AVIANCA GROUP INTERNATIONAL LIMITED AND SUBSIDIARIES

(England, United Kingdom)

Unaudited Condensed Consolidated Interim Financial Statements
As of March 31, 2022, and December 31, 2021, and
for the three-month period ended March 31, 2022

AVIANCA GROUP INTERNATIONAL LIMITED AND SUBSIDIARIES
(England, United Kingdom)

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AVIANCA GROUP INTERNATIONAL LIMITED AND SUBSIDIARIES
(England, United Kingdom)
Condensed Consolidated Interim Statements of Financial Position
(In USD thousands)

	Notes	March 31, 2022	December 31, 2021
Assets			
Current assets:			
Cash and cash equivalents	8	$ 1,138,465	$ 1,201,759
Restricted cash	8	32,423	76,572
Short term investments	11	44,001	42,260
Trade and other receivables net of expected credit losses	9	217,977	207,563
Current tax assets	19	202,064	168,945
Expendable spare parts and supplies, net of provision for obsolescence		92,766	87,264
Prepayments		37,274	35,058
Deposits and other assets	11	19,818	17,919
		1,784,788	**1,837,340**
Assets held for sale	12	20,754	322,890
Total current assets		**1,805,542**	**2,160,230**
Non–current assets:			
Deposits and other assets	11	64,814	35,920
Intangible assets and goodwill, net	14	2,984,808	2,997,890
Net defined benefit asset		32,952	14,626
Deferred tax assets		39,725	42,502
Property and equipment, net	13	2,439,868	1,659,462
Total non–current assets		**5,562,167**	**4,750,400**
Total assets		**$ 7,367,709**	**$ 6,910,630**

AVIANCA GROUP INTERNATIONAL LIMITED AND SUBSIDIARIES
(England, United Kingdom)
Condensed Consolidated Interim Statements of Financial Position
(In USD thousands)

	Notes	March 31, 2022	December 31, 2021
Liabilities and equity			
Current liabilities:			
Short-term borrowings and current portion of long-term debt	15	$ 299,012	$ 196,761
Accounts payable		476,727	536,852
Accrued expenses		40,712	22,978
Current tax liabilities	19	48,612	54,698
Provisions for legal claims	20	73,690	71,661
Employee benefits	7	77,283	89,952
Air traffic liability		616,531	522,872
Frequent flyer deferred revenue		149,089	146,694
Other liabilities		2,178	1,993
		1,783,834	**1,644,461**
Liabilities associated with the assets held for sale	12	8,916	317,667
Total current liabilities		**1,792,750**	**1,962,128**
Non–current liabilities:			
Long–term debt	15	3,281,892	2,862,430
Provisions for return conditions		590,398	272,817
Employee benefits	7	51,801	53,092
Deferred tax liabilities		326,496	331,729
Frequent flyer deferred revenue		252,910	262,118
Other liabilities		2,234	3,416
Total non–current liabilities		4,505,731	3,785,602
Total liabilities		**$ 6,298,481**	**$ 5,747,730**
Equity			
Common shares		4	4
Share premium		1,145,962	1,145,962
Retained deficit		(113,044)	(12,563)
Other comprehensive income	16	25,917	14,954
Equity attributable to owners of the Company		**1,058,839**	**1,148,357**
Non–controlling interest (NCI)		10,389	14,543
Total equity		**1,069,228**	**1,162,900**
Total liabilities and equity		**$ 7,367,709**	**$ 6,910,630**

AVIANCA GROUP INTERNATIONAL LIMITED AND SUBSIDIARIES

(England, United Kingdom)

Condensed Consolidated Interim Statement of Comprehensive Income (Loss)

(In USD thousands, except per share data)

	Notes	For the three months ended March, 31 2022
Operating revenue:		
Passenger		$ 600,009
Cargo and other		210,647
Total operating revenue	4, 24	**810,656**
Operating expenses:		
Flight operations		18,628
Aircraft fuel		255,588
Ground operations		84,347
Rentals	21	70,456
Passenger services		17,154
Maintenance and repairs		36,730
Air traffic		41,185
Selling expenses		68,190
Salaries, wages, and benefits		103,140
Fees and other expenses		46,715
Depreciation and amortization	13,14	77,720
Total operating expenses		**819,853**
Operating Loss		**(9,197)**
Interest expense		(88,107)
Interest income		870
Foreign exchange, net	6	(1,489)
Equity method profit		158
Loss before income tax		**(97,765)**
Income tax expense – current	19	(4,900)
Income tax benefit – deferred	19	3,331
Total tax expenses		**(1,569)**
Net loss for the period from continuing operations		**$ (99,334)**
Discontinuing operations		
Loss from discontinuing operations		(2,971)
Net loss for the period		**$ (102,305)**

See accompanying notes to condensed consolidated interim financial statements

AVIANCA GROUP INTERNATIONAL LIMITED AND SUBSIDIARIES
(England, United Kingdom)
Condensed Consolidated Interim Statement of Comprehensive Income (Loss)
(In USD thousands, except per share data)

	Notes	For the three months ended March, 31 2022
Net loss for the period		**$ (102,305)**
Other comprehensive income		
Items that will not be reclassified to profit or loss in future periods:	16	
Remeasurements of defined benefit		16,483
Income tax		213
		16,696
Items that will be reclassified to profit or loss in future periods:	16	
Effective portion of changes in fair value of hedging instruments		(194)
Net change in fair value of financial assets with changes in OCI		(1,054)
Foreign operations – foreign currency translation differences		(4,485)
		(5,733)
Other comprehensive income, net of income tax		**10,963**
Total comprehensive loss net of income tax		**(91,342)**
Loss attributable to:		
Equity holders of the parent		(97,298)
Equity holders from discontinuing operations		(3,183)
Non–controlling interest		(2,036)
Non–controlling interest discontinuing operations		212
Net loss		**(102,305)**
Total comprehensive income attributable to:		
Equity holders of the parent		(87,188)
Non–controlling interest		(4,154)
Total comprehensive loss		**$ (91,342)**

See accompanying notes to condensed consolidated interim financial statements

AVIANCA GROUP INTERNATIONAL LIMITED AND SUBSIDIARIES
(England, United Kingdom)
Condensed Consolidated Interim Statement of Changes in Equity
(In USD thousands)

		For the three months ended March 31, 2022						
		Common shares	Share premium	Other comprehensive income	Retained deficit	Equity attributable to owners of the Company	Non-controlling interest	Total equity
	Notes			OCI Reserves				
Balance at December 31, 2021		**$4**	**$1,145,962**	**$14,954**	**$(12,563)**	**$1,148,357**	**$14,543**	**$1,162,900**
Net loss		—	—	—	(100,481)	(100,481)	(1,824)	(102,305)
Other comprehensive income	16	—	—	10,963	—	10,963	(2,330)	8,633
Balance at March 31, 2022		**$4**	**$1,145,962**	**$25,917**	**$(113,044)**	**$1,058,839**	**$10,389**	**$1,069,228**

AVIANCA GROUP INTERNATIONAL LIMITED AND SUBSIDIARIES
(England, United Kingdom)
Condensed Consolidated Interim Statement of Cash Flows
(In USD thousands)

	Notes	For the three months ended March 31, 2022
Cash flows from operating activities:		
Net loss for the period		**$(102,305)**
Adjustments for:		
Provision for expected credit losses	9	1,186
Depreciation and amortization	13,14	77,720
Disposal Assets		1,520
Interest Income		(870)
Interest expense		88,107
Deferred tax	19	(3,331)
Current tax expense	19	4,900
Unrealized foreign currency gain		1,312
Changes in:		
Trade and other receivables		(8,449)
Expendable spare parts and supplies		(6,705)
Prepayments		(2,039)
Net current tax		(12,514)
Deposits and other assets		(22,495)
Accounts payable and accrued expenses		(12,783)
Air traffic liability		93,659
Frequent flyer deferred revenue		(6,813)
Provision for return conditions		8,662
Provisions for legal claims		(95)
Employee benefits		(29,481)
Disposal of discontinued operation		1,745
Income tax paid		(28,434)
Net cash provided by operating activities		**42,497**
Cash flows from investing activities:		
Acquisition of property and equipment		(26,879)
Interest received of investment in bank deposit certificates		(1,741)
Acquisition of intangible assets	14	(4,358)
Proceeds from sale of property and equipment		319,758
Disposal of discontinued Investing		(109)
Net cash provided by investing activities		**286,671**
Cash flows from financing activities:		
Proceeds from loans and borrowings		(314,719)
Repayment of loans and borrowings	15	(44,089)
Interest paid	15	(27,349)
Net cash used in financing activities		**(386,157)**
Net decrease in cash and cash equivalents		(56,989)
Exchange rate effect on cash		543
Cash of Disposal of discontinued operation		(6,848)
Cash and cash equivalents at the beginning of the period		1,201,759
Cash and cash equivalents at the end of the period		**$ 1,138,465**

(1) Reporting entity

Avianca Group International Limited ("AGIL" or the "Company") is, a company incorporated and existing under the laws of England and Wales as of September 27, 2021, with its registered office at Avianca Savinvest Arquen House 4-6 Spicer Street St. Albans, Greater London, AL3 4PQ. United Kingdom. AGIL together with its subsidiaries, will be referred to for the purposes of this document as the "Group".

AGIL was incorporated for the purpose of acquiring the business of Avianca Holdings S.A. The acquisition was completed on December 1, 2021, pursuant to the Equity Contribution and Conversion Agreement (the "ECCA") among Avianca Holdings S.A and certain of its subsidiaries and a majority of Tranche B lenders of Avianca Holdings S.A. that were party to the Debtor in Possession agreement.

Subsidiaries

(a) Background of entities acquired

Certain subsidiaries of AVN Flight Cayman Limited (Entity acquired) were part of the Chapter 11 process of Avianca Holdings S.A. These subsidiaries emerged successfully from Chapter 11 process on December 1, 2021 ("Exit date of Chapter 11 - Emergence Date" of Avianca Holdings S.A. and Its Affiliated Debtors). The background is as follows.

On May 10, 2020 (and, with respect to certain entities, September 21, 2020), Avianca Holdings S.A. ("AVH") and certain of its subsidiaries (AVH and such subsidiaries, each, a "Debtor" and, collectively, the "Debtors") commenced cases for voluntary relief under the Bankruptcy Code in the U.S. Bankruptcy Court administered under Case No. 20-11133 (MG). The company Lifemiles was not part of the Chapter 11 filing.

On August 10, 2021, the Debtors filed a plan of reorganization (as amended and/or supplemented from time to time, the "Plan of Reorganization") which provides for, among other things,

(a) the conversion of the aggregate Tranche B DIP Obligations amount into equity interests of a new holding company of the reorganized Debtors ("Avianca Group International Limited") in exchange for the forgiveness, extinguishment, termination, cancellation, and repayment in full of the aggregate Tranche B DIP Obligations amount and the termination and release of the guarantees and security interests related thereto (including, under the DIP Credit Agreement, among other documents and agreements),
(b) an equity raise by Reorganized AVH in an aggregate amount equal to $200,000 to be funded through cash payments by certain of the Supporting Tranche B Lenders, and
(c) the issue of certain "exit" notes in full and final settlement of Tranche A-1 DIP Facility Claims and Tranche A-2 DIP Facility Claims (in each case, as defined in the Plan of Reorganization) (the transactions contemplated by the Plan of Reorganization, the "Transaction").

On November 2, 2021, the reorganization plan was approved by the company's creditors and confirmed by the Court (the "Plan") allowing the Company to successfully emergence from Chapter 11.

(In USD thousands)

On December 1st, 2021, Avianca Holdings S.A. and its subsidiaries announced that it has successfully completed its financial restructuring process and emerged from Chapter 11. The below because of the Group completed the precedent conditions included in: (i) the Equity Contribution and Conversion Agreement (the "ECCA") entered into by and between AVH, certain of its subsidiaries, and the Tranche B financiers, which agreement was approved by the Court for the Southern District of New York on September 14, 2021, and (ii) the plan of reorganization (the "Plan"), approved by the creditors and confirmed by the Court on November 2, 2021.

(b) Significant subsidiaries

The following are the significant subsidiaries in the Group included within these condensed consolidated interim financial statements:

Subsidiary Name	Country of incorporation	Ownership Interest% 2022	Ownership Interest% 2021
Avianca Ecuador S.A.	Ecuador	99,62%	99,62%
Aerovías del Continente Americano S.A. (Avianca)	Colombia	99,98%	99,98%
Avianca Leasing, LLC	EE.UU	100,00%	100,00%
Grupo Taca Holdings Limited.	Bahamas	100,00%	100,00%
LifeMiles Ltd.	Bermuda	100,00%	100,00%
Avianca Costa Rica S.A.	Costa Rica	92,42%	92,42%
Taca International Airlines, S.A.	El Salvador	96,83%	96,83%
Tampa Cargo S.A.S.	Colombia	100,00%	100,00%
Regional Express Américas S.A.S.	Colombia	100,00%	100,00%
Aero Transporte de Carga Unión, S.A. de C.V.	México	92,70%	92,70%

The Group through its subsidiaries is a provider of domestic and international, passenger and cargo air transportation, both in the domestic markets of Colombia, Ecuador, Costa Rica and Nicaragua and international routes serving North, Central and South America, Europe, and the Caribbean. The Company has entered a few bilateral code share alliances with other airlines (whereby selected seats on one carrier's flights can be marketed under the brand name and commercial code of the other), expanding travel choices to customers worldwide. Marketing alliances typically include joint frequent flyer program participation; coordination of reservations, ticketing, passenger check in and baggage handling; transfer of passenger and baggage at any point of connectivity, among others. The code-share agreements currently in place with other airlines include Air Canada, Aeromexico, United Airlines, Copa Airlines, Silver Airways, Iberia, Lufthansa, All Nippon Airways, Singapore Airlines, Eva Airways, Air China, Etihad Airways, Turkish Airlines, Air India Azul Linhas Aéreas Brasileiras, GOL Linhas Aéreas Inteligentes and TAP. Avianca, Taca International (as well as Taca affiliates) and Avianca Ecuador are members of Star Alliance, which give customers access to destinations and services offered by Star Alliance network. Star Alliance members include several of the world's most recognized airlines, including Lufthansa, United Airlines, Thai Airways, Air Canada, TAP, Singapore Airlines, among others, as well as smaller regional airlines. All of them are committed to meeting the highest standards in terms of security and customer service.

(In USD thousands)

Additionally, Aerovías del Continente Americano S.A. Avianca, Taca International Airlines, S.A. (as well as Taca's affiliates) and Avianca Ecuador S.A. are Star Alliance members, allowing customers access to all destinations and services offered by Star Alliance member airlines. Its 26 members include several of the world's most recognized airlines, such as Lufthansa, United Airlines, Thai Airways, Air Canada, TAP, Singapore Airlines, among others, as well as smaller airlines. All of them are committed to the highest standards of safety and customer service.

Cargo operations are mainly carried out by the following companies: Tampa Cargo S.A.S. and Aero Transporte de Carga Unión S.A. de C.V. The Group also conducts cargo operations through the availability of space on passenger flights and cargo aircraft, at some major airports.

The Group owns and operates a joint loyalty program called LifeMiles (the "Program"), which is also the Loyalty Program for subsidiary airlines. The Program operates through one of the Group's subsidiaries called LifeMiles Ltd, incorporated, and existing under the laws of Bermuda. As the main purpose of the program, LifeMiles sells loyalty miles ("Miles") to individuals that are members of the program, its commercial allies and even to Avianca, partner airlines of the Star Alliance network and other airline partners and collects certain fees from members of the program for certain transactions. These Program partners, in return use miles to reward their customers, increasing loyalty to their brands. For example, airline partners reward passengers with miles every time they take a flight, financial partners reward cardholders with miles when they purchase products and/or services using their credit cards (or debit cards in some cases), and commercial partners reward customers with miles when they purchase products or other goods and services at their commercial locations. Miles can be redeemed for flights on the Group's airlines, Star Alliance member airlines and other airline partners, as well as for products and services from other commercial partners, such as hotel nights, car rentals and retail goods among other rewards.

As of March 31, 2022, and December 31, 2021, Avianca Group International Limited had a total fleet consisting of:

	March 31, 2022			**December 31, 2021**		
Aircraft	**Owned / Financial Lease**	**Operating Lease (1)**	**Total**	**Owned / Financial Lease**	**Operating Lease (1)**	**Total**
Airbus A-319	8	15	**23**	16	7	**23**
Airbus A-320	12	59	**71**	18	49	**67**
Airbus A-320 NEO	2	13	**15**	3	11	**14**
Airbus A-321	—	2	**2**	5	—	**5**
Airbus A-330	1	4	**5**	1	5	**6**
Airbus A-330F	—	6	**6**	5	1	**6**
Airbus A-300F	3	—	**3**	3	—	**3**
Boeing 787-8	7	6	**13**	8	5	**13**
Boeing 787-9	—	1	**1**	—	1	**1**
ATR-72	8	—	**8**	10	—	**10**
Boeing 767F	2	—	**2**	2	—	**2**
	43	**106**	**149**	**71**	**79**	**150**

During the first quarter of 2022, the Group finished the aircraft financial lease agreements of two (2) ATR and the operating lease agreements of three (3) A321 and one (1) A330. The Group also signed the aircraft operating lease agreements of four (4) A320 and one (1) A320 NEO.

The Group signed six (6) A319, two (2) A320, two (2) A321 and five (5) A330F Sale and Lease Back Agreements, by which the leases changes from financial to operating. The financial lease of one (1) A330 ended, then the aircraft became owned and two (2) A319, four (4) A320, one (1) A320 NEO and one (1) B787-8 financial leases changed to operating leases. Lastly, the Group extended the financial lease agreements of two (2) ATR and the operating lease agreement of sixteen (16) A320 and two (2) B787.

(2) Basis of presentation of the Condensed consolidated interim financial statements

Professional Accounting Standards Applied

a) Statement of compliance

The special purpose condensed consolidated interim financial statements for the three months period ended March 31, 2022, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) promulgated by the International Accounting Standards Board ("IASB").

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements as of and for the three-month period ended March 31, 2022. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual.

b) Going Concern

This special purpose condensed consolidated interim financial statements have been prepared on a going concern basis.

The Group has recognized a net loss after taxes of ($102,305) as of March 31, 2022. The condensed consolidated interim financial statements positions reflected total equity of $1,069,228 to this period, and an excess of current assets over current liabilities of $12,792, and $778,412 excluding deferred revenue from air traffic liability and deferred revenue from the frequent flyer program.

Further to the successful emergence of the Group’s subsidiaries from Chapter 11 with a reorganized capital structure, of approximately $1.0 billion of unrestricted cash and $3.0 billion of aggregate debt and IFRS-16 lease obligations versus over $5.0 billion of net debt at the Initial Petition Date in May 2020, providing the subsidiaries with the financial strength and flexibility required to execute the long-term business plan.

Furthermore, Management is implementing initiatives to reduce costs and optimize the Group’s cash flow and liquidity. Among these are the following actions: restructure of the Group’s administrative functions and overhead processes; review of the passenger amenity expenses including catering and lounge costs; and reductions of employment benefits. Also, Management is working on the fleet to reduce the unit costs, including: the reconfiguration of the Aircrafts renewing its seats with three new types - Premium, Plus and Economy - of its A320 fleet to increase its capacity; the standardization of the Aircraft models and engine type; and the increase of the Aircraft utilization. Management is confident that the implementation of this plan will decrease the unit operating cost, excluding fuel, for passenger operations compared to pre-pandemic levels.

Based on these factors, Management has a reasonable expectation that the Group has and will have adequate resources to continue in operational existence for the foreseeable future.

c)*Basis of measurement*

The condensed consolidated interim financial statements have been prepared on a historical cost basis, except for, land and buildings (classified as administrative property), assets held for sale, defined benefit plan assets and short-term investments that have been measured at fair value.

d)*Functional and presentation currency*

The condensed consolidated interim financial statements are presented in US Dollars, which is the functional currency for each legal entity in the Group. Items included in the financial statements of each entity are measured using that functional currency.

e)*Use of judgments and estimates*

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses, actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

The Group recognizes revenue from tickets that are expected to expire unused based on historical data, experience, and impacts of COVID-19 in the future trend of use of tickets by passenger. To order define the expected expiration date, with the support of an independent specialist third party, the administration must make estimates on the historical experience, which is an indication of the future behavior of the clients, analyzed by type of rate. As the accumulated data indicates, the administration evaluates the historical data once a year or more frequently according to the experience and makes the necessary adjustments.

Deferred taxes are recognized on unused tax losses and on deductible temporary differences to the extent that it is probable that in the future there will be taxable income that can be offset against deferred tax. Management must use significant judgment to determine the amount of deferred tax asset to recognize and the tax rates to use, based on the possible term and amounts of future taxable income together with future tax strategies and tax rates enacted in the jurisdictions where Group entities operate.

The Group evaluates the carrying value of long-lived assets subject to amortization or depreciation whenever events or changes in circumstances indicate that an impairment may exist. For purposes of evaluating impairment losses, assets are grouped at the lowest level for which there are largely independent cash flows inflows by transportation and loyalty cash generating unit. An impairment loss is recognised for the excess of the carrying amount of the asset over its recoverable amount. The recoverable amount is the fair value of an asset less the costs for sale or the value in use, whichever is greater.

Goodwill and indefinite-lived intangible assets are not amortized but are reviewed for impairment annually or more frequently if events or circumstances indicate that the asset may be impaired.

Aircraft lease contracts establish certain conditions in which aircraft shall be returned to the lessor at the end of the contracts. To comply with return conditions, the Group incurs costs such as the payment to the lessor of a rate in accordance with the use of components through the term of the lease contract, payment of maintenance deposits to the lessor, or overhaul costs of components. In certain contracts, if the asset is returned in a better maintenance condition than the condition at which the asset was originally delivered, the Group is entitled to receive compensation from the lessor. For the application of this policy at the beginning of the contract the projected amount of the obligation for return conditions discounted at present value is recognized as a part of the right-of-use and amortized during the term of the contract. The recognition of return conditions require management to make estimates of the costs with third parties of return conditions and use inputs such as hours or cycles flown of major components, estimated hours, or cycles at redelivery of major components, projected overhaul costs and overhaul dates of major components.

(f) Basis of Consolidation

Business combinations

The Group accounts for business combinations using the acquisition method in accordance with IFRS 3 “Business Combinations”, when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. The consideration transferred in the acquisition is generally measured at acquisition date fair value including the amount of any non–controlling interests in the acquiree, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred and included in administrative expenses except if related to the issue of debt or equity securities.

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

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred to the seller, including the amount recognized for non–controlling interest over the fair value of identifiable assets acquired and liabilities assumed. If this consideration is less than the fair value of the net assets acquired, the difference is recognized as profit at the date of acquisition.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purposes of impairment testing, goodwill acquired is, from the acquisition date, allocated to each of the Group’s cash–generating units that are expected to benefit from the acquisition, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

When a business combination is achieved in stages, the Entity's prior shareholding in the acquired company is remeasured at fair value at the acquisition date and the resulting gain or loss, if any, is recognized in the income statement. The amounts arising from interests in the company acquired before the acquisition date that have been previously recognized in other comprehensive income are reclassified to the income statement when this treatment is appropriate if said interest is eliminated.

If the initial accounting treatment of a business combination is incomplete at the end of the reporting period in which the combination occurs, the Entity reports provisional amounts for the items whose accounting is incomplete. Such provisional amounts are adjusted during the measurement period or additional assets, or liabilities are recognized to reflect new information obtained about the facts and circumstances that existed at the acquisition date and that, if known, would have affected the amounts recognized as of that date.

Subsidiaries

Subsidiaries are entities controlled by AGIL. The financial statements of subsidiaries are included in the condensed consolidated interim financial statements from the date that control commences until the date that control ceases, in accordance with IFRS 10. Control is established after assessing the Group’s ability to direct the relevant activities of the investee, its exposure and rights to variable returns, and its ability to use its power to affect the amount of the investee’s returns. The accounting policies of subsidiaries have been aligned, when necessary, with the policies adopted by the Group.

Non-controlling interest - NCI

NCI are measure initially at their proportionate share of the acquirer's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liability of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity-accounted investee

The Group's interest in equity accounted investees comprise interests in associates and a joint venture.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interest in associates and the joint venture are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity- accounted investees, until the date on which significant influence or joint control ceases.

Transactions eliminated on Consolidation

Intercompany balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gain or losses) arising from intercompany transactions, are eliminated. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(a) Foreign currency

Foreign currency transactions

The condensed consolidated interim financial statements are presented in US dollars. Transactions in foreign currencies are initially recorded in the functional currency at the respective spot rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated to the spot rate of exchange ruling at the reporting date. All differences are recognized currently as an element of profit or loss. Non–monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non–monetary items measured at a revalued amount in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(b) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognizes income when transferring control over the good or service to the customer. Below is information on the nature and timing of the satisfaction of performance obligations in contracts with customers.

(i) Passenger and cargo transportation

The Group recognizes revenues from passenger, cargo, and other operating income (frequent flyer program, ground operations, maintenance and others) in the condensed consolidated interim financial statements of comprehensive income. Revenues from passenger, which includes transportation, baggage fees, fares, and other associated ancillary income, are recognized when transportation is provided. Cargo revenues are recognized when the shipments are delivered. Other operating income is recognized as the related performance obligations are met.

The tickets and other revenues related to transportation that have not yet been provided are initially deferred and recorded as "Air traffic liability" in the consolidated statement of financial position, deferring the revenue recognition until the trip occurs. For trips that have more than one flight segment, the Group considers each segment as a separate performance obligation and recognizes the revenues of each segment as the trip takes place. Tickets sold by other airlines where the Group provides transportation are recognized as passenger revenue at the estimated value that will be billed to the other airline when the trip is provided.

Reimbursable tickets usually expire after one year from the date of issuance. Non-refundable tickets generally expire on the date of the intended trip unless the date is extended by customer notification on or before the scheduled travel date. Rates for unused tickets that are expected to expire are recognized as revenue, based on historical data and experience, supported by a third valuation specialist to assist management in this process.

The Group periodically evaluates this liability, and any significant adjustment is recorded in the consolidated statements of comprehensive income. These adjustments are mainly due to differences between actual events and circumstances such as historical sales rates and customer travel patterns that may result in refunds, changes or expiration of tickets that differ from the estimates.

The Group evaluates its estimates and adjusts deferred revenue for unearned transportation and revenue for passenger transport when necessary.

The various taxes and fees calculated on the sale of tickets to customers are collected as an agent and sent to the tax authorities. The Group records a liability when taxes are collected and derecognize it when the government entity is paid.

(ii) Loyalty program

The Group has a frequent flyer program "LifeMiles", that is managed by LifeMiles Ltd, a subsidiary of the Group which airlines buy lots of miles to be granted to member costumers of the program. The purpose of the program is designed to retain and increase travelers' loyalty by offering incentives to travelers for their continued patronage.

Under the LifeMiles program, miles are earned by flying on the Group's airlines or its alliance partners and by using the services of program partners for such things as credit card use, hotel stays, car rentals, and other activities. Miles is also directly sold through different distribution channels. Miles earned can be exchanged for flights or other products or services from alliance partners.

The liabilities for the accumulated miles are recognized under "Frequent Flyer Deferred Revenue" (See note 22) until the miles are redeemed.

The Group recognizes the revenue for the redemption of miles at the time of the exchange of miles. They are calculated based on the number of miles redeemed in each period multiplied by the cumulative weighted average yield (CWAY), which leads to the decrease of " Frequent Flyer Deferred Revenue ".

Breakage estimates are reviewed every semester. If a change in the estimate is presented, the adjustments will be accounted for prospectively through the income, with an adjustment of "update" to the corresponding deferred income balances.

(c) Income tax

Income tax expense comprises current and deferred taxes and is accounted for in accordance with IAS 12 "Income Taxes". Current and deferred tax is recognized in profit or loss except to the extent that it relates to transaction recognized in the same or different period outside of profit or loss, either in other comprehensive income or directly in equity or a business combination.

(i) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current and deferred taxes are recognized in income, except when they refer to items that are recognized outside income, either in other comprehensive income or directly in stockholders' equity, respectively. When the initial recognition of a business combination arises, the tax effect is included within the recognition of the business combination.

Current income tax relating to items recognized directly in equity or in other comprehensive income recognized in the consolidated statement of changes in equity or consolidated statement of comprehensive income, respectively. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred income tax

Deferred tax is recognized for temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognized to the extent that is probable that the temporary differences, the carry forward of unused tax credits and any unused tax losses can be utilized except to the extent that it arises on the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re–assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax liabilities are recognized, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

- Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax laws enacted or substantively enacted at the reporting date.

- Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but the Group intends to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realized simultaneously.

(d) Property and equipment

(i) Recognition and measurement

Flight equipment, property and other equipment are measured at cost less accumulated depreciation and accumulated impairment losses in accordance with IAS 16 “Property, Plant and Equipment”.

Property, operating equipment, and improvements that are being built or developed for future use by the Group are recorded at cost as under–construction assets. When under–construction assets are ready for use, the accumulated cost is reclassified to the respective property and equipment category.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gain and losses on disposal of an item of flight equipment, property and equipment are determined by comparing the proceeds from disposal with the carrying amount.

(ii) Subsequent costs

The costs derived from the maintenance of the fuselage and the engines of an aircraft are capitalized and depreciated for the shorter period between the next scheduled maintenance or the return of the asset. The depreciation rate depends on the estimated useful life of the asset, which is based on projected cycles and flight hours. Expenses incurred for routine maintenance of aircraft and engines are recorded as expenses as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in the consolidated statement of comprehensive income on a straight–line basis over the estimated useful lives of flight equipment, property and other equipment, since this method most closely reflects the expected pattern of consumption of the future economic benefits associated to the asset.

Rotable spare parts for flight equipment are depreciated on the straight–line method, using rates that allocate the cost of these assets over the estimated useful life of the related aircraft. Land is not depreciated.
Estimated useful lives are as follows:

	Estimated useful life (years)
Flight equipment:	
Aircraft	10 – 30
Aircraft components and engines	Useful life of fleet associated with component or engines
Aircraft major overhaul repairs	4 – 12
Rotable parts	Useful life of fleet associated
Leasehold improvements	Lesser of remaining lease term and estimated useful life of the leasehold improvement
Administrative Property	20 – 50
Vehicles	2 – 10
Machinery and equipment	2 – 15

Residual values, amortization methods and useful lives of the assets are reviewed and adjusted, if appropriate, at each reporting date.

The carrying value of flight equipment, property and other equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable and the carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(iv) Revaluation and other reserves

Administrative properties in Bogota, Medellín, El Salvador, and San Jose are recorded at revaluation cost less accumulated depreciation on buildings and impairment losses recognized at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from it carrying amount. A revaluation reserve is recorded in other comprehensive income and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in profit or loss, the increase is recognized in profit and loss. A revaluation deficit is recognized in the other comprehensive income, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

(e) Assets held for sale

Non-current assets and groups of assets for disposal that are classified as held for sale are measured at the lower of their carrying amount or fair value less costs to sell. Non-current assets and groups of assets for disposal are classified as held for sale if their carrying amount will be recovered mainly through a sale transaction, rather than through continued use. This condition is considered fulfilled only when the sale is highly probable and the asset or group of assets for disposal are available, in their current conditions, for immediate sale. The administration must be committed to the sale, and it must be expected that the sale complies with the necessary requirements for its recognition as such, within the year following the date of classification.

Property and equipment and intangible assets, once classified as held for sale, are not subject to depreciation or amortization and both the assets and any liabilities directly associated with the assets held for sale is reclassified to current and disclosed in a separate line of the consolidated financial statement, when the criteria for having an asset as held for sale are no longer met, the Group reclassifies property and equipment for the lower value between:

1) The carrying amount before the asset was classified as held for sale, adjusted for the depreciation that would have been recognized if it had not been classified as held for sale.
2) The recoverable amount on the date of the subsequent decision not to sell it.

(f) Leased assets

(i) Leases

At inception date of the contract, the Group assesses whether a contract is or contains a lease. A contract is, or contains, a lease if the contract transfers the right to control the use of an asset for a period in exchange for compensation. To assess whether a contract transfers the right to control the use of an identified asset, the Group uses the definition of lease in IFRS 16, or short-term leases, recognizing it as an expense on a straight-line basis over the term of the lease.

(ii) Assets by right of use

The Group recognizes the assets for right of use on the commencement date of the lease (that is, the date on which the underlying asset is available for use). The right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and are adjusted for any new measurement of lease liabilities. The cost of the assets with the right to use includes the amount of the recognized lease liabilities, the initial direct costs incurred, and the lease payments made on or before the start date, less the lease incentives received. The assets recognized by right of use are depreciated in a straight line during the shortest period of their estimated useful life and the term of the lease. The assets by right of use are subject to impairment.

(iii) Lease liabilities

At the commencement date of the lease, the Group recognizes the lease liabilities measured at the present value of the lease payments that will be made during the term of the lease. Lease payments include fixed payments and variable lease payments that depend on an index or a rate.

Lease payments also include the price of a purchase option that the Group can reasonably exercise and penalty payments for terminating a lease.

Variable lease payments that do not depend on an index or a rate (including the payment PBH (Power By the Hour)) are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

At the commencement or amendment of a contract that contains a lease component, the Group assigns the consideration in the contract to each lease component based on their relative independent prices. However, for property leases the Group has chosen not to separate the non-lease components and to account for the lease and non-lease components as a single lease component.

Generally, the Group uses its incremental borrowing rate as the discount rate. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

(iv) Short Term Leases

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including variable payment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(g) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period to get ready for its intended use or sale are capitalized as part of the cost of the respective assets in accordance with IAS 23 “Borrowing Costs”. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(h) Intangible assets

Intangible assets acquired separately are initially measured at cost in accordance with IAS 38 “Intangible Assets”. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the consolidated statement of comprehensive income in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

	Estimated useful life (years)
Trademarks and Trade Names	Indefinite
Customer Relationships	15 – 20
Agreements	10

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or in the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of comprehensive income within depreciation and amortization.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash–generating unit level, without exceeding a business segment. Impairment measurement is currently carried out at the level of the air transport segment. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains and losses arising from the de–recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of comprehensive income when the asset is derecognized.

Goodwill is measured initially at cost, represented by the excess of the sum of the consideration transferred and the amount recognized for the non-controlling interest, with respect to the net of the identifiable assets acquired and the liabilities assumed. If this consideration is less than the fair value of the net assets acquired, the difference is recognized as a gain at the date of acquisition.

After initial recognition, Goodwill is measured at cost less any accumulated impairment loss. For the purpose of impairment tests, Goodwill acquired in a business combination is assigned, from the date of acquisition to each company acquired and impairment measurement is carried out at the air segment level.

Based on the application of IFRS3 of the business combination, the Group recognized acquired identifiable intangible assets, such as trademarks, customer relationships, agreements, slots, routes, and developed Technology.

The Group's intangible assets include the following:

(i) Software and webpages

Acquired computer software licenses are capitalized based on cost incurred to acquire, implement, and bring the software into use. Costs associated with maintaining computer software programs are expensed as incurred. In case of development or improvement to systems that will generate probable future economic benefits, the Group capitalizes software development costs, including directly attributable expenditures on materials, labor, and other direct costs.

Acquired software cost is amortized on a straight-line basis over its useful life.

Licenses and software rights acquired by the Group have finite useful lives and are amortized on a straight–line basis over the term of the contract. Amortization expense is recognized in the consolidated statement of comprehensive income.

Cloud computing agreements that correspond to a fee paid to a provider in exchange for access to the software through the Internet. The software is hosted by the supplier in its IT infrastructure. Directly attributable costs of preparing the software for its intended use are capitalized only when an intangible software asset is acquired. Therefore, directly attributable costs incurred to prepare the software for its intended use (for example, testing, data migration and conversion, training, software configuration, software customization, etc.) are not capitalized. These costs are only capitalized and recognized over a longer period when the implementation service is different from the service of receiving access to the software; or the cost gives rise to an independent intangible asset controlled by the Company who acquires it.

(ii) Routes, customer relationships, agreements, slots, and trademarks

Routes, customer relationships, agreements, slots, and trademarks are carried at cost, less any accumulated amortization and impairment. The useful life of intangible assets associated with routes and trademark rights are based on management's assumptions of estimated future economic benefits. The useful life of intangible assets associated with agreements rights and obligations is based on the term of the contract. The intangible assets are amortized over their useful lives of between two and twenty years. Certain trademarks have indefinite useful lives and therefore are not amortized but tested for impairment at least at the end of each reporting period. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

(iii) Other intangible rights

Contains projects related to technological developments to generate efficiencies in the operation. Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. Amortization is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

(i) Financial instruments – initial recognition, classification, and subsequent measurement

(i) Financial assets

Financial assets are classified in the initial recognition as follows:

- Measured at amortized cost,

- At fair value through changes in other comprehensive income (OCI) and
- At fair value through profit or loss.

The classification of financial assets in the initial recognition depends on the characteristics of the contractual cash flow of the financial asset and the Group's business model for its administration. A financial asset (unless it is a trade receivable without a significant financial component) or financial liability is initially measured at fair value plus or minus for an item not at FVTPL, transaction costs that are directly attributable so its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

For a financial asset to be classified and measured at amortized cost or at fair value through OCI, it must give rise to cash flows that are "only capital and interest payments" over the outstanding principal amount. This evaluation is known as the SPPI test and is performed at the instrument level.

The Group's business model for the management of financial assets refers to how it manages its financial assets to generate cash flows. The business model determines whether cash flows will result from the collection of contractual cash flows, the sale of financial assets or both. Purchases or sales of financial assets that require the delivery of assets within a time frame established by regulation or convention in the market (regular operations), are recognized on the trading date, that is, the date on which the Group Commit to buy or sell the asset.

Subsequent measurement

For subsequent measurement purposes, financial assets are classified into three categories:

- at amortized cost;
- at fair value through other comprehensive income; or
- at fair value through profit or loss

Financial assets at amortized cost

The Group measures financial assets at amortized cost if the following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets 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 the principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method (EIM) and are subject to impairment. Profits and losses are recognized in results when the asset is written off, modified or impaired.

The Group's financial assets at amortized cost include trade accounts receivable, accounts receivable with related parties, accounts receivable from employees and other non-current financial assets.

Financial assets at fair value through other comprehensive income

The Group measures debt instruments at fair value through OCI if the following conditions are met:

- The financial asset is held within a business model whose is achieve by both collecting contractual cash flows and selling financial assets, and.

- The contractual terms of the financial asset give rise on specified dates to the cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, exchange revaluation and impairment losses or reversals are recognized in the other comprehensive income and are calculated in the same manner as for financial assets measured at amortized cost. The remaining changes in fair value are recognized in OCI. After derecognition, the change in accumulated fair value recognized in OCI is recognized in profit or loss.

For equity instruments, after initial recognition, the Group may elect to irrevocably classify its capital investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments. The classification is determined instrument by instrument.

Gains and losses on these financial assets are never recognized as gains or losses. Dividends are recognized as other income in the income statement when the right to payment has been established, except when the Group benefits from such income as a recovery of part of the cost of the financial asset, in which case such earnings are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment evaluation.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated at initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the short term. Derivatives, including embedded implicit derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not only capital and interest payments are classified and measured at fair value through profit or loss, regardless of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments can be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are recorded in the statement of financial position, at fair value with net changes, recognized in the statement of comprehensive income.

This category includes derivatives and listed equity investments that the Group had not irrevocably chosen to be classified at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the statement of comprehensive income when the right to payment has been established.

Impairment of financial assets

The Group recognizes a reserve for expected credit losses (ECL) for all debt instruments that are not held at fair value through profit or loss. The ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive.

For trade accounts receivable and contractual assets, the Group applies a simplified approach when calculating ECL. Therefore, the Group does not track changes in credit risk, but recognizes a loss adjustment based on ECL for life at each reporting date. The Group has established a provision matrix that is based on its historical experience of credit losses, adjusted by specific prospective factors for debtors and the economic environment

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized primarily when:

- The rights to receive cash flows from the asset have expire.
- The Group has transferred its rights to receive cash flows from the asset or has assumed the obligation to pay the cash flows received in full without significant delay to a third party under a "transfer" agreement, and (a) the Group has transferred substantially all the risks and benefits of the asset, or (b) the Group has not transferred or retained substantially all the risks and benefits of the asset but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a transfer agreement, it evaluates whether and to what extent it has retained the risks and benefits of ownership. When it has not transferred or retained substantially all the risks and benefits of the asset, nor transferred control of the asset, the Group continues to recognize the asset transferred to the extent of its continued participation. In this case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

The continuous participation that takes the form of a guarantee on the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group may have to repay.

(ii) Financial Liabilities

Financial liabilities are classified, on initial recognition, as financial liabilities at fair value through profit or loss, loans and debt, accounts payable, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are initially recognized at fair value and, in the case of loans and debt and accounts payable, net of directly attributable transaction costs.

The Group's financial liabilities include trade accounts payable and other accounts payable, loans and debt, including bank overdrafts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated at initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the short term. This category also includes derivative financial instruments entered by the Group that are not designated as hedging instruments in the hedging relationships defined by IFRS 9. Separate embedded derivatives are also classified as held for trading unless they are designated as equity instruments, effective coverage.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of income

The financial liabilities designated in the initial recognition at fair value through profit or loss are designated at the initial recognition date, and only if the criteria of IFRS 9 are met. The Group has not designated any financial liability at fair value with changes in results.

Loans carried at amortized cost

This is the most relevant category for the Group. After initial recognition, interest-bearing loans are subsequently measured at amortized cost using the effective interest method (EIM). Profits and losses are recognized in results when liabilities are derecognized in accounts, as well as through the EIM amortization process.

The amortized cost is calculated taking into account any discount or premium on the acquisition and the fees or costs that are an integral part of the EIM. The amortization of the EIM is included as financial costs in the income statement.

This category generally applies to loans and debt that accrue interest.

Derecognition financial instruments

Financial liability is derecognized when the obligation under the liability is canceled or expires. When an existing financial liability is replaced by another of the same lender in substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as the derecognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognized in the income statement.

Compensation of assets and financial liabilities

Financial assets and liabilities are offset, and the net amount is recorded in the consolidated statements of financial position, if and only if, you have the legal right to offset the amounts recognized and there is an intention to cancel them on a net basis, or, to realize the assets and cancel the liabilities simultaneously.

(iii) Fair value of financial instruments

The fair value of the financial instruments that are traded in the active markets on each reporting date is based on the prices quoted on the market (on the prices of purchase and sale prices on the stock exchange), not including deductions for transaction costs.

In the case of financial instruments that are not traded in active markets, fair value is determined using valuation techniques. Such techniques may include recent purchase and sale transactions at arm's length prices, reference to the fair value of other basically identical financial instruments, an analysis of the discounted cash flow, or recourse to other valuation models.

Note 18 includes an analysis of the fair values of financial instruments and more details on how they are valued.

(j) Expendable spare parts and supplies

Expendable spare parts and supplies, are shown at the lower of cost and their replacement cost. The cost is determined on the basis of the weighted average cost method (WAC). The replacement cost is the estimated purchase price in the ordinary course of business.

(k) Cash and Cash equivalents

Cash and cash equivalents in the condensed consolidated interim financial statements position comprise cash at banks and on hand and short–term deposits with original maturity of three months or less, which are subject to an insignificant risk of change in value.

For the special purpose consolidated statement of cash flows, cash and cash equivalents consist of cash and short–term deposits as defined above, net of outstanding bank overdrafts, if any.

(l) Impairment of non–financial assets

The Group reviews flight equipment and other long-lived assets used in operations for impairment losses when events and circumstances indicate the assets may be impaired. Factors which could be indicators of impairment include, but are not limited to, (1) a decision to permanently remove flight equipment or other long-lived assets from operations, (2) significant changes in the estimated useful life, (3) significant changes in projected cash flows, (4) permanent and significant declines in fleet fair values and (5) changes to the regulatory environment. For assets held for sale, the Group discontinue depreciation and record impairment losses when the carrying amount of these assets is greater than the fair value less the cost to sell.

For purposes of this testing, the Group has identified the Air transportation business unit and the loyalty program as the lowest level of identifiable cash flows. An impairment loss is recognized if the carrying amount exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less cost of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset or CGU.

Goodwill and indefinite-lived intangible assets are not amortized but are reviewed for impairment annually or more frequently if events or circumstances indicate that the asset may be impaired. Goodwill and indefinite-lived assets are reviewed for impairment on an annual basis or on an interim basis whenever a triggering event occurs.

Impairment losses are recognized in profit or loss. they are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the current amount of the other assets in the CGU on a pro rata basis.

(i) Maintenance deposits

Maintenance deposits correspond to deposits paid to lessors based on cycles, flight hours, or fixed monthly amounts, depending on the specific nature of each provision. Rates used for the calculation and monthly amounts are specified in each lease agreement. The maintenance deposits paid to aircraft lessors are recorded within “Deposits and other assets” when they are susceptible for recovery, to the extent that such amounts are expected to be used to fund future maintenance activities. Deposits that are not probable of being used to fund future maintenance activities are expensed as incurred.

The maintenance deposits refer to payments made by the Group to leasing companies to be used in future aircraft and engine maintenance work. Management performs regular reviews of the recovery of maintenance deposits and believes that the values reflected in the consolidated statement of financial position are recoverable. These deposits are used to pay for maintenance performed and might be reimbursed to the Group after the execution of a qualifying maintenance service or when the leases are completed, according to the contractual conditions. Certain lease agreements establish that the existing deposits, in excess of maintenance costs are not refundable. Such excess occurs when the amounts used in future maintenance services are lower than the amounts deposited. Any excess amounts expected to be retained by the lessor upon the lease contract termination date, which are not considered material, are recognized as additional aircraft lease expense. Payments related to maintenance that the Group does not expect to perform are recognized when paid as additional rental expense. Some of the aircraft lease agreements do not require maintenance deposits.

(ii) Security deposits for aircraft and engines

The Group must pay security deposits for certain aircraft and engine lease agreements. Reimbursable aircraft deposits are stated at cost.

Deposits that have fixed or determinable payments that are not quoted in an active market are recorded as "Deposits and other assets". Such assets are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate.

Deposits for guarantee and collateral are represented by amounts deposited with lessors, as required at the inception of the lease agreements. The deposits are typically denominated in U.S. Dollars, do not bear interest and are reimbursable to the Group upon termination of the agreements.

(m) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is more likely than not that an outflow of economic benefits will be required to settle the obligation in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

Provisions are set up for all legal claims related to lawsuits for which it is probable that an outflow of funds will be required to settle the legal claims obligation net of insurance and a reasonable estimate can be made. The assessment of probability of loss includes assessing the available evidence, the hierarchy of laws, available case law, the most recent court decision, and their relevance in the legal system, as well as the assessment of legal counsel.

If the effect of the time value of money is material, provisions are discounted using a current pre–tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a financial cost.

(i) Provision for return condition

At the commencement date of the lease, the group records a provision to accrue for the cost that will be incurred in order to return the lease aircraft to their lessor in the agreed-upon condition, which is capitalize in the right-of-use asset and recognized as a liability for return condition. The methodology applied to calculate the provision requires management to make assumptions, including the future costs of returning the aircraft, discount rate, and aircraft utilization.

The cash flows are discounted at the interest rate applied in the measurement of the lease liability. Any difference in the actual maintenance cost incurred and the amount of the provision is recorded under "Maintenance and repairs" in the consolidated statement of profit or loss.

(n) Employee Benefits

The Group sponsors defined benefit pension plans, which require contributions to be made to separately administered funds. The Group has also agreed to provide certain additional post–employment benefits to senior employees in Colombia. These benefits are unfunded. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit cost method.

Actuarial gains and losses for defined benefit plans are recognized in full in the period in which they occur in other comprehensive income.

The defined benefit asset or liability comprises the present value of the defined benefit obligation (using a discount rate based on Colombian Government bonds) less the fair value of plan assets out of which the obligations are to be settled. Plan assets are held by CAXDAC. Plan assets are not available for payments to creditors and cannot be paid directly to the Group. Fair value is based on market price information and in the case of quoted securities on the published bid price. The value of any defined benefit asset recognized is restricted and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

Under IAS 19 (issued in June 2011 and amended in November 2013), the Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset). It considers any changes in the net defined benefit liability (asset) during the period because of contributions and benefit payments. The net interest on the net defined benefit liability (asset) comprises:

- Interest income on plan assets
- Interest cost on the defined benefit obligation; and
- Interest on the effect of the asset ceiling

Additionally, the Group offers the following employee benefits:

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an expense in the consolidated statement of comprehensive income when they are due.

(ii) Termination benefits

Termination benefits are recognized as an expense at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

(o) Prepaid expenses

(i) Prepaid commissions

Commissions paid for tickets sold are recorded as prepaid expenses and expensed when the tickets are used.

(ii) Prepaid rent

Prepaid rent for aircraft corresponds to prepaid contractual amounts that will be applied to future lease payments over a term of less than one year.

(p) Interest income and interest expense

Interest income comprises interest income on funds invested (including available–for–sale financial assets), changes in the fair value of financial assets at fair value through the consolidated statement of comprehensive income and gains on interest rate hedging instruments that are recognized in the consolidated statement of comprehensive income. Interest income is recognized as accrued in the consolidated statement of comprehensive income, using the effective interest rate method.

Interest expense comprises interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through the consolidated statement of comprehensive Income, and losses on interest rate hedging instruments that are recognized in the consolidated statement of comprehensive income. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in the consolidated statement of comprehensive income using the effective interest method.

(3) New and amended standards, interpretations and amendments adopted by the Group

The Group has applied for the first time some standards and amendments to standards, which were effective for periods beginning on January 1, 2022. The Group has not applied any standards, interpretations or amendments that have been issued but are not yet effective. The management does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

(3.1) Standards issued but not yet effective

The following modifications are effective for the period beginning January 1, 2023:

Definition of an accounting estimate (amendments to IAS 8)

- The amendments introduce a new definition of accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.
- The amendments also clarify the relation between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective established for an accounting policy.

This amendment is effective as of January 1, 2023

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

- The Board recently issued amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Statement of Practice 2 Making Materiality Judgments to help companies provide useful information on accounting policies
- Information on accounting policies is material if, when considered in conjunction with other information included in an entity's financial statements, it can reasonably be expected to influence the decisions that the primary users of general-purpose financial statements make based on those financial statements.

This amendment is effective as of January 1, 2023

(In USD thousands)

Classifications of Liabilities as Current or Non-Current (amendments to IAS 1)

- Modifies the requirement to classify a liability as current, by establishing that a liability is classified as current when "it does not have the right at the end of the reporting period to defer the settlement of the liability for at least the following twelve months. at the date of the reporting period".
- Clarifies in the added paragraph 72A that "the right of an entity to defer the settlement of a liability for at least twelve months after the reporting period must be substantial and, as paragraphs 73 to 75 illustrate, must exist at the end of the reporting period".

This amendment is effective as of January 1, 2023.

Insurance Contracts IFRS 17

- IFRS 17 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

This amendment is effective as of January 1, 2023.

(4) Segment Information

The Group reports information by segments as established in IFRS 8 "Operating segments". The Group has two reportable segments, as follows:

- Air transportation: Corresponds to passenger and cargo operating revenues on scheduled flights and freight transport, respectively.
- Loyalty: Corresponds to the loyalty program, for the airline subsidiaries of Avianca Group International Limited.

The Board of Directors is the Chief Operating Decision Maker (CODM) and monitors the operating results of its reportable segment separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on statement of comprehensive income and is measured consistently with the Group´s consolidated financial statements.

The Group's operational information by reportable segment for the three months ended March 31, 2022, are as follows:

	For the three months ended March 31, 2022			
	Air transportation	**Loyalty**	**Eliminations**	**Consolidated**
Operating revenue				
External customers	$742,989	$67,667	$ —	$810,656
Inter-segment	10,943	581	(11,524)	—
Total operating revenue	**753,932**	**68,248**	**(11,524)**	**810,656**
Operating expenses before depreciation and amortization	713,881	39,776	(11,524)	742,133

(In USD thousands)

Depreciation and amortization	74,195	5,564	(2,039)	77,720
Operating Loss	**(34,144)**	**22,908**	**2,039**	**(9,197)**
Interest expense	(79,867)	(8,240)	—	(88,107)
Interest income	571	299	—	870
Foreign exchange	(1,626)	137	—	(1,489)
Equity method profit	158	—	—	158
Income tax expense	(1,553)	(16)	—	(1,569)
Net Loss for the period	**(116,461)**	**15,088**	**2,039**	**(99,334)**
Total Assets – March 31, 2022	**$6,107,836**	**$1,384,612**	**$(124,739)**	**$7,367,709**
Total Liabilities – March 31,2022	**$5,356,457**	**$966,067**	**$(24,043)**	**$6,298,481**

Inter-segment revenues are eliminated upon consolidation and reflected in the "Eliminations" column.

The Group's revenues by geographic area for the Period from March 31, 2022:

	March 31, 2022
Colombia	$ 365,367
Central America and the Caribbean	168,081
United States of America	141,031
South America (excluding Colombia)	110,375
Other	25,802
Total operating revenue	**$ 810,656**

The Group allocates revenues by geographic area based on the point of origin of the flight. Non-current assets are composed primarily of aircraft and aeronautical equipment, which are used throughout different countries and are therefore not assignable to any geographic area.

(5) Seasonality

The results of operations for any interim period are not necessarily indicative of those for the entire year because the business is subject to seasonal fluctuations. These fluctuations are the result of high vacation and leisure demand occurring during the northern hemisphere's summer season in the third quarter (principally in July and August) and again during the fourth quarter (principally in December).

In addition, January is typically a month in which heavy air passenger demand occurs. The lowest levels of passenger traffic are concentrated in February, March and May. Given the proportion of fixed costs, the Avianca Group International Limited and its subsidiaries expect that quarterly operating results to continue to fluctuate from quarter to quarter. This information is provided to allow for a better understanding of the results; however. management has concluded that this does not constitute "highly seasonal" as defined by IAS 34.

(6) Foreign exchange

For the three months period ended March 31, 2022, the Group recognized a net foreign exchange loss of $1,489, mainly generated by the increase in the exchange rate in Colombian Pesos of 7,65% compared to December 2021.

(In USD thousands)

(7) Employee benefits

The Group sponsors defined benefit pension plans, which require contributions to be made to separately administered funds. The Group has also agreed to provide certain additional post-employment benefits. These benefits are unfunded as of March 31, 2022. The cost of providing benefits undier the defined benefit plans is determined separately for each plan using the projected unit credit cost method. Actuarial gains and losses for defined benefit plans are recognized in full in the period in which they occur in other comprehensive income.

The defined benefit liability comprises the present value of the defined benefit obligation (using a discount rate based on government bonds of the country where each benefit plan is established), less the fair value of plan assets out of which the obligations are to be settled. As of March 31, 2022, the fair value of the plan asset that are held by CAXDAC is greater than the present value of the defined benefit obligation in the company Avianca S.A. Plan assets are not available to the creditors of the Group and cannot be paid directly to the Group. Fair value is based on market price information and in the case of quoted securities on the published bid price. The value of any defined benefit asset recognized is restricted to the sum of any past service costs and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

The discount rate indexed by actuarial valuation of the pension liability plans was 8.75% in December 2021 and 9.75% on March 31, 2022, respectively.

(8) Cash and cash equivalents and restricted cash

	March 31, 2022	December 31, 2021
Cash on hand and bank deposits	$ 1,088,261	$ 1,159,477
Demand and term deposits (1)	50,204	42,282
Cash and cash equivalents	**$ 1,138,465**	**$ 1,201,759**
Restricted cash (2)	$ 32,423	$ 76,572
Restricted cash	**$ 32,423**	**$ 76,572**

(1) As of March 31, 2022, term deposits accrued annual interest rates between 0.55% and 4.08% in Colombian pesos and between 0.07% and 2.53% in dollars. As of December 31, 2021, term deposits accrued annual interest rates between (2.02%) and 2.60% in Colombian pesos and between 2.02% and 3.36% in dollars. The use of term deposits depends on the cash requirements of the Group.

(2) As of March 31, 2022, the decrease in restricted cash corresponds mainly to the payment of the outstanding amount of the retained professional fees. These payments were made from the designated escrow account of Delaware Trust and are in accordance with the final fee order of Chapter 11 reorganization process.

(In USD thousands)

(9) Trade and other receivables, net of expected credit losses

	March 31, 2022	December 31, 2021
Trade	$ 208,337	$ 188,908
Employee advances	3,830	3,282
Other	10,780	19,157
	222,947	**211,347**
Less estimate for expected credit losses (1)	(4,970)	(3,784)
Total net current	**$ 217,977**	**$ 207,563**

(1) Trade receivables are non-interest bearing. During the period, the Group recognized impairment for expected credit losses for $4,970.

Changes during the three months period ended March 31, 2022, in the provision for expected credit losses are as follows:

	March 31, 2022
Balance at beginning of year	$ 3,784
Provision bad debt expense	1,186
Total	**$ 4,970**

(10) Balances and transactions with related parties

As of March 31, 2022, the Group present payable to related parties for $60 and receivables to related parties for $5. During the period, the Group present revenues with related parties for $5.

Key management personnel compensation expense

During the three months period ended March 31, 2022, and December 31, 2021, the short-term employee benefits for key management personnel are $1,893 and $2,136 respectively. The Group does not have any long-term benefits including post-employment benefits, defined contribution plan, termination benefits or other long-term benefits for the key management personnel.

The detail for short-term employee benefits was as follows:

	March 31, 2022	December 31, 2021
Salaries	$ 1,623	$ 891
Bonuses	83	924
Social Benefits	184	100
Others	3	221
Total	**$ 1,893**	**$ 2,136**

(In USD thousands)

(11) Short term investments, deposits, and other assets

Deposits and other assets as of March 31, 2022, and December 31, 2021, are as follows:

	March 31, 2022	December 31, 2021
Short term investments (1)	$ 44,001	$ 42,260
Total	**$ 44,001**	**$ 42,260**
Deposits and other assets - short term:		
Deposits with lessors (2)	$ 2,627	$ 1,551
Guarantee deposits (3)	14,054	12,498
Others (4)	3,137	3,870
Subtotal	**19,818**	**17,919**
Deposits and other assets - long term:		
Deposits with lessors (2)	37,536	16,901
Guarantee deposits (3)	21,125	12,481
Others (4)	114	91
Long term investments	6,039	6,447
Subtotal	**64,814**	**35,920**
Total	**$84,632**	**$ 53,839**

(1) The short-term classification corresponds to funds invested for terms of less than one year; investments correspond to CDTs and bonds constituted by trusts held by the Group.

(2) Corresponds mainly to security deposits of operating lease Aircraft agreements. These deposits are recoverable.

(3) Corresponds to the amounts paid to suppliers in relation to the lease of airport facilities, among other service agreements.

(4) Corresponds to other guarantee deposits, national tax refund certificates and deferred charges.

(In USD thousands)

(12) Assets and liabilities of held for sale

	March 31, 2022	December 31, 2021
Airbus aircraft (1)	$ —	$ 322,890
Disposal group held for sale (2)	20,754	—
Total assets held for sale	**$ 20,754**	**$ 322,890**
Liabilities associated with the assets held for sale	$ 8,916	$ 317,667
Total liabilities held for sale	**$ 8,916**	**$ 317,667**

(1) As of December 31, 2021, some subsidiaries of the Group signed a letter of intent for a sale and leaseback agreement with Airopco 1ET Bermuda Ltd. and Castlelake Aviation Finance Designated Activity Company for sale 15 Aircraft, (5 Airbus A330F, 6 Airbus A319, 2 Airbus A320 and 2 Airbus A321). As of March 31, 2022, the group's assets held for sale were sold in full.

(2) Disposal group held for sale

Servicios Aeroportuarios Integrados - SAI SAS

On 17 February 2022, the board of directors of AGIL approved the divestiture in Servicios Aeroportuarios Integrados SAI S.A.S. a subsidiary located in Colombia included in the segment of Air Transportation. Accordingly, the company is presented as a disposal group held for sale.

As of March 31, 2022, the disposal group comprised assets of $20,754 less liabilities of $8,916, detailed as follows:

Cash	$ 6,848
Carrying assets, other than cash	13,906
Carrying amount liabilities	(8,916)
Net Assets of the subsidiary	**$ 11,838**

(13) Property and equipment, net

- Flight equipment**:** During 2022, the Group leased forty (40) operating aircraft of the family A320, A319, A330F, B787 and recognized a corresponding right-to-use asset of $492,000. Furthermore, $30,839 for additions of densification projects and $9,363 for addition of spare engine Airbus A320.

(In USD thousands)

	Flight Equipment	Capitalized Maintenance	Rotable Spare parts	Predelivery payments of aircraft	Administrative property	Others	Total
Cost:							
December 31, 2021	**$ 1,078,386**	**$ 6,713**	**$ 162,549**	**$ 85,736**	**$ 103,716**	**$ 232,143**	**$ 1,669,243**
Additions	552,995	8,973	7,243	490	—	2,664	572,365
Disposals	(24,203)	(4,641)	(3,724)	—	—	(4,178)	(36,746)
Return Conditions	308,684	—	—	—	—	—	308,684
Transfers	214	(80)	(134)	—	—	—	—
Assets held for sale	—	—	—	—	—	(23,000)	(23,000)
March 31, 2022	**$ 1,916,076**	**$ 10,965**	**$ 165,934**	**$ 86,226**	**$ 103,716**	**$ 207,629**	**$ 2,490,546**
Accumulated depreciation:							
December 31, 2021	**$ 5,253**	**$ 737**	**781**	$ —	**$ 136**	**$ 2,874**	**$ 9,781**
Additions	49,901	712	2,286	—	396	7,606	60,901
Disposals	(233)	(506)	(198)	—	—	(517)	(1,454)
Transfers	81	—	(81)	—	—	—	—
Assets held for sale	—	—	—	—	—	(18,550)	(18,550)
March 31, 2022	**$ 55,002**	**$ 943**	**2,788**	$ —	**$ 532**	**$ (8,587)**	**$ 50,678**
Net:							
December 31, 2021	**$ 1,073,133**	**$ 5,976**	**$ 161,768**	**$ 85,736**	**$ 103,580**	**$ 229,269**	**$ 1,659,462**
March 31, 2022	**$ 1,861,074**	**$ 10,022**	**$ 163,146**	**$ 86,226**	**$ 103,184**	**$ 216,216**	**$ 2,439,868**

(In USD thousands)

(14) Intangible asset and goodwill, net

Intangible assets and goodwill, net of amortization are as follows:

	March 31, 2022	December 31, 2021
Trademarks	$ 598,968	$ 598,968
Customer Relationships	445,075	450,940
Software and webpages	114,688	118,991
Agreements (Code-share and Star Alliance)	67,113	68,752
Routes	14,322	14,976
Slots	9,506	9,506
Subtotal	**1,249,672**	**1,262,133**
Goodwill	1,735,136	1,735,757
Total Intangible Assets	**$ 2,984,808**	**$ 2,997,890**

(In USD thousands)

	Goodwill	Routes	Customer Relationships	Agreements (Code-share and Star Alliance)	Trademarks	Software & Webpages	Slots	Total
Cost:								
December 31, 2021	**$1,735,757**	**$ 15,471**	**$ 452,869**	**$ 69,272**	**$ 598,968**	**$ 121,882**	**$ 9,506**	**$ 3,003,725**
Additions	—	—	—	—	—	4,358	—	4,358
March 31, 2022	**$ 1,735,757**	**$ 15,471**	**$ 452,869**	**$ 69,272**	**$ 598,968**	**$ 126,240**	**$ 9,506**	**$ 3,008,083**
Accumulated Amortization:								
December 31, 2021	**$ —**	**$ 495**	**$ 1,929**	**$ 520**	**$ —**	**$ 2,891**	**$ —**	**$ 5,835**
Amortization for the period	—	654	5,865	1,639	—	8,661	—	16,819
Change in valuation IFRS 3	621	—	—	—	—	—	—	621
March 31, 2022	**$ 621**	**$ 1,149**	**$ 7,794**	**$ 2,159**	**$ —**	**$11,552**	**$ —**	**$ 23,275**
Carrying Amounts:								
December 31, 2021	**$1,735,757**	**$ 14,976**	**$ 450,940**	**$ 68,752**	**$ 598,968**	**$ 118,991**	**$ 9,506**	**$ 2,997,890**
March 31, 2022	**$1,735,136**	**$ 14,322**	**$ 445,075**	**$ 67,113**	**$ 598,968**	**$ 114,688**	**$ 9,506**	**$ 2,984,808**

(14.1) Goodwill and intangible assets with indefinite useful life

For the impairment testing, goodwill acquired through business combination is allocated to the air transportation CGU and loyalty CGU which is also the operating and reportable segment of the Group.

The carrying amount of the goodwill and intangible assets with indefinite useful life allocated to the air transport and Loyalty segments is as follows:

	March 31, 2022
Goodwill	$ 1,735,136
Trademarks	598,968

As of March 31, 2022, the Group did not identify potential impairment of goodwill or intangible assets, nor on equipment properties.

Basis for calculating recoverable amount

The recoverable amounts of CGU's have been measured based on their value-in-use.

Value-in-use is calculated using a discounted cash flow model, Cash flow projections are based on the Business plan approved by the Board covering a five-year period that have been impacted by the decrease in demand and the restrictions imposed by various governments in the region and the corresponding adjustment of capacity offered.

Cash flows extrapolated beyond the five-year period are projected to increase based on long-term growth rates, Cash flow projections are discounted using the CGU's pre-tax discount rate.

The cash flows that have been used in the value-in-use calculations of business plans already sent and approved by the court, reflect the estimated negative impact of COVID-19 and the travel restrictions imposed on governments, based on the information that was known at the time and that is being put into practice by the Directorate under the existing conditions.

Macroeconomic assumptions are based on market data extracted from Bloomberg for both the expected WTI price and the expected interest rate levels, which have a direct impact on our cost projections, all costs that apply are affected by inflation.

The main assumptions used in the calculations of the value in use are as follows:

(In USD thousands)

	Air transportation March 31, 2022	**Lifemiles March 31, 2022**
Carrying amount of goodwill, routes and trademarks with indefinite life	$2,260,665	$932,758
Compound revenue growth (CAGR) during the planning period	9.50%	12.36%
Compound operating expense (CAGR) during the planning period	6.24%	8.65%
Compound Capital Expenditure rise during the planning period	4.68% to 12.94%	1.57% to 2.55%
Duration of planning period	5 years	5 years
Revenue growth p.a. after planning period	3.9%	3.9%
Operating Income after planning period	9.46%	45%
Capital expenditures after planning period	12.93%	1.44%
Imputed Business Enterprise Value	5,211,020	1,893,876
Discount rate	11.50%	11.19%

(15) Debt

	March 31, 2022	**December 31, 2021**
Current:		
Short–term borrowings and current portion of long–term debt	$ 166,192	$ 184,410
Short-term aircraft rentals - right of use	124,096	3,330
Short-term other rentals - right of use	8,724	9,021
	$ 299,012	**$ 196,761**
Noncurrent:		
Long–term debt	$ 2,313,162	$ 2,295,041
Long-term aircraft rentals – right of use	923,506	524,223
Long-term other rentals – right of use	45,224	43,166
	$ 3,281,892	**$ 2,862,430**

Terms and conditions of the Group’s outstanding obligations for the period ended March 31, 2022, are as follow:

(In USD thousands)

	Due through	March 31, 2022 Weighted average interest rate	Nominal Value	Carrying Amount
Short–term borrowings	2022	6.58%	$ 9,067	$ 9,067
Long–term debt	2030	6.78%	2,598,258	2,470,287
Aircraft rentals	2034	8.98%	1,065,533	1,047,602
Other rentals	2038	7.16%	53,950	53,948
Total			**$ 3,726,808**	**$ 3,580,904**

	Due through	December 31, 2021 Weighted average interest rate	Nominal Value	Carrying Amount
Short–term borrowings	2022	7.10%	$ 17,190	$ 7,692
Long–term debt	2030	7.30%	2,927,227	2,471,759
Aircraft rentals	2032	9.64%	549,606	527,553
Other rentals	2038	7.20%	53,740	52,187
Total			**$ 3,547,763**	**$ 3,059,191**

Below the detail of the debt balance by type of loan:

	March 31, 2022	December 31, 2021
Aircraft	$ —	$ 10,439
Corporate	2,479,354	2,469,012
Right of use IFRS 16	1,101,550	579,740
	$ 3,580,904	**$ 3,059,191**

The main additions for the three months ended as of March 31, 2022, correspond to the lease of forty (40) operating aircraft of the family A320, A319, A330F, B787 for $492,000.

Bank guarantees

In order to comply with certain contractual or operating obligations as of March 31, 2022, the Group has a total of $24,873 in guarantees issued through financial entities.

Future payments on long-term debt

The following future payments including interests in long–term debt are for the period ended March 31, 2022.

(In USD thousands)

The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

Aircraft and corporate debt

	Years					
	One	Two	Three	Four	Five and thereafter	Total
March 31, 2022	$ 305,362	$ 195,684	$ 199,653	$ 226,312	$ 2,581,517	$ 3,508,528

Aircraft rights of use

	Years					
	One	Two	Three	Four	Five and thereafter	Total
March 31, 2022	$ 165,147	$ 136,723	$ 209,035	$ 202,031	$ 751,889	$ 1,464,825

Other rights of use

	Years					
	One	Two	Three	Four	Five and thereafter	Total
March 31, 2022	$ 5,629	$ 4,831	$ 4,590	$ 3,984	$ 67,064	$ 86,098

(In USD thousands)

Changes in liabilities derived from financing activities at March 31, 2022

	January 01, 2022	New Leases (1)	Financial Cost	Payments	Interest Payments	Transferred to held for sale (2)	Others	Reclassification	March 31, 2022
Short-term loans (excluding items listed below)	$ 7,692	$ —	$ 96	$ (1,573)	$ (96)	$ —	$ 2,948	$ —	$ 9,067
Current portion of long-term credits (excluding items listed below)	176,718	—	12,179	(25,765)	(10,682)	(2,169)	268	6,576	157,125
Non-current portion of long-term debt	2,295,041	—	41,858	(10,321)	(7,075)	(106)	341	(6,576)	2,313,162
Aircraft rentals – right of use	527,553	492,000	20,399	(5,372)	(8,682)	—	21,704	—	1,047,602
Other rentals – right of use	52,187	—	815	(1,058)	(814)	—	2,818	—	53,948
Total liabilities from financing activities	**$ 3,059,191**	**$ 492,000**	**$ 75,347**	**$ (44,089)**	**$ (27,349)**	**$ (2,275)**	**$ 28,079**	**$ —**	**$ 3,580,904**

(1) Corresponds to the acquisition of operating aircrafts Airbus A320, A319, A330F, B787.
(2) Corresponds to the transfer to debt subsidiary Servicios Aeroportuarios Integrados SAI S.A.S to held for sale for $2,275.

(In USD thousands)

(16) Other Comprehensive Income (“OCI”) Reserves

The movement of the other comprehensive income from March 31, 2022, is as follows:

	Attributable to owners of the Company							
	Hedging reserves (1)	**Fair value reserves (2)**	**Reserves related to actuarial gains or losses (3)**	**Income Tax of reserve related to actuarial gains and losses (4)**	**Foreign currency translation differences (5)**	**Total**	**NCI Total**	**Total**
As of December 31, 2021	**$ 194**	**$ (11)**	**$ 14,133**	**$ 638**	**$ —**	**$ 14,954**	**$ (1,255)**	**$ 13,699**
Other results comprehensive income of the period	(194)	(1,054)	16,483	213	(4,485)	10,963	(2,330)	8,633
As of March 31, 2022	**$ —**	**$ (1,065)**	**$ 30,616**	**$ 851**	**$ (4,485)**	**$ 25,917**	**$ (3,585)**	**$ 22,332**

(In USD thousands)

(1) **Hedging Reserves**
The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition of the hedged cash flows (see note 17).

(2) **Fair value reserves**
The fair value reserve comprises the cumulative net change in the fair value through OCI financial assets.

(3) **Reserve relating to actuarial gains and losses**
It comprises actuarial gains or losses on defined benefit plans and post–retirement medical benefits recognized in other comprehensive income.

(4) **Income tax on other comprehensive income**
Whenever an item of other comprehensive income gives rise to a temporary difference, a deferred income tax asset or liability is recognized directly in other comprehensive income.

(5) **Foreign currency translation differences**
Represents the effect of the translation from the functional currency MEX, mainly for the company Aerounión.

The following provides an analysis of items presented net in the statement of consolidated statement of comprehensive income which have been subject to reclassification, without considering items remaining in OCI which are never reclassified to profit of loss:

	March 31, 2022
Cash flow hedges:	
Reclassification during the period	
Effective valuation of cash flow hedged	$ (194)
	$ (194)
Fair value reserves:	
Valuations of investments in fair value with changes in OCI	$ (1,054)
	$ (1,054)

(17) Derivatives instruments

(a) Derivatives recognized as hedging instruments

Financial instruments recognized as hedging instruments at fair value though other comprehensive income as of March 31, 2022, and December 31, 2021, are the following**:**

	March 31, 2022	**December 31, 2021**
Cash flow hedges – liabilities		
Interest rate	$ —	$ 522
Total	**$ —**	**$ 522**

(In USD thousands)

Cash flow hedges liabilities are recognized within other liabilities in the consolidated statement of financial position. As of March 31, 2022, there are not hedging instruments.

(18) Fair value measurements

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities as of March 31, 2022:

Quantitative disclosures of fair value measurement hierarchy for assets:

	Fair value measurement using			
Assets measured at fair value	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Investments (note 11)	$ —	$ 44,001	$ —	$ 44,001
Assets of the benefits plan	—	203,548	—	203,548
Revalued administrative property (note 13)	$ —	$ —	$ 103,184	$ 103,184

Quantitative disclosures of fair value measurement hierarchy for liabilities:

	Fair value measurement using			
Liabilities measured at fair value	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Liabilities for which fair values are disclosed				
Short–term borrowings and long–term debt (Note 15)	$ —	$ 3,580,904	$ —	$ 3,580,904

Fair values hierarchy

The different levels have been defined as follows:

Level 1 Observable inputs such as quoted prices in active markets

Level 2 inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 inputs are unobservable inputs for the asset or liability.

(In USD thousands)

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

Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

(a) The fair value of financial assets which changes in OCI is determined by reference to the present value of future principal and interest cash flows, discounted at a market based on interest rate at the reporting date.

(b) The Group uses the revaluation model to measure its land and buildings which are composed of administrative properties, Management determined that this constitutes one class of asset under IAS 16, based on the nature, characteristics, and risks of the property. The fair values of the properties were determined by using market comparable methods. This means that valuations performed by the appraisals are based on active market prices, adjusted for difference in the nature, location, or condition of the specific property. The Group engaged accredited independent appraisals, to determine the fair value of its land and buildings.

(19) Income tax expense and other taxes

	March 31, 2022	December 31, 2021
Current income tax – assets	$ 102,714	$ 82,264
Current VAT – assets	66,960	56,491
Other taxes current	32,390	30,190
Total other current taxes	99,350	86,681
Total current tax – assets	**202,064**	**168,945**
Total tax – assets	**202,064**	**168,945**
Current income tax - liabilities	**$ (48,612)**	**$ (54,698)**

Income tax expense for the three-month period ended March 31, 2022, comprises the following:

Consolidated statement of comprehensive income

	March 31, 2022
Current income tax:	
Current income tax charge	$ (4,900)
Deferred tax expense:	
Relating to origination and reversal oftemporary differences	3,331
Effect of changes in tax rates	—
Income tax expense reported in the income statement	**$ (1,569)**

(In USD thousands)

In addition to the amount charged to profit or loss, the following amounts relating to tax have been recognized in other comprehensive income:

		March 31, 2022
Items that will not be reclassified to profit or loss in future periods - Remeasurements of defined benefit	$	213

There are not amounts charged amounts relating to tax have recognized directly in equity.

Changes in deferred tax assets and deferred tax liabilities

Deferred tax assets		
As of December 31, 2021	$	**42,502**
Recognized in profit and loss		(2,777)
As of March, 2022	**$**	**39,725**

Deferred tax liabilities		
As of December 31, 2021	**$**	**331,729**
Recognized in profit and loss		(5,446)
Recognized in other comprehensive income		213
As of March, 2022	**$**	**326,496**

Reconciliation of the Tax Rate in accordance with the Tax Provisions and the Effective Rate:

The consolidated loss before income tax from continuing operations amounted to $97,765 for the three-month period ended March 31, 2022. The effective tax rate for the period was (1,60%). The corporate income tax rate during the period in Colombia was 31%. The differences between corporate income tax rate and effective tax rate are generated by subsidiaries with net losses in some jurisdictions where is not recognized deferred tax assets due to its not probable that taxable profits will be available against which the deductible temporary differences can be utilized.

Tax rate in Colombia has changed effective in fiscal year 2022 and beyond as follow:

Year	**General Rate**
2021	31%
2022 and next	35%*

* Aerovias del Continente Americano S.A. – Avianca S.A. has a legal stability contract which sets a tax rate of 33% for this company only.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdiction, as follows:

(In USD thousands)

Country	Applicable tax rate
United Kingdom (*)	19%
Brazil	15%
Chile	27%
Costa Rica	30%
Ecuador	28%
El Salvador	30%
Guatemala	25%
Honduras	25%
México	30%
Nicaragua	30%
Panamá	25%
United States	21%

(*) Profit on ordinary activities at the standard rate of corporation tax to a legal entity level in UK is 19%. The Finance Act 2021 was substantially enacted in May 2021 and has increased the corporation tax rate in United Kingdom from 19% to 25% with effect on April 1, 2023.

Uncertainty over income tax treatments

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessments of many factors, including interpretations of tax law and prior experience. There are no uncertainties over income tax treatments with adverse effect for the Group identified in the assessments performed.

Statute of Limitations

The average term of statute of limitations in the countries where the Group operates is 5 years.

(20) Provisions for legal claims

As of March 31, 2022, and December 31, 2021, the Group is involved in different lawsuits and legal actions that arise in the normal development of commercial activities. Of the total lawsuits and legal actions, Management has calculated a probable loss of $73,690 and $71,661 respectively. These lawsuits are reflected in the condensed consolidated interim financial statements position under the section “Provision for legal claims”.

The changes in provisions for litigation during the three-month periods ended March 31, 2022, and December 31, 2021 are as follows:

	March 31, 2022	December 31, 2021
Balances at the beginning of the period	$ 71,661	$ —
Business Combination	—	72,350
Provisions constituted	8,756	2,327
Provisions reverse	(3,498)	(1,520)
Provisions used	(3,229)	(1,496)
Balances at the end of the period	**73,690**	**71,661**

Internal investigations to determine whether we may have violated the U.S. Foreign Corrupt Practices Act and other laws

In August 2019, Avianca Holdings S.A. ("AVH"), the preview former parent of the subsidiaries acquired by AGIL ("The Group"), disclosed that it had discovered a business practice at the Group whereby Group employees, including members of senior management, as well as certain members of the board of directors, provided "things of value," which based on its current understanding have been limited to free and discounted airline tickets and upgrades, to government employees in certain countries. The Group commenced an internal investigation and retained reputable outside counsel and a specialized forensic investigatory firm to determine whether this practice could have violated the U.S. Foreign Corrupt Practices Act or other potentially applicable U.S. and non-U.S. anti-corruption laws. In 2018, the company implemented certain revisions to its policies designed to prevent such practice from occurring, including limiting the number of persons at the company authorized to issue free and discounted airline tickets and upgrades, and requiring additional internal approvals for doing so. In August 2019, the company voluntarily disclosed this investigation to the U.S. Department of Justice, the U.S. Securities and Exchange Commission ("SEC"), and the Colombian Financial Superintendence.

In September 2019, the Colombian Superintendence of Companies inspected the Company's Bogotá offices and subsequently sent several requests of information, all of which were duly addressed by the Company's management. On May 25, 2021, and once again on July 2, 2021, in response to requests for information, Avianca submitted responses before the authority, indicating that the 1-year period provided by Colombian Law for a preliminary inquiry expired and, consequently, the authority was no longer empowered to pursue the investigation per applicable local law. In response, the Colombian Superintendence of Companies indicated that their understanding was that their preliminary inquiries had not yet begun. Avianca's position is that the preliminary inquiries began in September 2019 and that the 1-year permitted period has expired. To the knowledge of the Company and as of the date hereof, the Colombian Superintendence of Companies has not issued any further pronouncement on this matter and Avianca has not been notified of the termination of the administrative investigation.

In February 2020, the Office of the Attorney General of Colombia served Avianca with a search warrant of its offices with the objective of collecting information related to this investigation. As has been its practice, Avianca cooperated, including answering the information requests issued in October 2020, November 2020, and June 2021. While the information requested by the Office of the Attorney General of Colombia has been duly provided, Avianca has exercised its legal rights to ensure that its confidential and privileged information remains protected.

On May 28, 2021, the SEC informed that they "*concluded the investigation as to Avianca Holdings S.A." and "do not intend to recommend an enforcement action by the Commission against Avianca Holdings S.A."*

On August 19, 2021, the Office of the Attorney General of Colombia conducted an interview to request documents in connection with this matter and took sworn verbal statements from Avianca's Litigation Manager and from the Ethics and Compliance Manager. Both employees provided information on the Company's corporate structure, internal control, and audit mechanisms, and on internal procedures for the issuance of discounted airline tickets before and after 2017.

(In USD thousands)

At the end of August 2021, a meeting was held with the Attorney General of Colombia to deliver additional documentation that had been required. To the knowledge of the company and as of the date hereof, the criminal investigation by the Office of the Attorney General of Colombia remains open.

Internal Investigation regarding potential impacts at the group due to corrupt business practices at Airbus

In January 2020, the primary aircraft supplier, Airbus, entered into a settlement with authorities in France, the United Kingdom and the United States regarding corrupt business practices. Airbus' settlement with French authorities references a possible request by an Avianca "senior executive" in 2014 for an irregular commission payment, which was ultimately not made. As a result of the foregoing, Avianca voluntarily initiated an internal investigation to analyze its commercial relationship with Airbus and to determine if it was the victim of any improper or illegal acts. This internal investigation was disclosed to the U.S. Department of Justice and the SEC, as well as the Colombian Superintendence of Industry and Commerce and the Office of the Attorney General of Colombia. To the knowledge of the Company and as of the date hereof, the Office of the Attorney General of Colombia and the Superintendence of Industry and Commerce are conducting preliminary investigations and the former company executive who allegedly participated has not been indicted.

Avianca is currently cooperating with all agencies. The internal investigations are still ongoing and it's not possible to predict their outcome or what potential actions may be taken by local regulators or officials in this respect.

(21) Future aircraft leases payments

The Group has 106 aircraft that are under operating leases for an average lease term of 69 months. Operating leases can be renewed, in accordance with the Administration's business plan. The following is the summary of the future commitments of operating leases:

	Aircraft
Less than one year	$ 276,878
Between one and five years	880,851
More than five years	531,950
	$ 1,689,679

Under IFRS 16, the leases that are legally denominated operative are recorded in the consolidated statement of financial position as part of ownership of plant and equipment-flight equipment as well as the recognition of the related financial liability that represents the present value of the minimum payments of the lease contract.

Future aircraft lease payments are based on the original contracts, to date, the Group bases its payments on flight hours.

Avianca Group International Limited has forty-two (42) spare engines that are under operating leases to support its aircraft fleet of A320, A330, A300 and B767F Families. The following is the summary of the future commitments of operating leases:

(In USD thousands)

	Aircraft
Less than one year	5,567
Between one and five years	8,806
	$ 14,373

The value of payments recognized as expenses in the period is:

	March 31, 2022
Leases minimum payments	**$ 70,456**

(22) Acquisition of aircraft

In accordance with the agreements in effect, future commitments related to the acquisition of aircraft and engines as of March 31, 2022, as follows:

	Less than one year	1-3 years	3-5 years	More than 5 years	Total
Aircraft and engine purchase commitments	$ 12,331	$ 101,205	$ 1,314,494	$ 3,643,395	$ 5,071,425

Amounts disclosed reflect certain discounts negotiated with suppliers as of the balance sheet date, which discounts are calculated on highly technical bases and are subject to multiple conditions and constant variations. Among the factors that may affect discounts are changes in our purchase agreements, including order volumes.

Based on the results shown above, we recall that on October 25, 2021, an agreement was signed with Boeing, the "AVI Termination Letter Agreement", in which both parties agreed to cancel 2 Boeing 787-9 with delivery dates in in 2024. This agreement is subject to Precedent Conditions (PC) that would be executed in the following months with an estimated date of fulfillment of 2Q-2022.

The Group plans to finance the acquisition of the commitments acquired with the resources generated by the Group and the financial operations that can be formalized with financial entities and aircraft leasing companies.

(23) Dividends

The Group did not decree or pay dividends during the three months ended March 31, 2022.

(In USD thousands)

(24) Operating Revenue

Operating revenues for the three months ended March 31, 2022, is as follows:

	March 31, 2022	Percentage
Domestic		
Passenger	$ 352,357	43%
Cargo	85,592	11%
	437,949	**54%**
International		
Passenger	247,652	31%
Cargo	100,595	12%
	348,247	**43%**
Other (1)	24,460	3%
Total	**$ 810,656**	**100%**

(1) Other operating income

	March 31, 2022
Frequent flyer program	$ 9,257
Maintenance	3,244
Ground operations (a)	5,260
Other (b)	6,699
	$ 24,460

(a) Group provides services to other airlines at main hub airports.

(b) Corresponds mainly to income from upgrades, commercial commission, and additional services.

(25) Subsequent Events

On April 29, 2022, Avianca Group International Limited announced that, Viva Air and Avianca Group International Limited will together be consolidated within the same new holding company, subject to requesting and obtaining the appropriate regulatory approvals to transfer control rights of Viva's operations to said holding company. Until said approvals are granted, it's important to note that control of both airlines will remain fully independent with the companies' respective customers, suppliers, employees, and relationships remaining the same, with separate internal and external operations and independent sales channels and customer service teams. In addition, Avianca's and Viva's shareholders own a convertible debt representing a minority interest investment in Chile's Sky Airline.

On May 11, 2022, Avianca Group International Limited announced that certain of the principal shareholders of Investment Vehicle 1 Limited ("Avianca Group") including Kingsland International Group S.A., Elliott International L.P., and South Lake One LLC (the "Avianca's Major Investors") and Gol Linhas Aéreas

Inteligentes S.A. controlling shareholder MOBI FIA have entered into a Master Contribution Agreement (the "Master Contribution Agreement").

Pursuant to the Master Contribution Agreement, MOBI FIA will contribute its GOL shares to a newly formed company ("ABRA"), in exchange for common shares of ABRA; subsequently, Avianca's Major Investors and the other parties to the Master Contribution Agreement will contribute their shares in Avianca Group to ABRA in exchange for new common shares of ABRA (the "Transaction"). ABRA is a private limited company, incorporated under the laws of England and Wales.

Upon closing of the Transaction, the contributing parties to the Master Contribution Agreement, including MOBI FIA and the Avianca's Major Investors, will enter into a shareholders' agreement to govern their rights and obligations as shareholders of ABRA, and Mobi FIA and the Avianca's Major Investors will co-control ABRA, which, in turn, will hold a controlling interest in GOL and Avianca Group. The Transaction is subject to customary closing conditions set forth in the Master Contribution Agreement, including certain regulatory approvals.

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