Indonesia	Area Cargo Bandara Soekarno Hatta, Kel. Pajang, Kec. Benda, Jakarta Barat, Jakarta	Indirect (51%)
PT. Mitra Adira Utama	Indonesia	Taman Palem Lestari, Ruko Galaxy, Blok O No. 6, Kel. Cengkareng Barat, Kec. Cengkareng, Jakarta Barat, Jakarta	Indirect (51%)
Rose Street Nominees Ltd	UK	2 Lochside Avenue, Edinburgh Park, Edinburgh EH12 9DJ	Indirect
Simplicity Ground Services, LLC	USA	251 Little Falls Drive, Wilmington, Delaware 19808	Indirect
Skycare Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Skyport Handling Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Skyport Handling Services Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Skystar Airport Services NZ Pty Ltd	New Zealand	George Bolt Memorial Drive, Auckland Airport, Auckland 2022	Indirect
Skystar Airport Services Pty Ltd	Australia	c/o Norton Rose Fulbright, Level 21, 111 Eagle Street, Brisbane QLD 4000	Indirect
Smarter Asset Management Ltd	UK	Basepoint Centre, Isidore Road, Bromsgrove Enterprise Park, Bromsgrove B60 3ET	Indirect (26%)
Southampton Airport Cargo Services Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
The London Cargo Centre Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
The Menzies Group Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Direct

SUBSIDIARY, JOINT VENTURE AND ASSOCIATE UNDERTAKINGS CONTINUED

Subsidiary, joint venture and associate undertakings	Country of incorporation	Registered address	Direct or indirect holding (100% unless otherwise stated)
The United Iraqi Company for Airports and Ground Handling Services Limited	Iraq	Baghdad International Airport, Airport Street, Baghdad	Indirect (28%)
Worldwide Magazine Distribution Ltd	UK	Two Snowhill, Snow Hill, Birmingham B4 6GA	Indirect (50%)
Wyng Group Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Wyng Roadflight Ltd	UK	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Zaankracht Uitzendbureau Schiphol B.V.	The Netherlands	Stationsplein 979, 1117 CE Schiphol	Indirect (30%)

NOTICE OF ANNUAL GENERAL MEETING

This document is important and requires your immediate attention. If you are in any doubt about what action you should take you are recommended to consult your independent financial adviser authorised under the Financial Services and Markets Act 2000 or, if outside the United Kingdom, another appropriately authorised financial adviser. If you have sold or transferred all of your ordinary shares in John Menzies plc, you should forward this document (but not the personalised form of proxy) to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

Our preference had been to welcome shareholders in person to our 2021 Annual General Meeting, particularly given the constraints we faced in 2020 due to the COVID-19 pandemic. However, due to the Scottish Government's current COVID-19 restrictions in relation to public gatherings, and to prioritise the health and safety of our shareholders and other stakeholders who would ordinarily choose to attend the meeting, we are proposing to hold our 2021 Annual General Meeting as a combined physical and electronic meeting. Due to the current restrictions, shareholders will not be permitted to attend the physical location for the 2021 Annual General Meeting in person but can attend in person using electronic means. Given the constantly evolving nature of the situation, if it subsequently becomes possible to welcome a number of shareholders to the venue, attendance in this way is likely to be restricted in terms of numbers and we would therefore still encourage shareholders not to attend the venue in person and instead to participate in the meeting electronically. Any updates to the position will be included on our website at www.menziesaviation.com/investor-centre.

We strongly encourage shareholders to vote on the relevant resolutions online or by appointing Chairman of the meeting as their proxy in advance of the meeting. This will ensure that your vote will be counted even if attendance at the meeting is restricted or you or any other person appointed as a proxy are unable to attend. Details of: (i) how to return the proxy appointment and timing of return; and (ii) electronic voting arrangements can be found on pages 223 to 226 of this Notice of Annual General Meeting. Any shareholder questions can be sent to investor.relations@johnmenziesplc.com in advance of the meeting.

Notice is hereby given that the 2021 Annual General Meeting of John Menzies plc (the "**Company**") will be held at the registered office of the Company, 2 Lochside Avenue, Edinburgh Park, Edinburgh, EH12 9DJ on Friday 14 May 2021 at 2:00pm (the "**2021 Annual General Meeting**") to transact the following business:

Ordinary Resolutions
To consider and, if thought fit, pass Resolutions 1-12, each of which will be proposed as an ordinary resolution:

1. Report and Accounts
To receive the Annual Accounts of the Company for the financial year ended 31 December 2020, the Strategic Report and the Reports of the Directors and Auditor thereon.

2. Remuneration Report
To approve the Report on Directors' Remuneration (excluding the Directors' Remuneration Policy) as set out in the Annual Report and Accounts for the financial year ended 31 December 2020.

3–9. Re-election of Directors
3. To re-elect Paul Baines as a director of the Company.
4. To re-elect David Garman as a director of the Company.
5. To re-elect John Geddes as a director of the Company.
6. To re-elect Alvaro Gomez-Reino as a director of the Company.
7 To re-elect Philipp Joeinig as a director of the Company.
8. To re-elect Christian Kappelhoff-Wulff as a director of the Company.
9. To re-elect Silla Maizey as a director of the Company.

10. Re-appointment of auditor
To re-appoint Ernst & Young LLP as the Company's auditor to hold office from the conclusion of this 2021 Annual General Meeting until the conclusion of the next general meeting at which Annual Accounts are laid before the Company.

11. Remuneration of auditor

To authorise the directors of the Company to fix the remuneration of the Company's auditor.

12. Authority to allot shares

That the directors of the Company (the "**Directors**") be and are hereby generally and unconditionally authorised, pursuant to section 551 of the Companies Act 2006 (the "**2006 Act**"), to exercise all powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company, such rights and shares together being 'relevant securities':

(a) otherwise than pursuant to paragraph (b) below, up to an aggregate nominal amount of £7,025,516 (such amount to be reduced by the aggregate nominal amount of any equity securities (as defined by section 560 of the 2006 Act) allotted under paragraph (b) below in excess of £7,025,516); and

(b) comprising equity securities up to an aggregate nominal amount of £14,051,032 (such amount to be reduced by the nominal amount of any relevant securities allotted under paragraph (a) above) in connection with an offer by way of a rights issue to: (i) holders of ordinary shares in the capital of the Company in proportion (as nearly as may be practicable) to their respective holdings; and (ii) holders of equity securities in the capital of the Company as required by the rights of those securities or as the Directors otherwise consider necessary, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements, record dates, legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depository receipts or any other matter;

and provided that (unless previously renewed, varied or revoked) this authority shall expire at the conclusion of the next annual general meeting of the Company or, if earlier, at the close of business on 30 June 2022 save that, in each case, the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require relevant securities to be allotted after such expiry and the Directors shall be entitled to allot relevant securities pursuant to any such offer or agreement as if the authority conferred hereby had not expired. This authority is in substitution for and to the exclusion of all unexercised existing authorities previously granted to the Directors under the 2006 Act but without prejudice to any allotment of shares or grants of rights already made, offered or agreed to be made pursuant to such authorities.

Special Resolutions

To consider, and if thought fit, pass Resolutions 13-17, each of which will be proposed as a special resolution.

13. Authority to Disapply Pre-Emption Rights

That, subject to the passing of Resolution 12 in the Notice of Annual General Meeting of the Company dated 31 March 2021 (the "**Section 551 Resolution**"), the directors of the Company (the "**Directors**") be and are hereby empowered pursuant to section 570 and section 573 of the Companies Act 2006 (the "**2006 Act**") to exercise all powers of the Company to allot equity securities (within the meaning of sections 560(1)–(3) of the 2006 Act) wholly for cash pursuant to the authority conferred by the Section 551 Resolution and/or by way of a sale of treasury shares as if section 561(1) of the 2006 Act did not apply to any such allotment provided that this power shall be limited to:

(a) the allotment of equity securities in connection with an offer or issue of equity securities (but, in the case of an allotment pursuant to the authority granted under paragraph (b) of the Section 551 Resolution, such power shall be limited to the allotment of equity securities in connection with a rights issue only) to: (i) the holders of ordinary shares in the capital of the Company in proportion (as nearly as may be practicable) to their respective holdings; and (ii) the holders of equity securities in the capital of the Company as required by the rights of those securities or as the Directors otherwise consider necessary, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements, record dates, legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depository receipts or any other matter; and

(b) the allotment pursuant to the authority granted by paragraph (a) of the Section 551 Resolution (otherwise than pursuant to paragraph (a) of this Resolution 13) or sale of treasury shares up to an aggregate nominal amount of £1,053,827;

and provided that (unless previously renewed, varied or revoked) this power shall expire at the conclusion of the next annual general meeting of the Company or, if earlier, at the close of business on 30 June 2022 save that, in each case, the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the Directors shall be entitled to allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired.

14. Further authority to disapply pre-emption rights

That, subject to the passing of Resolution 12 in the Notice of Annual General Meeting of the Company dated 31 March 2021 (the "**Notice of AGM**") (the "**Section 551 Resolution**"), the directors of the Company (the "**Directors**") be and are hereby empowered pursuant to section 570 and section 573 of the Companies Act 2006 (the "**2006 Act**") to exercise all powers of the Company, in addition to any authority granted under resolution 13 of the Notice of AGM, to allot equity securities (within the meaning of sections 560(1)-(3) of the 2006 Act) wholly for cash pursuant to the authority conferred by the Section 551 Resolution and/or by way of a sale of treasury shares as if section 561(1) of the 2006 Act did not apply to any such allotment provided that this power shall be:

(a) limited to the allotment to any person or persons of equity securities up to an aggregate nominal amount of £1,053,827;

(b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

and provided that (unless previously renewed, varied or revoked) this power shall expire at the conclusion of the next annual general meeting of the Company or, if earlier, at the close of business on 30 June 2022 save that, in each case, the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the Directors shall be entitled to allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired.

15. Purchase of own ordinary shares by the Company

That the Company be and is hereby authorised pursuant to section 701 of the Companies Act 2006 (the "**2006 Act**") to make market purchases (within the meaning of section 693(4) of the 2006 Act) of its own ordinary shares of 25p each ("**Ordinary Shares**"), on such terms and in such manner as the directors of the Company may from time to time determine, provided that:

(a) the maximum number of Ordinary Shares hereby authorised to be purchased is 8,430,619, representing approximately 10% of the issued ordinary share capital of the Company as at 31 March 2021;

(b) the maximum price which may be paid for each such Ordinary Share under this authority shall be the higher of:

  (i) an amount equal to 105% of the average of the middle market quotations for any such Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately prior to the date of conclusion of the contract for any such purchase; and

  (ii) an amount equal to the higher of the price of the last independent trade and the highest current independent bid for an Ordinary Share on the trading venues where the market purchases by the Company pursuant to the authority conferred by this Resolution 15 will be carried out,

and the minimum price which may be paid for any such Ordinary Share is 25p, in each case exclusive of the expenses of purchase (if any) payable by the Company; and

(c) the authority hereby conferred shall expire (unless previously renewed, varied or revoked) at the conclusion of the next annual general meeting of the Company or, if earlier, at the close of business on 30 June 2022 except in relation to the purchase of Ordinary Shares for which a contract was concluded before the authority expired and which might or will be executed wholly or partly after its expiration and the Company may make such a purchase in pursuance of such contract as if the authority hereby conferred had not expired.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

16. Purchase of own preference shares by the Company

That the Company be and is hereby authorised pursuant to section 701 of the Companies Act 2006 (the "**2006 Act**") to make market purchases (within the meaning of section 693(4) of the 2006 Act) of its own 9% cumulative preference shares of £1 each ("**Preference Shares**"), on such terms and in such manner as the directors of the Company may from time to time determine, provided that:

(a) the maximum number of Preference Shares hereby authorised to be purchased is 1,394,587, representing 100% of the issued preference share capital of the Company as at 31 March 2021;

(b) the maximum price which may be paid for each such Preference Share under this authority shall be the higher of:

 (i) an amount equal to 110% of the average of the middle market quotations for any such Preference Share as derived from the London Stock Exchange Daily Official List for the five business days immediately prior to the date of conclusion of the contract for any such purchase; and

 (ii) an amount equal to the higher of the price of the last independent trade and the highest current independent bid for a Preference Share on the trading venues where the market purchases by the Company pursuant to the authority conferred by this Resolution 16 will be carried out, and the minimum price which may be paid for any such Preference Share is £1, in each case exclusive of the expenses of purchase (if any) payable by the Company; and

(c) the authority hereby conferred shall expire (unless previously renewed, varied or revoked) at the conclusion of the next annual general meeting of the Company or, if earlier, at the close of business on 30 June 2022, except in relation to the purchase of Preference Shares for which a contract was concluded before the authority expired and which might or will be executed wholly or partly after its expiration and the Company may make such a purchase in pursuance of such contract as if the authority hereby conferred had not expired.

17. Length of notice of meeting

That a general meeting (other than an annual general meeting) may be called on not less than 14 clear days' notice, provided that the authority for this Resolution shall expire at the conclusion of the next annual general meeting of the Company.

Approved and issued by the Board of Directors.

On behalf of the Board of Directors

John Geddes
Corporate Affairs Director & Group Company Secretary
31 March 2021

Registered office:
2 Lochside Avenue
Edinburgh Park
Edinburgh EH12 9DJ

Registered in Scotland
with company number SC34970

Explanatory Notes

The following information provides additional background information to several of the proposed Resolutions:

Resolution 2: Remuneration Report

In accordance with the provisions of the Companies Act 2006 (the "**2006 Act**"), the Company's Report on Directors' Remuneration (excluding the Directors' Remuneration Policy (the "**Remuneration Policy**")) will be put to an annual shareholder vote by ordinary resolution. This vote is advisory in nature and is in respect of the overall remuneration package which is in place for directors of the Company (the "**Directors**") – it is not specific to individual levels of remuneration nor is the entitlement of a Director to remuneration conditional on the vote being passed. The Remuneration Policy is, however, subject to a binding shareholder vote by ordinary resolution at least every three years. A new Remuneration Policy was proposed and approved at a general meeting of the Company held on 17 September 2019, further details of which are set out on pages 106 to 114 of the Annual Report and Accounts 2020. The Company cannot make a remuneration payment to a current or prospective Director or a payment for loss of office to a current or past Director unless such payment is consistent with the Remuneration Policy or has been approved by a resolution of the Company's shareholders.

Resolutions 3–9: Re-election of Directors

Biographical details of the Directors to be re-elected at this year's annual general meeting ("**2021 Annual General Meeting**") can be found on pages 76 and 77 of the Annual Report and Accounts 2020. In accordance with the principles of good governance prescribed by the UK Corporate Governance Code (July 2018), all Directors who it is intended will continue in office following the 2021 Annual General Meeting will seek re-election. In proposing the re-election of the Directors, the Executive Chairman & Chief Executive Officer has confirmed that, following rigorous internal performance evaluations (described on pages 86 and 87 of the Annual Report and Accounts 2020), each individual continues to make an effective and valuable contribution to the Board and demonstrates commitment to their role.

Resolution 12: Authority to allot shares

The Investment Association's Share Capital Management Guidelines (the "**Guidelines**") and the Pre-Emption Group Principles (the "**Pre-Emption Principles**") permit, and regard as routine, an authority to allot up to two-thirds of a company's existing issued share capital. They provide that any amount in excess of one-third of a company's issued share capital should only be applied to fully pre-emptive rights issues.

At the Company's annual general meeting in May 2020, the Directors sought authority to allot shares in the capital of the Company up to an aggregate nominal amount of £14,051,553, representing approximately two-thirds of the Company's issued ordinary share capital as at 27 March 2020. This authority was duly passed by shareholders.

It is considered appropriate that the Directors be granted authority to allot shares in the capital of the Company up to a maximum nominal amount of £14,051,032, which amount represents approximately two-thirds of the Company's issued ordinary share capital as at 31 March 2021 and thus complies with the Guidelines. Accordingly, 28,102,064 ordinary shares of £0.25 each (the **"Ordinary Shares"**), representing approximately one-third of the Company's issued ordinary share capital, may be allotted pursuant to a fully pre-emptive rights issue.

As at 31 March 2021 (being the latest practicable date prior to publication of this Notice of AGM) the Company held 184,769 of its Ordinary Shares in Treasury.

Resolutions 13 and 14: Authority to disapply pre-emption rights

Resolutions 13 and 14 will give the Directors authority to allot ordinary shares in the capital of the Company pursuant to the authority granted under Resolution 12 above for cash without complying with the pre-emption rights in the Companies Act 2006 ("**2006 Act**") in certain circumstances. This disapplication authority is in line with institutional shareholder guidance, and in particular with the Pre-Emption Group's Statement of Principles. The Pre-Emption Principles were revised in March 2015 to allow the authority for an issue of shares for cash otherwise than in connection with a pre-emptive offer to include: (i) an authority over 5% of a company's issued share capital for use on an unrestricted basis; and (ii) an additional authority over a further 5% of a company's issued share capital for use in connection with an acquisition or specified capital investment announced contemporaneously with the issue, or which has taken place in the six month period preceding the announcement of the issue.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

Resolutions 13 and 14: Authority to disapply pre-emption rights continued

Resolution 13 will permit the Directors to allot: (a) equity securities (as defined in sections 560(1) – (3) of the 2006 Act) for cash up to a maximum nominal amount of £14,051,032 (representing approximately two-thirds of the issued ordinary share capital of the Company as at 31 March 2021) on an offer to existing shareholders on a pre-emptive basis (that is including a rights issue or an open offer), with one-third being available only in connection with a rights issue (in each case subject to any adjustments, such as for fractional entitlements and overseas shareholders, as the Directors see fit); and (b) equity securities for cash and to sell treasury shares up to a maximum nominal value of £1,053,827 (representing approximately 5% of the issued ordinary share capital of the Company as at 31 March 2021) otherwise than in connection with a pre-emptive offer to existing shareholders.

Resolution 14 will permit the Directors to allot additional equity securities for cash and sell treasury shares up to a maximum nominal value of £1,053,827, representing approximately a further 5% of the issued ordinary share capital of the Company as at 31 March 2021, otherwise than in connection with a pre-emptive offer to existing shareholders for the purposes of financing or refinancing a transaction as contemplated by the Pre-Emption Principles described above. The Board considers that it is in the best interests of the Company and its shareholders generally that the Company should seek the maximum authority permitted by the Pre-Emption Principles and have the flexibility conferred by Resolutions 13 and 14 to conduct a pre-emptive offering without complying with the strict requirements of the statutory pre-emption provisions and to finance business opportunities quickly and efficiently when they arise in line with the Company's strategy for growth. The Directors believe that it is appropriate to seek the additional 5% authority in Resolution 14 to give the Company the flexibility that this resolution affords. The Board confirms that, in accordance with the Pre-Emption Principles, it does not intend to issue shares for cash representing more than 7.5% of the Company's issued ordinary share capital in any rolling three-year period to those who are not existing shareholders (save in accordance with Resolution 14) without prior consultation with shareholders.

The authority contained in Resolutions 13 and 14 will expire upon the expiry of the authority to allot shares conferred in Resolution 12 (that is at the end of the next annual general meeting of the Company or, if earlier, on 30 June 2022).

Resolutions 15 and 16: Authority to buy-back shares

Special resolutions 15 and 16 give the Company authority to make market purchases of its Ordinary Shares and 9% cumulative preference shares (the "**Preference Shares**") in the market, as permitted by the 2006 Act. The authorities set the minimum and maximum prices and limit the number of Ordinary Shares that can be purchased to 8,430,619 (representing approximately 10% of the issued Ordinary Shares as at 31 March 2021) and the number of Preference Shares to 1,394,587 (representing 100% of the issued Preference Shares as at 31 March 2021).

The authorities, if granted, will expire at the conclusion of the next annual general meeting of the Company or, if earlier, at the close of business on 30 June 2022. The Directors have no present intention of exercising the authority to purchase the Preference Shares but will keep the matter under review, taking into account the financial resources of the Company, the Company's share price and future funding opportunities. The authority would only be exercised if the Directors believed that to do so would result in an increase in earnings per share and would be in the interests of the Company's shareholders generally.

As at 31 March 2021, the Company held 184,769 Ordinary Shares in treasury. The Company may make purchases of its Ordinary Shares, taking into account the financial resources of the Company, the Company's share price and future funding opportunities. No voting rights attach to Ordinary Shares whilst held in treasury nor are dividends payable on them. The authority sought under Resolution 15 will only be exercised if the Directors believe that to do so would result in an increase in earnings per share and would be in the interests of the Company's shareholders generally. Any purchase of Ordinary Shares would be by means of market purchase through the London Stock Exchange.

Resolution 17: Length of notice of meeting

The Companies Act 2006 requires that all general meetings (other than an annual general meeting) must be held on 21 clear days' notice unless shareholders agree to a shorter notice period which is subject to a minimum of 14 clear days' notice. In order to be able to call a general meeting on less than 21 clear days' notice the Company must make an electronic means of voting available to all shareholders for the meeting. This condition is met by the Company providing the facility for shareholders to appoint a proxy via an online shareholder portal operated by our Registrars. It is not the Company's intention to use the shorter notice period as a matter of routine but only when the flexibility is merited by the business of the meeting and is thought to be in the interests of shareholders as a whole. If given, this approval will be effective until the end of the next annual general meeting.

Recommendation

The Directors consider that all the above Resolutions are in the best interests of the Company and its shareholders as a whole and are most likely to promote the success of the Company. Accordingly, they unanimously recommend that you vote in favour of all proposed Resolutions.

Notes to the Notice of AGM

1. Information about the 2021 Annual General Meeting is available from the Company's website at www.menziesaviation.com/investor-centre.
2. As a shareholder, you are entitled to appoint one or more proxies to exercise all or any of your rights to attend, speak and vote at the 2021 Annual General Meeting. A proxy need not be a shareholder of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise the rights attached to any one share. Given the current restrictions on public gatherings, it is unlikely that you or any person you appoint as a proxy will be able to attend the physical meeting. You are therefore strongly encouraged to appoint the Chairman of the meeting as your proxy for the purposes of the 2021 Annual General Meeting and/or to attend the 2021 Annual General Meeting in person electronically.
3. A Form of Proxy is enclosed. To be valid, your Form of Proxy and any power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority should be sent to Computershare Investor Services ("**Computershare**") at The Pavilions, Bridgwater Road, Bristol BS99 6ZY so as to arrive no later than 48 hours before the commencement of the 2021 Annual General Meeting. No amendments to, or submission or withdrawal of, any Form of Proxy shall be effective if lodged with Computershare less than 48 hours before the time appointed for the holding of the 2021 Annual General Meeting or any adjourned meeting.
4. It is possible for you to submit your proxy votes online. Further information on this service can be found on your Form of Proxy or, if you receive communications electronically, voting information will be contained within your email broadcast.
5. If you appoint a proxy, this will not prevent you attending the 2021 Annual General Meeting and voting in person you wish to do so, whether electronically or in person at the physical meeting should this be permitted under applicable COVID-19 restrictions in place at the time.
6. The right to vote at the 2021 Annual General Meeting is determined by reference to the Company's Register of Members as at the close of business on Wednesday 12 May 2021 or, if the 2021 Annual General Meeting is adjourned, at 8:00pm on the day two days prior to the adjourned meeting. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any shareholder to attend and vote at the 2021 Annual General Meeting.
7. As a shareholder, you have the right to put questions at the 2021 Annual General Meeting relating to the business being dealt with at the 2021 Annual General Meeting. Shareholders are encouraged to submit questions in advance of the meeting to the following address: Investor.Relations@johnmenziesplc.com. Shareholders may also ask questions verbally or electronically during the meeting and more details on how to do this are contained in the Instructions and process for the 2021 Annual General Meeting information provided with this Notice of AGM. A list of all questions asked will be published on the Company's website as soon as reasonably practicable after the conclusion of the 2021 Annual General Meeting.
8. Any person to whom this notice is sent who is a person nominated under section 146 of the 2006 Act to enjoy information rights (a "**Nominated Person**") may, under an agreement between them and the shareholder by whom they were nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the 2021 Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
9. The statement of the rights of shareholders in relation to the appointment of proxies in Notes 2, 3 and 4 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
10. As at 31 March 2021, the issued ordinary share capital of the Company comprised 84,490,964 Ordinary Shares and the Company held 184,769 of these Ordinary Shares in treasury. Each Ordinary Share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 31 March 2021 is 84,306,195.
11. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the 2021 Annual General Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

Notes to the Notice of AGM continued

12. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID 3RA50) so as to arrive no later than 48 hours before the commencement of the 2021 Annual General Meeting or any adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the shareholder information message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
13. CREST members and, where applicable, their CREST sponsors or voting service providers, should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
14. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
15. Under section 338 of the 2006 Act, shareholders may require the Company to give, to shareholders of the Company entitled to receive this Notice of AGM, notice of a resolution which may properly be moved and is intended to be moved at the 2021 Annual General Meeting. Under section 338A of the 2006 Act, shareholders may request the Company to include in the business to be dealt with at the 2021 Annual General Meeting any matter (other than a proposed resolution) which may properly be included in the business.
16. It is possible that, pursuant to requests made by shareholders of the Company under section 527 of the 2006 Act, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the 2021 Annual General Meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the 2006 Act. The Company may not require the shareholder requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the 2006 Act. Where the Company is required to place a statement on a website under section 527 of the 2006 Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the 2021 Annual General Meeting includes any statement that the Company has been required to publish on a website under section 527 of the 2006 Act.
17. You may not use any electronic address provided either in this Notice of AGM or any related documents to communicate with the Company for any purpose other than as expressly stated.

Instructions and process for attendance at the 2021 Annual General Meeting

To join the online meeting, please visit: **meetings.computershare.com/MAVJ7GQ**

1. Entry to the 2021 Annual General Meeting, Conduct of Proceedings

To facilitate entry to the electronic meeting, shareholders are requested to use their Shareholder Reference Number (SRN) and PIN shown on their attendance card/Form of Proxy to log in to the meeting on their electronic device (whether by smart phone, tablet or PC). For further information please refer to the section Entry to the Meeting on page 225 of this Notice of AGM. Persons who are not shareholders of the Company (or their appointed proxy or corporate representative) will not be able to attend the 2021 Annual General Meeting unless prior arrangements have been made with the Company.

Where a member is appointing a third party as their proxy to attend the meeting on their behalf or, where a corporate member is appointing someone as their representative, the appointee's contact email address and, in the case of an individual representing a corporate member, a copy of the Letter of Representation, must be provided to Computershare by emailing corporate-representatives@computershare.co.uk to enable the provision of access credentials. Access credentials will be emailed to the appointee one working day prior to the meeting.

GENERAL INFORMATION

2. Appointment of Proxies

A member is entitled to appoint another person as their proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the 2021 Annual General Meeting. A proxy need not be a shareholder of the company. A shareholder may appoint more than one proxy in relation to the 2021 Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder.

Please contact Computershare Investor Services PLC by email on corporate-representatives@computershare.co.uk or alternatively call 0370 703 6303, providing details of your proxy appointment including their email address so that unique credentials can be issued to allow the proxy to access the electronic meeting. Access credentials will be emailed to the appointee one working day prior to the meeting. Lines are open 8.30am to 5.30pm Monday to Friday (excluding bank holidays).

3. Corporate Representatives

A corporation which is a shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

Please contact Computershare Investor Services PLC by emailing corporate-representatives@computershare.co.uk providing details of your appointment including their email address, confirmation of the meeting they wish to attend and a copy of the Letter of Representation, so that unique credentials can be issued to allow the corporate representative to access the electronic meeting. Access credentials will be emailed to the appointee one working day prior to the meeting. If documentation supporting the appointment of the corporate representative is supplied later than the deadline for appointment of a proxy (48 hours prior to the meeting), issuance of unique credentials to access the meeting will be issued on a best endeavours basis.

4. Entry to the Meeting

In order to participate at the meeting, you will need to visit **meetings.computershare.com/MAVJ7GQ** on your device operating a compatible browser using the latest version of Chrome, Firefox, Edge or Safari.

Please note that:

- **Internet Explorer is not supported.**
- **It is highly recommended that you check your system capabilities in advance of the meeting day.**

If you are a shareholder, you can use your unique Shareholder Reference Number and PIN as displayed on your Form of Proxy/attendance card. If you are an appointed proxy or a corporate representative you will have had to be provided with a unique control number to enter the meeting and exercise your rights. These credentials will be issued one working day prior to the meeting, conditional on evidence of your proxy appointment or corporate representative appointment having been received and accepted. If you have not been provided with your meeting access credentials, please ensure you contact Computershare on the morning of the meeting, but no later than 1 hour before the start of the meeting.

Access to the meeting via **meetings.computershare.com/MAVJ7GQ** will be available from **14 May 2021 at 1.30 pm**. Where telephone lines are provided these will be activated 30 minutes prior to the meeting start time. During the meeting, you must ensure you are connected to the internet **at all times** in order to vote when the Chair commences polling on resolutions being put to the meeting. Therefore, it is your responsibility to ensure connectivity for the duration of the meeting.

5. Accessing the telephone line

To be able to speak or ask a question verbally at the meeting, you must dial into the meeting using the number and Access Code provided below. The conference line will only be accessible at least 30 minutes prior to the start of the meeting. Local phone calls will not be charged.

Local (United Kingdom): 020 3936 2999 **Local (International)**: +44 20 3936 2999 **Access Code**: 345715

GENERAL INFORMATION CONTINUED

Instructions and process for attendance at the 2021 Annual General Meeting continued

6. Questions
Questions will be invited during the meeting. Questions can be asked verbally via the dedicated telephone line, details of which are noted above.

Shareholders attending electronically may ask questions via the website by typing and submitting their question in writing via the Q&A facility. Select the Q&A icon from within the navigation bar, choose your topic (if appropriate) and type your question in the question box then press send.

Shareholders are encouraged to submit questions in advance of the meeting to the following address: **Investor.Relations@johnmenziesplc.com**.

A list of all shareholder questions asked will be published on the Company's website as soon as reasonably practicable after the conclusion of the meeting.

7. Technical Issues
If you experience any technical issues with the website you may either call our registrar on the telephone number provided on the website or once you have entered the meeting, you can raise your question using the chat function. If you have technical issues prior to the start of the meeting you should contact our registrar on the shareholder helpline.

Documents
Subject to public health advice, the following documents will be available for review or inspection, during usual business hours on any day (except Saturday, Sunday and Bank Holidays) from the date of sending this Notice of AGM up to and including the date of the AGM, at the registered office of the Company and at the offices of the Company's solicitors, Dentons UK and Middle East LLP, at One Fleet Street, London EC4M 7RA:
(a) copies of the Directors' service contracts with the Company; and
(b) the terms of appointment of the Non-Executive Directors of the Company.

These documents will also be available for review or inspection on the Investor Relations section of the Company's website (www.menziesaviation.com/investor-centre).

On the date of the 2021 Annual General Meeting, these documents will be available for inspection at the venue of the 2021 Annual General Meeting from 9:00am until the conclusion of the 2021 Annual General Meeting.

Internet
The Company operates a website which can be found at www.menziesaviation.com. This site is regularly updated to provide you with information about the Company and its operating divisions. In particular, all of the Company's press releases and announcements can be found on this site together with copies of its Annual Reports and Accounts and other shareholder documentation.

Share Register and Shareholder Enquiries
Any enquiry concerning your shareholding should be directed to the Company's Registrar, Computershare Investor Services PLC ("**Computershare**"), and should clearly state your name, address and Shareholder Reference Number ("**SRN**"). The contact details are as follows:

Telephone: +44 (0) 370 703 6303 **Web**: www.investorcentre.co.uk **Email**: www.investorcentre.co.uk/contactus
Write: The John Menzies plc Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ

Computershare should be notified promptly in writing of any change to a shareholder's address. Computershare's online Investor Centre also enables you to view your shareholding and update your address and payment instructions online. You can register at www.investorcentre.co.uk. In order to register, you will need your SRN which you can find on your share certificate or dividend confirmation.

Share Price
The current price of the Company's ordinary shares of £0.25 each (the "**Ordinary Shares**") can be viewed on the Company's website at **www.menziesaviation.com**.

Telephone Share Dealing Service
A share dealing service has been arranged with Jarvis Investment Management Limited which provides a simple way of buying or selling shares in the Company. To use this service you should visit www.dialndeal.co.uk or call the following telephone number and quote reference "John Menzies plc dial and deal":

Telephone: +44 (0) 1892 700849

Commission for this share dealing service will be at a fixed rate of £27.50. Additionally, UK share purchases will be subject to a 0.5% stamp duty charge whilst a levy of £1.00 will be imposed by the Panel on Takeovers and Mergers for single trades in excess of £10,000.

You will be required to pay for any shares purchased by debit card at the time of the transaction. You must therefore ensure you have sufficient cleared funds available in your debit card account to pay for the shares in full.

ShareGift
If you only have a small number of shares which may be uneconomic to sell, you may wish to consider donating them to the charity ShareGift (Registered Charity No. 1052686) which specialises in accepting such shares as donations. There are no implications for UK Capital Gains Tax purposes (no gain or loss) on gifts of shares to charity and it is also possible to obtain income tax relief. If you wish to do this then the details are as follows:

Telephone: +44 (0) 20 7930 3737 **Web**: www.sharegift.org **Email**: help@sharegift.org

Payment of Dividends
It is in the interests of both the Company and its shareholders for dividends to be paid directly into bank or building society accounts. Any shareholder who wishes to receive dividends in this way should contact Computershare to obtain a dividend mandate form.

9% Cumulative Preference Shares
Dividends will be paid on 1 April 2021 and 1 October 2021.

Ordinary Shares
In accordance with the Company's Full Year Results 2020 released to the London Stock Exchange on 9 March 2021, the Board believes it prudent and in the best interests of shareholders to continue the temporary suspension of the dividend.

Investor Relations
For any Investor Relations enquiries, please contact the Company by one of the following means:

Telephone: +44 (0) 131 225 8555 **Email**: Investor.Relations@johnmenziesplc.com
Write: John Menzies plc, 2 Lochside Avenue, Edinburgh Park, Edinburgh EH12 9DJ, marked for the attention of John Geddes, Corporate Affairs Director & Group Company Secretary

Analysis of Shareholdings
At 31 December 2020 Shareholding

Shareholding (Ordinary Shares)	Number of shareholders	Percentage of shareholders	Total No. of Ordinary Shares held	Ordinary Shares held
1-1,000	2,919	79.64	708,533	0.84
1,001-5,000	479	13.07	966,267	1.14
5,001-10,000	58	1.58	431,126	0.51
10,001-100,000	123	3.36	4,660,314	5.52
Over 100,000	86	2.35	77,724,724	91.99
Totals	3,665	100	84,490,964	100

Web: www.investorcentre.co.uk **Email**: www.investorcentre.co.uk/contactus
Write: The John Menzies plc Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ

GENERAL INFORMATION CONTINUED

Principal Advisers

Auditor
Ernst & Young LLP
3rd Floor, 144 Morrison Street
Edinburgh
EH3 8EB

Joint Corporate Brokers
Peel Hunt
100 Liverpool Street
London
EC2M 2AT
United Kingdom

Berenberg
60 Threadneedle Street
London
EC2R 8HP

Principal Business Addresses

John Menzies plc
2 Lochside Avenue
Edinburgh Park
Edinburgh
EH12 9DJ

Telephone: +44 (0) 131 225 8555
Email: info@johnmenziesplc.com

Menzies Aviation
2 Lochside Avenue
Edinburgh Park
Edinburgh
EH12 9DJ

Telephone: +44 (0) 131 467 8070

Corporate Calendar

(Provisional dates)

9 March 2021	Preliminary announcement of Annual Results
1 April 2021	Payment of dividend on Preference Shares
8 April 2021	Annual Report and Accounts and Notice of AGM released
14 May 2021	AGM
31 August 2021	Announcement of Interim Results
1 October 2021	Payment of dividend on Preference Shares

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Paper from responsible sources
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Registered in Scotland with company number SC34970