



**AVIANCA GROUP INTERNATIONAL LIMITED AND SUBSIDIARIES**

(England, United Kingdom)

**Unaudited Condensed Consolidated Interim Financial Statements**

As of March 31, 2024, and

for the three-month period ended March 31, 2024

with the independent auditor's report on the review of the interim financial information



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

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## **INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS**

To the Shareholders  
Avianca Group International Limited:

### ***Introduction***

We have reviewed the accompanying March 31, 2024, condensed consolidated interim financial statements of Avianca Group International Limited ("the Group"), which comprises:

- the condensed consolidated statement of financial position as of March 31, 2024;
- the condensed consolidated statement of other comprehensive income for the three-month period ended March 31, 2024;
- the condensed consolidated statements of changes in equity for the three-month period ended March 31, 2024;
- the condensed consolidated statements of cash flows for the three-month period ended March 31, 2024; and
- notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of this condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

### ***Scope of Review***

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the accompanying March 31, 2024, condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG S.A.S.

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Calle 90 No. 19C - 74  
April 29, 2024

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

	Notes	March 31, 2024 Unaudited	December 31, 2023 Audited
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	8	\$ 709,772	\$ 783,858
Short-term investments	8	261,694	257,553
Trade and other receivables, net of expected credit losses	9	269,863	263,433
Accounts receivable from related parties	10	5,776	4,897
Current tax assets	18	235,196	196,152
Expendable spare parts and supplies, net of Provision for obsolescence		97,189	93,506
Prepayments		8,127	14,878
Deposits and other assets	11	31,500	46,161
		<b>1,619,117</b>	<b>1,660,438</b>
Assets held for sale	12	10,743	10,743
Total current assets		<b>1,629,860</b>	<b>1,671,181</b>
<b>Non-current assets:</b>			
Deposits and other assets	11	117,651	118,821
Accounts receivable from related parties	10	115,583	112,726
Intangible assets and goodwill, net	14	2,841,763	2,852,113
Deferred tax assets	18	45,348	45,444
Property and equipment, net	13	3,966,541	3,832,762
Total non-current assets		<b>7,086,886</b>	<b>6,961,866</b>
<b>Total assets</b>		<b>\$ 8,716,746</b>	<b>\$ 8,633,047</b>

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

	Notes	March 31, 2024 Unaudited	December 31, 2023 Audited
<b>Liabilities and equity</b>			
<b>Current liabilities:</b>			
Short-term borrowings and current portion of long-term debt	15	\$ 491,196	\$ 476,177
Accounts payable		554,720	550,680
Accounts payable to related parties	10	257	79
Accrued expenses		89,035	85,799
Current tax liabilities	18	46,226	37,042
Provisions for legal claims	19	29,490	31,125
Provisions for return conditions	16	—	8,098
Employee benefits		138,825	135,749
Air traffic liability		634,662	680,425
Frequent flyer deferred revenue		165,329	164,540
Other liabilities		323	86
Total current liabilities		<b>2,150,063</b>	<b>2,169,800</b>
<b>Non-current liabilities:</b>			
Long-term debt	15	4,422,421	4,295,433
Provisions for return conditions	16	781,663	807,294
Employee benefits		69,112	71,191
Deferred tax liabilities	18	134,215	136,045
Frequent flyer deferred revenue		271,691	271,964
Other liabilities		100	88
Total non-current liabilities		<b>5,679,202</b>	<b>5,582,015</b>
Total liabilities		<b>7,829,265</b>	<b>7,751,815</b>
<b>Equity</b>			
Common shares		4	4
Share premium		1,145,962	1,145,962
Retained deficit		(283,231)	(208,402)
Other comprehensive income		6,319	(72,567)
<b>Equity attributable to owners of the Company</b>		<b>869,054</b>	<b>864,997</b>
Non-controlling interest (NCI)		18,427	16,235
<b>Total equity</b>		<b>887,481</b>	<b>881,232</b>
<b>Total liabilities and equity</b>		<b>\$ 8,716,746</b>	<b>\$ 8,633,047</b>

See accompanying notes to condensed consolidated interim financial statements.

# AVIANCA GROUP INTERNATIONAL LIMITED AND SUBSIDIARIES

(England, United Kingdom)

## Condensed Consolidated Statement of Comprehensive Income (Loss)

(In USD thousands)

	Notes	For the three months ended March 31, 2024 Unaudited	For the three months ended March 31, 2023 Unaudited
Operating revenue:			
Passenger		\$ 1,076,749	\$ 892,235
Cargo and other		188,261	194,909
<b>Total operating revenue</b>	5, 22	<b>1,265,010</b>	<b>1,087,144</b>
Operating expenses:			
Flight operations		29,188	22,475
Aircraft fuel		368,231	355,477
Ground operations		133,248	109,027
Rentals	20	26,452	30,322
Passenger services		25,925	18,117
Maintenance and repairs		49,196	48,690
Air traffic		60,789	43,556
Selling expenses		88,839	78,133
Salaries, wages, and benefits		174,588	119,596
Fees and other expenses		62,653	58,593
Depreciation and amortization	13,14	111,496	97,223
<b>Total operating expenses</b>		<b>1,130,605</b>	<b>981,209</b>
<b>Operating income</b>		<b>134,405</b>	<b>105,935</b>
Interest expense		(129,526)	(112,255)
Interest income		16,089	6,872
Foreign exchange, net		(1,152)	617
<b>Income before income tax</b>		<b>19,816</b>	<b>1,169</b>
Income tax expense – current	18	(8,504)	(5,521)
Income (expense) tax benefit– deferred	18	1,656	(189)
<b>Total tax expenses</b>		<b>(6,848)</b>	<b>(5,710)</b>
<b>Net Income (loss) for the period from continuing operations</b>		<b>12,968</b>	<b>(4,541)</b>
<b>Discontinuing operations</b>			
Loss from discontinuing operations		—	(7,166)
<b>Net Income (loss) for the period</b>		<b>\$ 12,968</b>	<b>\$ (11,707)</b>

**AVIANCA GROUP INTERNATIONAL LIMITED AND SUBSIDIARIES**  
(England, United Kingdom)  
**Condensed Consolidated Statement of Comprehensive Income (Loss)**  
**(In USD thousands)**

	Notes	For the three months ended March 31, 2024 Unaudited	For the three months ended March 31, 2023 Unaudited
<b>Net Income (loss) for the period</b>		\$ 12,968	\$ (11,707)
<b>Other comprehensive income (loss):</b>			
Items that will not be reclassified to income or loss in future periods:			
Revaluation of administrative property		(8,132)	27
Remeasurements of defined benefit	7	1,198	8,335
		<b>(6,934)</b>	<b>8,362</b>
Items that will be reclassified to Income in future periods:			
Net change in fair value of financial assets with changes in OCI		21	360
Foreign operations — foreign currency translation differences		194	847
		<b>215</b>	<b>1,207</b>
<b>Other comprehensive (loss) income, net of income tax</b>		<b>(6,719)</b>	<b>9,569</b>
<b>Total comprehensive Income (loss), net of income tax</b>		<b>6,249</b>	<b>(2,138)</b>
Income (loss) attributable to:			
Equity holders of the parent		10,842	(13,485)
Non–controlling interest		2,126	1,778
<b>Net Income (loss)</b>		<b>12,968</b>	<b>(11,707)</b>
Total comprehensive income (loss) attributable to:			
Equity holders of the parent		4,057	(3,760)
Non–controlling interest		2,192	1,622
<b>Total comprehensive Income (loss)</b>		<b>\$ 6,249</b>	<b>\$ (2,138)</b>

See accompanying notes to condensed consolidated interim financial statements.



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

**For the three months ended March 31, 2024**

		<b>Common shares</b>	<b>Share premium</b>	<b>Other comprehensive Income</b>	<b>Retained deficit</b>	<b>Equity attributable to owners of the Company</b>	<b>Non- controlling interest</b>	<b>Total equity</b>
	<b>Notes</b>			<b>OCI Reserves</b>				
<b>Balance at December 31, 2023</b>		<b>\$ 4</b>	<b>\$1,145,962</b>	<b>\$(72,567)</b>	<b>\$(208,402)</b>	<b>\$864,997</b>	<b>\$16,235</b>	<b>\$881,232</b>
Net Income		—	—	—	10,842	10,842	2,126	12,968
Reclassification of the net defined benefit from OCI	7	—	—	85,671	(85,671)	—	—	—
Other comprehensive income		—	—	(6,785)	—	(6,785)	66	(6,719)
<b>Balance at March 31, 2024 (Unaudited)</b>		<b>\$ 4</b>	<b>\$1,145,962</b>	<b>\$ 6,319</b>	<b>\$(283,231)</b>	<b>\$869,054</b>	<b>\$18,427</b>	<b>\$887,481</b>

See accompanying notes to condensed consolidated interim financial statements.

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

**For the three months ended March 31, 2023**

	<b>Common shares</b>	<b>Share premium</b>	<b>Other comprehensive Income</b>	<b>Retained deficit</b>	<b>Equity attributable to owners of the Company</b>	<b>Non- controlling interest</b>	<b>Total equity</b>
<b>Notes</b>	<b>OCI Reserves</b>						
<b>Balance at December 31, 2022</b>	<b>\$ 4</b>	<b>\$1,145,962</b>	<b>\$ (21,537)</b>	<b>\$(336,066)</b>	<b>\$788,363</b>	<b>\$16,139</b>	<b>\$804,502</b>
Net loss	—	—	—	(13,485)	(13,485)	1,778	(11,707)
Sale of Subsidiary	—	—	—	—	—	(2,250)	(2,250)
Other comprehensive income	—	—	9,725	—	9,725	(156)	9,569
<b>Balance at March 31, 2023 (Unaudited)</b>	<b>\$ 4</b>	<b>\$1,145,962</b>	<b>\$ (11,812)</b>	<b>\$(349,551)</b>	<b>\$784,603</b>	<b>\$15,511</b>	<b>\$800,114</b>

See accompanying notes to condensed consolidated interim financial statements.

**AVIANCA GROUP INTERNATIONAL LIMITED AND SUBSIDIARIES**

(England, United Kingdom)

**Condensed Consolidated Statement of Cash Flows**

(In USD thousands)

	Notes	For the three months ended March 31, 2024 Unaudited	For the three months ended March 31, 2023 Unaudited
<b>Cash flows from operating activities:</b>			
Net Income (loss) for the period		\$ 12,968	\$ (11,707)
Adjustments for:			
Provision for expected credit losses	9	3,726	766
Provision for expandable spare parts and suppliers' obsolescence		463	639
Recovery of provisions for legal claims	19	(649)	(1,540)
Depreciation and amortization	13,14	111,496	97,223
Loss in disposal assets		2,681	2,530
Loss on sale subsidiary		—	7,166
Interest income		(16,089)	(6,872)
Interest expense		129,526	112,255
Deferred tax	18	(1,656)	189
Current tax expense	18	8,504	5,521
Unrealized foreign currency loss (gain)		9,563	(6,124)
Changes in:			
Trade and other receivables		(12,401)	(4,193)
Expendable spare parts and supplies		(4,146)	(5,618)
Prepayments		6,695	3,576
Net current tax		(26,638)	6,056
Deposits and other assets		14,970	(22,917)
Accounts payable and accrued expenses		2,725	16,443
Air traffic liability		(45,763)	72,178
Frequent flyer deferred revenue		(1,487)	(13,850)
Provisions for return conditions		(8,099)	(1,880)
Provisions for legal claims		(1,040)	(514)
Employee benefits		832	(18,587)
Income tax paid		(11,668)	(12,567)
<b>Net cash provided by operating activities</b>		<b>174,513</b>	<b>218,173</b>
<b>Cash flows from investing activities:</b>			
Acquisition of property and equipment		(75,619)	(68,902)
Reimbursement of equipment acquisition		—	16,228
Acquisition of short-term investments		(158,863)	(88,414)
Reimbursement of short-term investments		154,780	—
Acquisition of intangible assets	14	(5,852)	(5,124)
Interest received		14,007	—
Proceeds from sale of property and equipment		—	14,986
Cash and cash equivalents disposed		—	(4,011)
Consideration received from disposal of subsidiary		—	3,994
<b>Net cash used in investing activities</b>		<b>(71,547)</b>	<b>(131,243)</b>
<b>Cash flows from financing activities:</b>			
Repayment of loans and borrowings	15	(92,476)	(58,344)

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

Interest paid	15	<u>(84,606)</u>	<u>(50,475)</u>
<b>Net cash used in financing activities</b>		<b>(177,082)</b>	<b>(108,819)</b>
Net decrease in cash and cash equivalents		(74,116)	(21,889)
Exchange rate effect on cash		30	458
Cash and cash equivalents at the beginning of the period		<u>783,858</u>	<u>816,716</u>
<b>Cash and cash equivalents at the end of the period</b>	8	<b><u>\$ 709,772</u></b>	<b><u>\$ 795,285</u></b>

See accompanying notes to condensed consolidated interim financial statements.

# AVIANCA GROUP INTERNATIONAL LIMITED AND SUBSIDIARIES

(England, United Kingdom)

## Notes to Condensed Consolidated Interim Financial Statements

(In USD thousands)

### (1) Reporting entity

Avianca Group International Limited ("AGIL" or the "Company") is incorporated and existing under the laws of England and Wales as of September 27, 2021, with its registered office at 3rd Floor 1 Ashley Road, Altrincham, Cheshire, United Kingdom, WA14 2DT. AGIL, together with its subsidiaries, will be referred to as the "Group" for the purposes of this document.

On March 31, 2022, Investment Vehicle 1 Limited, a company incorporated in the Cayman Islands and tax resident in England and Wales ("IV1L"), was interposed between AGIL and its then-shareholders by way of a 1:1 share for share exchange (the "Reorganization Transaction"). Pursuant to the Reorganization Transaction, all shareholders transferred their ordinary shares in AGIL to IV1L in exchange for an equal number of ordinary shares in IV1L. As a result: (i) AGIL's former shareholders became shareholders of V1L; and (ii) IV1L became the sole shareholder of AGIL and the holding entity of the Group. The Reorganization Transaction was intended to bolster the Group's structure, to allow Avianca to enter into strategic transactions more efficiently.

On May 10, 2022, certain shareholders of IV1L and the controlling shareholders of Gol Linhas Aéreas Inteligentes S.A. entered into a landmark contribution agreement (as amended from time to time) to create a leading air transportation group across Latin America under a single holding entity named Abra Group Limited ("Abra"). Abra is a private limited company which was incorporated in England and Wales on February 18, 2022. On April 3, 2023, this transaction closed and the shareholders of IV1L transferred their shares therein to Abra in exchange for shares in Abra. As a result, Abra became the Company's ultimate parent and the Group's holding company.

### Significant subsidiaries

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

Name Subsidiary	Country of incorporation	Ownership Interest%	Ownership Interest%
		2024	2023
Avianca Midco 2 PLC UK	England	100%	100%
Avianca Ecuador S.A.	Ecuador	99.62%	99.62%
Aerovías del Continente Americano S.A. (Avianca)	Colombia	99.98%	99.98%
Grupo Taca Holdings Limited.	Bahamas	100%	100%
LifeMiles Ltd.	Bermuda	100%	100%
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%	100%

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 and international routes serving North, Central and South America, Europe, and the Caribbean.

## AVIANCA GROUP INTERNATIONAL LIMITED AND SUBSIDIARIES

(England, United Kingdom)

### Notes to Condensed Consolidated Interim Financial Statements

(In USD thousands)

The passenger airlines of the Group have entered into several 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.

Most codeshare alliances typically include: a single ticket issued in a single transaction for the whole itinerary, passenger and baggage check-in to the final destination, transfer of baggage at any transfer point, frequent flyer program benefits, among others. To date, the airlines of AGIL have codeshare agreements with the following airlines: Air Canada, Air China, Air India, All Nippon Airways, Azul Linhas Aéreas Brasileiras, Clic, Copa Airlines, Etihad Airways, Eva Airways, GOL Linhas Aéreas, Iberia, ITA Airways, Lufthansa, Singapore Airlines, Turkish Airlines, Silver Airways, TAP and United Airlines.

In addition, Avianca S.A. is a member of Star Alliance, as well as Taca International, Avianca Ecuador and Avianca Costa Rica, as "*Connected Entities*" of Avianca S.A. This gives customers access to the destinations, services and benefits offered by the 26 airline members of Star Alliance. Its members include several of the world's most recognized airlines, like Air Canada, Lufthansa, Singapore Airlines, TAP, Thai Airways, United Airlines, among others. All of them are committed to meeting the highest standards in terms of security and customer service.

As of March 31, 2024, and December 31, 2023, Avianca Group International Limited's total fleet is comprised of:

Aircraft	As of March 31, 2024			As of December 31, 2023		
	Owned	Lease	Total	Owned	Lease	Total
Airbus A-319	1	7	8	1	9	10
Airbus A-320	—	79	79	—	79	79
Airbus A-320 NEO	—	43	43	—	41	41
Airbus A-330	1	—	1	1	—	1
Airbus A-330F	—	6	6	—	6	6
Airbus A-300F	3	—	3	3	—	3
Boeing 787-8	—	16	16	—	16	16
Boeing 767F	2	—	2	2	—	2
	7	151	158	7	151	158

For the three-month period ended March 31, 2024, the Group finalized lease agreements for two (2) A319 and added two (2) A320 NEO aircraft under leasing.

## (2) Basis of presentation of the Condensed Consolidated Interim Financial Statements

### *Professional Accounting Standards Applied*

#### *a) Statement of compliance*

The Condensed Consolidated Interim Financial Statements for the three-month period ended March 31, 2024, have been prepared in accordance with IAS 34 interim Financial Reporting and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended December 31, 2023.

## AVIANCA GROUP INTERNATIONAL LIMITED AND SUBSIDIARIES

(England, United Kingdom)

### Notes to Condensed Consolidated Interim Financial Statements

(In USD thousands)

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The Condensed Consolidated Interim Financial Statements as of and the three-month period ended March 31, 2024, do not include all information and disclosures required in the annual financial statements. However, selected explanatory notes have been included to disclose events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the Consolidated Financial Statements for the period ended December 31, 2023.

The Group's condensed consolidated interim financial statements as of March 31, 2024, and December 31, 2023, and for the three-month period ended March 31, 2024, were prepared, and presented by Management and authorized for issuance by the Audit Committee on April 29, 2024.

#### *b) Going Concern*

These Condensed Consolidated Interim Financial Statements have been prepared on a going concern basis.

The Group has recognized a net income of \$12,968 for the period ended March 31, 2024 (March 31, 2023: net loss of \$(11,707)). The condensed consolidated statement of financial position reflected an excess of current assets over current liabilities of \$279,788 excluding (December 31, 2023: \$346,346) deferred revenue from air traffic liability and deferred revenue from frequent flyer. Similarly, the Group's liquidity reached in line with strong working capital generation of Operating Cash Flow.

Operating income for the period ended March 31, 2024, was \$134,405 (March 31, 2023: \$105,935), resulting from the Group's plan to reduce its cost structure and generate profitability.

Avianca Group International Limited financial continues with the execution of its new strategy to offer a more reliable and compelling product, which lay the foundation to achieve long-term profitability and foster the ability to adapt through economic cycles.

During a seasonally regular quarter, capacity deployment reached 15.1 Billion of ASK (Available Seat Kilometer) while average load factor reached a healthy 81.4%, signaling a solid demand environment on the markets the Company operates. In addition, cash balance and short-term investments remains strong at \$972 million by the end of the period.

AGIL remains watchful of the macroeconomic environment as fuel prices and foreign exchange volatility, as well as an increased inflation represent an industry risk. Indeed, jet fuel price has increased 6.6% following the 18.6% escalation of WTI during the first quarter of 2024.

The quarterly financial report of AGIL for the period ended March 31, 2024, reaffirms its robust financial position, effective execution of the Business Plan devised in late 2021, and adaptability of its new business strategy, prioritizing profitability through ongoing refinement of its cost framework. These efforts have notably enhanced the Group's financial margins while prudently managing its leverage.

Management is confident in the Group's ability to navigate these times of high volatility through successful execution of the business plan. The Group through AGIL has and will have the adequate resources to continue its operational existence in the immediate and long-term future sustainably.

## AVIANCA GROUP INTERNATIONAL LIMITED AND SUBSIDIARIES

(England, United Kingdom)

### Notes to Condensed Consolidated Interim Financial Statements

(In USD thousands)

#### c) *Fuel price Risk*

For the execution of its operations, the Group purchases a fuel called Jet Fuel grade 54 USGC, which is subject to the fluctuations of international fuel prices.

These measures include maintaining healthy unit revenues supported by strong demand, and a continued effort to optimize capacity, allowing the company to focus on improving profitability and preserving cash.

#### *Sensitivity analysis*

Fuel price fluctuation impacts on profit and/or loss are illustrated below. This analysis shows the estimated impact for 2024 of a 5%, 10% and 15% increase in the underlying reference price per barrel at the end of March 2024. The projection period was defined since April until the end of 2024. This analysis assumes that all other variables remain constant and considers the effect of changes in jet fuel price.

Effect in profit or loss					
March 31, 2024			March 31, 2023		
	Increase	Decrease		Increase	Decrease
5% movement	\$ (52,862)	\$ 52,862	\$	(48,924)	\$ 48,924
10% movement	\$ (105,724)	\$ 105,724	\$	(97,848)	\$ 97,848
15% movement	\$ (158,586)	\$ 158,586	\$	(146,773)	\$ 146,773

#### d) *Basis of measurement*

The Condensed Consolidated Interim Financial Statements have been prepared on a historical cost basis, excluding land and buildings (which are classified as administrative property) and short-term investments that have been calculated at fair value.

#### e) *Functional and presentation currency*

The Condensed Consolidated Interim Financial Statements are presented in US Dollars, which is the functional currency for each legal entity within the Group.

#### f) *Use of judgments and estimates*

The preparation of these Condensed Consolidated Interim Financial Statements requires management to make judgements, estimates and assumptions about the future, including climate-related risks and opportunities, that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. 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 significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the last annual financial statements as of and for the year ended December 31, 2023.



# **AVIANCA GROUP INTERNATIONAL LIMITED AND SUBSIDIARIES**

(England, United Kingdom)

## **Notes to Condensed Consolidated Interim Financial Statements**

(In USD thousands)

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### **(3) Material accounting policies**

The Group has consistently applied the following accounting policies in these condensed consolidated interim financial statements, except if mentioned otherwise. These accounting policies are the same as those applied in the Group's consolidated financial statements as of and for the year ended December 31, 2023.

### **(4) New and amended accounting standards**

#### **a. International Financial Reporting Standards recently adopted**

The Group has adopted the following accounting standards in preparing these consolidated financial statements:

#### **Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants (amendments to IAS 1)**

The amendments to IAS 1 modify the requirement to classify a liability as current by establishing that a liability is classified as current when, at the end of the reporting period, it does not have the right to defer the settlement of the liability for at least the following 12 months. It further clarifies that the right of an entity to defer a liability settlement for at least 12 months after the reporting period must be substantial and exist as of the end of the reporting period.

As disclosed in note 15, the Group has debt contracts that are subject to specific covenants. While these liabilities are classified as non-current as of March 31, 2024, a future breach of the related covenants may require the Group to repay the liabilities earlier than the contractual maturity dates. We adopted the amendments effective January 1, 2024, and the adoption did not have a material impact on the Group's consolidated financial statements.

#### **Lease liability in sale and leaseback (Amendments to IFRS 16)**

The amendments to IFRS 16 "Leases" affect how a seller-lessee accounts for variable lease payments that arise in a sale and leaseback transaction. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reevaluate and potentially restate sale and leaseback transactions made since 2019. We adopted the amendments effective January 1, 2024, and the adoption did not have a material impact on the Group's consolidated financial statements as the group does not currently have these types of transactions.

#### **Supplier Finance arrangements (Amendments to IAS 7 and IFRS7)**

The amendments to IAS 7 and IFRS 7 apply to supplier finance arrangements that have all the following characteristics: 1) A finance provider pays amounts a company (the buyer) owes its suppliers. 2) A company agrees to pay under the terms and conditions of the arrangements on the same date or at a later date than its suppliers are paid. 3) The company is provided with extended payment terms or suppliers benefit from early payment terms, compared with the related invoice payment due date and 4) The amendments do not apply to arrangements for financing receivables or inventory. We adopted the amendments effective January 1, 2024, and the adoption did not have a material impact on the Group's consolidated financial statements.

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- b. New and revised International Financial Reporting Standards issued but not yet adopted.

The Group has not early adopted and is not expected to have a significant impact on the Group's consolidated financial statements, the following new or amended accounting standards:

- Lack of Exchangeability (Amendments to IAS 21), this amendment is effective as of January 1, 2025.
- Presentation and Disclosure in Financial Statements (IFRS 18), this amendment is effective as of January 1, 2027.

**(5) Segment Information**

The Group reports information by segments as established in IFRS 8, "Operating segments," which requires an entity to report segment information in a manner that enables financial statement users to view the entity through the eyes of management. An operating segment is a component of an entity that engages in business activities for which discrete financial information is available and whose operating results are regularly reviewed by the entity's chief operating decision maker, or CODM.

The Board of Directors is the CODM and monitors the operating results of the Group's segments on the basis of the organization of the entity, which is based generally on the differences in services provided under each segment. The Group has two reportable segments that align with the operational reporting used by the CODM:

- Air Transportation: Corresponds to passenger and cargo operations for scheduled flights and freight transport, respectively.
- Loyalty: Corresponds to the loyalty program, for the loyalty subsidiaries of the Group.

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 is as follows:

	<b>For the three months ended March 31, 2024,</b>			
	<b>Air transportation</b>	<b>Loyalty</b>	<b>Eliminations</b>	<b>Consolidated</b>
Operating revenue				
External customers	\$ 1,199,603	\$ 65,407	\$ —	\$ 1,265,010
Inter-segment	24,936	187	(25,123)	—
<b>Total operating revenue</b>	<b>1,224,539</b>	<b>65,594</b>	<b>(25,123)</b>	<b>1,265,010</b>
Operating expenses before depreciation and amortization	1,003,698	40,534	(25,123)	1,019,109
Depreciation and amortization	108,095	3,401	—	111,496
<b>Operating Income</b>	<b>112,746</b>	<b>21,659</b>	<b>—</b>	<b>134,405</b>
Interest expense	(119,821)	(9,705)	—	(129,526)
Interest income	14,783	1,306	—	16,089

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Foreign exchange	(1,093)	(59)	—	(1,152)
Income tax expense	(6,016)	(832)	—	(6,848)
<b>Net (Loss) Income for the period</b>	<b>599</b>	<b>12,369</b>	<b>—</b>	<b>12,968</b>
<b>Total Assets – March 31, 2024</b>	<b>\$ 7,832,827</b>	<b>\$ 975,690</b>	<b>\$ (91,771)</b>	<b>\$ 8,716,746</b>
<b>Total Liabilities – March 31, 2024</b>	<b>\$ 7,165,144</b>	<b>\$ 755,892</b>	<b>\$ (91,771)</b>	<b>\$ 7,829,265</b>

The Group's operational information by reportable segment is as follows:

	For the three months ended March 31, 2023			
	Air transportation	Loyalty	Eliminations	Consolidated
Operating revenue				
External customers	\$1,021,080	\$ 66,064	\$ —	\$1,087,144
Inter-segment	11,386	92	(11,478)	—
<b>Total operating revenue</b>	<b>1,032,466</b>	<b>66,156</b>	<b>(11,478)</b>	<b>1,087,144</b>
Operating expenses before depreciation and amortization	859,896	35,568	(11,478)	883,986
Depreciation and amortization	94,007	3,216	—	97,223
<b>Operating Profit (loss)</b>	<b>78,563</b>	<b>27,372</b>	<b>—</b>	<b>105,935</b>
Interest expense	(102,018)	(10,237)	—	(112,255)
Interest income	6,092	780	—	6,872
Foreign exchange	637	(20)	—	617
Income tax expense	(5,684)	(26)	—	(5,710)
<b>Net (loss) income for the period, from continuing operations</b>	<b>(22,410)</b>	<b>17,869</b>	<b>—</b>	<b>(4,541)</b>
Loss from discontinuing operations	(7,166)	—	—	(7,166)
<b>Net (loss) income for the period</b>	<b>(29,576)</b>	<b>17,869</b>	<b>—</b>	<b>(11,707)</b>
<b>Total Assets – March 31, 2023</b>	<b>\$6,706,857</b>	<b>\$ 942,050</b>	<b>\$ (59,059)</b>	<b>\$7,589,848</b>
<b>Total Liabilities – March 31, 2023</b>	<b>\$6,057,990</b>	<b>\$ 790,803</b>	<b>\$ (59,059)</b>	<b>\$6,789,734</b>

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

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The Group's revenues by geographic area are as follows:

	<b>For the three months ended March 31, 2024</b>	<b>For the three months ended March 31, 2023</b>
United States of America	\$ 189,314	\$ 184,695
Central America and the Caribbean	205,286	177,715
Colombia	560,310	460,752
South America (excluding Colombia)	188,511	169,157
Other	121,589	94,825
<b>Total operating revenue</b>	<b>\$ 1,265,010</b>	<b>\$ 1,087,144</b>

The Group allocates revenues by geographic area based on a given point of sale of first flight's point of origin. Non-current assets are comprised primarily of aircraft and aeronautical equipment, which are used throughout different countries and are therefore not assignable to any geographic area. Any individual geographic region responsible for 10% or more of total operating revenue is presented separately.

#### **(6) Seasonality**

The results of operations for any interim period are not necessarily indicative of those for the entire year due to the fact that 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 during the third quarter (principally in July and August) and again during the fourth quarter (principally in December) as well as in January.

The lowest levels of passenger traffic are concentrated in the months of February, March, and May. Given the proportion of fixed costs, the group expect quarterly operating results to continue to fluctuate on a quarterly basis. This information is provided to improve the understanding of the Company's results. However, management has concluded that this does not constitute "highly seasonal" as defined by IAS 34.

#### **(7) Employee benefits**

The Group sponsors defined benefit pension plans which require contributions to be made to separately administered funds. The Group also provides certain additional post-employment benefits. These benefits are unfunded as of March 31, 2024. 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 during the period in which they occur within other comprehensive income.

#### **CAXDAC Pension Plan Integration**

In 1993 the pension plan in Colombia changed from a defined benefit plan to a defined contribution plan. The Colombian government defined a transition regime to maintain the conditions of pilots and co-pilots included in the pension plan prior to April 01, 1994, this transition regime is administered by CAXDAC.

According to the above, the group's obligation is recognized and is mainly regulated by Law 860 of 2003, Decree 2210 of 2004 and Decree 1269 of 2009. The Group must transfer the value of their actuarial calculation to the

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CAXDAC pension fund and will have until the year 2023 to make such payments, from this date CAXDAC will become the responsible party for the obligation, until then the Group is the responsible for the obligation.

The CAXDAC pension situation as of March 31, 2024, for the components of Avianca S.A. and Tampa Cargo S.A.S is as follows:

- **Avianca S.A.**

As of December 31, 2023, the Group requested the approval of the actuarial calculation to the Superintendencia de transporte in order to integrate the pension liability with CAXDAC for Avianca S.A. subsidiary. The approval was granted on 31 December 2023 by Superintendencia de transporte.

Subsequently, on January 26, 2024, the effects of the reclassification were formalized by the competent entity. Finally, on January 29, 2024, Avianca S.A. obtained the not debt certification from CAXDAC and consequently integrated the liability and asset plan, in such a way Avianca S.A. was released from this obligation, remaining in charge of CAXDAC from that date. As of March 31, 2024, due the integration the actuarial obligation and the fair value of the plan assets is \$0 (December 31, 2023: \$272,797 in plan assets and \$272,797 in actuarial obligations).

During the three months ended March 31, 2024, the reserve related to the actuarial gains and losses of the CAXDAC plan for \$85,671 was reclassified from other comprehensive income to the retained under the scope of IAS 19, (three months ended March 31, 2023: remeasurement of defined benefit of Caxdac plan for (\$6,972) were recognized in Other Comprehensive Income).

- **Tampa Cargo S.A.S.**

The approval of the actuarial calculation to the Superintendencia de transporte in order to integrate the pension liability with CAXDAC, was requested on February 12, 2024. The approval is still pending and is expected to be resolved during the first semester of 2024, until then, the Group is responsible for the obligation. As of March 31, 2024, the value of the actuarial calculation obligation is \$7,784 (December 31, 2023: \$7,633) and the fair value of the plan assets is \$7,526 (December 31, 2023: 7,326).

The 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.

For three months ended March 31, 2024, the return and assumptions on CAXDAC plan assets and obligation for \$130 were recognized in Other Comprehensive Income. (Three months ended March 31, 2023: (\$193)).

#### **Other pension plans**

The other pension plans are measured using a discount rate based on the government bonds of each country in which the respective benefit plan is established.

As of March 31, 2024, the defined benefit liability is comprised of the present value of the defined benefit obligation using a discount rate based on government bonds for each country where the respective benefit plan is established, less the fair value of plan assets out of which the obligations are to be settled.

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For the other pension liability plans and post-retirement medical benefits for the group, the average discount rate was 9.88% on March 31, 2024 (December 31, 2023: 10.03%). The decrease in the discount rate on the other pension plans (\$1,328) (three months ended March 31, 2023: \$960) were recognized in Other Comprehensive Income.

**(8) Cash and cash equivalents and Short-Term Investments**

	<b>March 31, 2024</b>	<b>December 31, 2023</b>
Cash on hand and bank deposits	\$ 681,024	\$ 748,343
Cash equivalents (1)	10,410	19,204
Restricted cash and cash equivalents (2)	18,338	16,311
<b>Cash and cash equivalents</b>	<b>\$ 709,772</b>	<b>\$ 783,858</b>
Short-Term investments (3)	236,694	232,553
Restricted Short-Term investments (4)	25,000	25,000
<b>Short-term investments</b>	<b>\$ 261,694</b>	<b>\$ 257,553</b>

- (1) As of March 31, 2024, Investment Funds accrued annual interest rates between 10.14% and 13.08% in Colombian pesos (December 31, 2023: 6.18% and 19.69%); The use of term deposits depends on the Group's cash requirements during the period.
- (2) The Group has availability to restricted cash to cover events/claims, whose purpose is to support the guarantees that bank entities grant to the different third parties that require them from the group. for the fulfillment of contracts or the provision of different operation services.
- (3) 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. During the period ended March 31, 2024, the Time Deposits and Bonds were created for an average rate of 4.24% and 5.44%.
- (4) As of March 31, 2024, the restricted short-term classification for a term between 3 and 12 months at an average rate of 4.53%.

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

	<b>March 31, 2024</b>	<b>December 31, 2023</b>
Trade	\$ 254,996	\$ 246,612
Employee advances	4,531	4,450
Other	21,245	25,070
	<b>280,772</b>	<b>276,132</b>

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Less estimate for expected credit losses (1)	(10,909)	(12,699)
<b>Total</b>	<b>\$ 269,863</b>	<b>\$ 263,433</b>
Net current	\$ 269,863	\$ 263,433
<b>Total</b>	<b>\$ 269,863</b>	<b>\$ 263,433</b>

Trade receivables are non-interest bearing.

(1) The movement of impairment for expected credit losses is as follows:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>
Balance at beginning of year	\$ 12,699	\$ 8,736
Provision for expected credit losses (a)	3,726	3,963
Uses for expected credit losses (b)	(5,516)	—
<b>Total</b>	<b>\$ 10,909</b>	<b>\$ 12,699</b>

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**(10) Balances and transactions with related parties**

Company	Country	As of March 31, 2024		For the three months ended March 31, 2024		As of December 31, 2023		For the three months ended March 31, 2023	
		Account Receivables	Account Payables	Revenues	Expenses	Account Receivables	Account Payables	Expenses	
Investment Vehicle 1 Limited	Cayman Islands	\$ 116,155	\$ —	\$ 2,856	\$ —	\$ 112,879	\$ —	\$ 312	
Abra Group Limited	Gran Bretaña	5,204	—	—	—	4,744	—	—	
Others	Colombia	—	257	—	2	—	79	—	
<b>Total</b>		<b>\$ 121,359</b>	<b>\$ 257</b>	<b>\$ 2,856</b>	<b>\$ 2</b>	<b>\$ 117,623</b>	<b>\$ 79</b>	<b>\$ 312</b>	

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	March 31, 2024			December 31, 2023	
	Account Receivables	Account Payables		Account Receivables	Account Payables
Short term	\$ 5,776	\$ 257		\$ 4,897	\$ 79
Long term	115,583	—		112,726	—
<b>Total related parties</b>	<b>\$ 121,359</b>	<b>\$ 257</b>		<b>\$ 117,623</b>	<b>\$ 79</b>



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During the three-month period ended March 31, 2024, the short-term employee benefits paid to key management personnel were \$6,780 (three months ended March 31, 2023: \$18,079) as follows:

	<b>For the three months ended March 31, 2024</b>	<b>For the three months ended March 31, 2023</b>
Salaries/Bonuses	\$ 5,959	\$ 16,716
Benefits/Social Charges	821	1,363
<b>Total</b>	<b>\$ 6,780</b>	<b>\$ 18,079</b>

**(11) Deposits and other assets**

	<b>March 31, 2024</b>	<b>December 31, 2023</b>
<b>Current:</b>		
Deposits and other assets:		
Deposits with lessors	\$ 5,819	\$ 2,809
Guarantee deposits	9,414	15,069
Commission	16,267	13,447
Others	—	14,836
<b>Subtotal</b>	<b>31,500</b>	<b>46,161</b>
<b>Non-current:</b>		
Deposits with lessors	\$ 61,345	\$ 64,487
Guarantee deposits	21,234	21,123
Labor lawsuits	27,240	25,369
Others	136	146
Long term investments	7,696	7,696
<b>Subtotal</b>	<b>117,651</b>	<b>118,821</b>
<b>Total</b>	<b>\$ 149,151</b>	<b>\$ 164,982</b>

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**(12) Assets held for sale**

	<b>March 31, 2024</b>	<b>December 31, 2023</b>
Airbus aircraft	\$ 10,743	\$ 10,743
<b>Total assets held for sale</b>	<b>\$ 10,743</b>	<b>\$ 10,743</b>

**(13) Property and equipment, net**

- Flight equipment: The additions during the three-month period ending March 31, 2024, primarily of densification for \$4,770, the fleet incorporation project for \$17,113 and others aeronautical projects for \$7,621.
- Right of use: The additions during the three-month period ending March 31, 2024 primarily relate to the recognition of the aircraft leasing for \$64,807 for the acquisition of two (2) aircraft A320N and amendment of seven (7) A320 and two (2) A330F aircraft contracts for \$122,384, return conditions for \$8,009 and recovery of return conditions for six (6) aircraft A320 for (\$41,363) due to amendments of aircraft contracts.
- Capitalized maintenance: During the three-month period ending March 31, 2024, the additions correspond to major repairs (overhaul) for engines, fuselage and an auxiliar power unit (APU) in the amount of \$12,134 and payments of the Total Care Life Agreement in the amount of \$16,324.

**Reimbursement of equipment acquisition**

During the three-month period ending March 31, 2024, the equipment acquisition no reimbursement was made, (three months ended March 31, 2023: \$16,228).

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	<b>Flight Equipment</b>	<b>Right of Use</b>	<b>Capitalized Maintenance</b>	<b>Rotable Spare parts</b>	<b>Predelivery Payments</b>	<b>Administrative Property</b>	<b>Others</b>	<b>Total</b>
<b>Cost</b>								
<b>December 31, 2023</b>	<b>\$ 171,810</b>	<b>\$ 3,411,872</b>	<b>\$ 240,539</b>	<b>\$ 222,343</b>	<b>\$ 106,986</b>	<b>\$ 114,995</b>	<b>\$ 125,059</b>	<b>\$ 4,393,604</b>
Additions	32,096	192,185	28,790	15,730	2,510	—	2,242	273,553
Return Conditions, net	—	(33,354)	—	—	—	—	—	(33,354)
Disposals	—	(973)	(84)	(2,610)	—	—	(630)	(4,297)
Transfers	642	—	—	(763)	—	—	121	—
<b>March 31, 2024</b>	<b>\$ 204,548</b>	<b>\$ 3,569,730</b>	<b>\$ 269,245</b>	<b>\$ 234,700</b>	<b>\$ 109,496</b>	<b>\$ 114,995</b>	<b>\$ 126,792</b>	<b>\$ 4,629,506</b>
<b>Accumulated depreciation:</b>								
<b>December 31, 2023</b>	<b>\$ 15,359</b>	<b>\$ 478,625</b>	<b>\$ 5,991</b>	<b>\$ 16,127</b>	<b>\$ —</b>	<b>\$ 3,046</b>	<b>\$ 41,694</b>	<b>\$ 560,842</b>
Additions	4,254	86,877	5,456	3,496	—	547	2,793	103,423
Disposals	—	(118)	(84)	(677)	—	—	(421)	(1,300)
Transfers	68	—	—	(68)	—	—	—	—
<b>March 31, 2024</b>	<b>\$ 19,681</b>	<b>\$ 565,384</b>	<b>\$ 11,363</b>	<b>\$ 18,878</b>	<b>\$ —</b>	<b>\$ 3,593</b>	<b>\$ 44,066</b>	<b>\$ 662,965</b>
<b>Net balances:</b>								
<b>December 31, 2023</b>	<b>\$ 156,451</b>	<b>\$ 2,933,247</b>	<b>\$ 234,548</b>	<b>\$ 206,216</b>	<b>\$ 106,986</b>	<b>\$ 111,949</b>	<b>\$ 83,365</b>	<b>\$ 3,832,762</b>
<b>March 31, 2024</b>	<b>\$ 184,867</b>	<b>\$ 3,004,346</b>	<b>\$ 257,882</b>	<b>\$ 215,822</b>	<b>\$ 109,496</b>	<b>\$ 111,402</b>	<b>\$ 82,726</b>	<b>\$ 3,966,541</b>

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**(14) Intangible asset and goodwill, net**

	<b>March 31, 2024</b>	<b>December 31, 2023</b>
Trademarks	\$ 644,141	\$ 644,141
Customer Relationships & Routes	519,640	526,104
Software and webpages	87,783	89,853
Agreements (Code-share and Star Alliance)	56,055	57,871
Slots	9,506	9,506
<b>Subtotal</b>	<b>1,317,125</b>	<b>1,327,475</b>
Goodwill	1,524,638	1,524,638
<b>Total Intangible Assets</b>	<b>\$ 2,841,763</b>	<b>\$ 2,852,113</b>

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The following provides detail on intangible assets and goodwill as of March 31, 2024:

	<b>Goodwill</b>	<b>Customer Relationships &amp; Routes</b>	<b>Agreements (Codeshare and Star Alliance)</b>	<b>Trademarks</b>	<b>Software &amp; Webpages</b>	<b>Slots</b>	<b>Total</b>
<b>Cost:</b>							
<b>December 31, 2023</b>	\$ 1,524,638	\$ 592,010	\$ 73,025	\$ 644,141	\$ 157,259	\$ 9,506	\$ 3,000,579
Additions	—	—	—	—	5,852	—	5,852
<b>March 31, 2024</b>	<b>\$ 1,524,638</b>	<b>\$ 592,010</b>	<b>\$ 73,025</b>	<b>\$ 644,141</b>	<b>\$ 163,111</b>	<b>\$ 9,506</b>	<b>\$ 3,006,431</b>
<b>Accumulated Amortization:</b>							
<b>December 31, 2023</b>	\$ —	\$ 65,906	\$ 15,154	\$ —	\$ 67,406	\$ —	\$ 148,466
Amortization for the period	—	6,464	1,816	—	7,922	—	16,202
<b>March 31, 2024</b>	<b>\$ —</b>	<b>\$ 72,370</b>	<b>\$ 16,970</b>	<b>\$ —</b>	<b>\$ 75,328</b>	<b>\$ —</b>	<b>\$ 164,668</b>
<b>Carrying Amounts:</b>							
<b>December 31, 2023</b>	<b>\$ 1,524,638</b>	<b>\$ 526,104</b>	<b>\$ 57,871</b>	<b>\$ 644,141</b>	<b>\$ 89,853</b>	<b>\$ 9,506</b>	<b>\$ 2,852,113</b>
<b>March 31, 2024</b>	<b>\$ 1,524,638</b>	<b>\$ 519,640</b>	<b>\$ 56,055</b>	<b>\$ 644,141</b>	<b>\$ 87,783</b>	<b>\$ 9,506</b>	<b>\$ 2,841,763</b>

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**(15) Debt**

	<b>March 31, 2024</b>	<b>December 31, 2023</b>
<b>Current:</b>		
Short-term borrowings and current portion of long-term debt	\$ 243,031	\$ 219,608
Short-term aircraft rentals - right of use	236,377	245,219
Short-term other rentals - right of use	11,788	11,350
	<b>\$ 491,196</b>	<b>\$ 476,177</b>
<b>Non-currents:</b>		
Long-term debt	\$ 2,476,615	\$ 2,268,613
Long-term aircraft rentals - right of use	1,885,767	1,966,508
Long-term other rentals - right of use	60,039	60,312
	<b>\$ 4,422,421</b>	<b>\$ 4,295,433</b>

Terms and conditions of the Group's outstanding obligations for the period ended March 31, 2024, is as follows:

			<b>March 31, 2024</b>	
	<b>Due through</b>	<b>Weighted average interest rate</b>	<b>Nominal Value</b>	<b>Carrying Amount</b>
Long-term debt	2032	9.36%	\$ 2,856,539	\$ 2,719,646
Aircraft rentals	2036	10.98%	2,502,771	2,122,144
Other right of use	2037	8.63%	90,939	71,827
<b>Total</b>			<b>\$ 5,450,249</b>	<b>\$ 4,913,617</b>

  

			<b>December 31, 2023</b>	
	<b>Due through</b>	<b>Weighted average interest rates</b>	<b>Nominal value</b>	<b>Carrying Amount</b>
Long-term debt	2032	9.45%	\$ 2,634,535	\$ 2,488,221
Aircraft rentals	2035	10.90%	2,678,091	2,211,727
Other right of use	2037	8.57%	88,123	71,662
<b>Total</b>			<b>\$ 5,400,749</b>	<b>\$ 4,771,610</b>

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

	<b>March 31, 2024</b>	<b>December 31, 2023</b>
Corporate	\$ 2,719,646	\$ 2,488,221
Right of use - IFRS 16	2,193,971	2,283,389
	<b>\$ 4,913,617</b>	<b>\$ 4,771,610</b>

**Bank guarantees**

In order to comply with certain contractual or operating obligations, as of March 31, 2024, the Group has a total of \$21,170 (December 31, 2023: \$20,244), in guarantees issued through financial entities.

**Future payments on long-term debt**

The following future payments including interests in long-term debt for the period ended March 31, 2024.

All amounts are gross and undiscounted and include contractual interest payments while excluding the impact of netting agreements.

**Corporate debt**

March 31, 2024

	<b>Years</b>					
	<b>One</b>	<b>Two</b>	<b>Three</b>	<b>Four</b>	<b>Five and later</b>	<b>Total</b>
Principal	\$ 198,633	\$ 99,137	\$ 314,570	\$ 82,170	\$ 1,989,121	\$ 2,683,631
Interests	\$ 240,977	\$ 225,369	\$ 209,403	\$ 186,597	\$ 231,059	\$ 1,093,405

December 31, 2023

	<b>Years</b>					
	<b>One</b>	<b>Two</b>	<b>Three</b>	<b>Four</b>	<b>Five and later</b>	<b>Total</b>
Principal	\$ 190,037	\$ 86,038	\$ 274,799	\$ 44,841	\$ 1,895,327	\$ 2,491,042
Interests	\$ 227,608	\$ 208,755	\$ 195,805	\$ 173,501	\$ 204,112	\$ 1,009,781

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March 31, 2024

	<b>Years</b>					
	<b>One</b>	<b>Two</b>	<b>Three</b>	<b>Four</b>	<b>Five and later</b>	<b>Total</b>
Principal	\$ 227,564	\$ 245,879	\$ 248,025	\$ 236,528	\$ 1,155,334	\$ 2,113,330
Interests	\$ 221,476	\$ 197,022	\$ 171,169	\$ 145,220	\$ 391,298	\$ 1,126,185

December 31, 2023

	<b>Years</b>					
	<b>One</b>	<b>Two</b>	<b>Three</b>	<b>Four</b>	<b>Five and later</b>	<b>Total</b>
Principal	\$ 235,771	\$ 253,746	\$ 262,162	\$ 250,387	\$ 1,200,213	\$ 2,202,279
Interests	\$ 229,282	\$ 204,243	\$ 177,435	\$ 150,243	\$ 406,158	\$ 1,167,361

**Other rights of use**

March 31, 2024

	<b>Years</b>					
	<b>One</b>	<b>Two</b>	<b>Three</b>	<b>Four</b>	<b>Five and later</b>	<b>Total</b>
Principal	\$ 9,525	\$ 7,657	\$ 7,672	\$ 3,615	\$ 30,203	\$ 58,672
Interests	\$ 4,485	\$ 4,923	\$ 4,194	\$ 3,049	\$ 8,924	\$ 25,575

December 31, 2023

	<b>Years</b>					
	<b>One</b>	<b>Two</b>	<b>Three</b>	<b>Four</b>	<b>Five and later</b>	<b>Total</b>
Principal	\$ 10,272	\$ 6,808	\$ 7,093	\$ 3,919	\$ 31,093	\$ 59,185
Interests	\$ 6,150	\$ 4,074	\$ 3,429	\$ 9,468	\$ 14,118	\$ 37,239



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**Changes in liabilities derived from financing activities at March 31, 2024**

	<b>January 1, 2024</b>	<b>New leases (1) &amp; (2)</b>	<b>Financial cost</b>	<b>Payments (3)</b>	<b>Interest Payments</b>	<b>Others</b>	<b>Reclassifications</b>	<b>March 31, 2024</b>
Current portion of long-term credits (excluding items listed below)	219,608	—	—	—	—	—	23,423	243,031
Non-current portion long-term debt	2,268,613	122,384	62,778	(29,505)	(23,866)	18	76,193	2,476,615
Aircraft rentals– right of use	2,211,727	66,399	59,119	(54,839)	(59,523)	(1,123)	(99,616)	2,122,144
Other rentals – right of use	71,662	1,697	1,121	(2,652)	(1,217)	1,216	—	71,827
<b>Total liabilities from financing activities</b>	<b>\$ 4,771,610</b>	<b>\$ 190,480</b>	<b>\$ 123,018</b>	<b>\$ (86,996)</b>	<b>\$ (84,606)</b>	<b>\$ 111</b>	<b>\$ —</b>	<b>\$ 4,913,617</b>

- (1) The main additions in corporate debt for the three months ended March 31, 2024, corresponds to the effect for an amendment of seven (7) A320 and two (2) A330F aircraft contracts.
- (2) The main additions in aircraft rentals for the three months ended March 31, 2024, correspond primarily for the lease liability of two (2) aircraft A320N for \$64,807 and additions of incremental rent for \$1,592.
- (3) The repayments of loans in the Condensed Consolidated Statement of Cash Flows are US\$92.476, which is the result of US\$86.996, less non-cash payments in miles for (\$2,003), plus advance aircraft rent payment for \$7,483.

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**(16) Provisions for return conditions**

For certain operating leases, the Group is obligated to return aircraft in a contractually predefined condition. The Group records a provision to account for the cost to be incurred to return said leased aircraft to the lessor in the agreed-upon condition, which is capitalized within the right-of-use asset and recognized as a liability for return condition.

Provisions for return conditions as of March 31, 2024, is as follows:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>
Current	\$ —	\$ 8,098
Non-current	781,663	807,294
<b>Total</b>	<b>\$ 781,663</b>	<b>\$ 815,392</b>

Changes in provisions for return conditions as of March 31, 2024, is as follows:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>
Beginning balance	\$ 815,392	\$ 559,508
Recognition of provisions	8,009	186,940
Recovery of provisions (1)	(41,363)	—
Interest expense, net	7,724	69,341
Provisions used	(8,099)	(397)
<b>Total provisions for return conditions</b>	<b>\$ 781,663</b>	<b>\$ 815,392</b>

- (1) During the three-month period ending March 31, 2024, the group recognize the write off the provisions of seven (7) A320 and two (2) A330F aircraft contracts renegotiated as a financial lease.

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**(17) Fair value measurements**

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities as of March 31, 2024:

Quantitative disclosures of fair value measurement hierarchy for assets:

Assets measured at fair value	Fair value measurement using			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
Assets of the benefits plan	—	7,780	—	7,780
Airbus aircraft held for sale (note 12)	—	10,743	—	10,743
Investments (note 8)	—	261,694	—	261,694
Revalued administrative property (note 13)	—	—	111,402	111,402

Quantitative disclosures of fair value measurement hierarchy for liabilities:

Liabilities measured at fair value	Fair value measurement using			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
<b>Liabilities for which fair values</b>				
Short-term borrowings and long-term debt	—	2,636,448	—	2,636,448

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**Fair values hierarchy**

The different levels have been defined as follows:

<b>Level 1</b>	Observable inputs such as quoted prices in active markets.
<b>Level 2</b>	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
<b>Level 3</b>	Inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognized within the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in 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 the value of its land and buildings, which are comprised of administrative properties. Management has determined that this constitutes one class of asset under IAS 16 based on the nature, characteristics, and risks of the property. Property fair values were determined using market comparable methods. This means that valuations performed by appraisers are based on active market prices, adjusted for differences in the nature, location, or condition of the specific property. The Group engaged accredited independent appraisers to determine the fair value of its land and buildings.

The following table shows the valuation technique used to measure the fair value of the administrative property as well as the unobservable investment used.

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**(18) Income tax expense and other taxes**

	<b>March 31, 2024</b>	<b>December 31, 2023</b>
Current income tax – assets	\$ 159,615	\$ 126,089
<b>Other current taxes</b>		
Current VAT – assets	49,635	48,410
Other current taxes	25,946	21,653
Total other current taxes	75,581	70,063
<b>Total current taxes – assets</b>	<b>\$ 235,196</b>	<b>\$ 196,152</b>
Current income tax – liabilities	\$ (40,730)	\$ (25,523)
Others	(5,496)	(11,519)
<b>Total Current income tax – liabilities</b>	<b>\$ (46,226)</b>	<b>\$ (37,042)</b>

Income tax expense for the three-month period ended March 31, 2024, is comprised of the following:

*Condensed Consolidated statement of comprehensive income*

	<b>For the three months ended March 31, 2024</b>	<b>Fort the three months ended March 31, 2023</b>
<b>Current income tax:</b>		
Current income tax charge	\$ (8,504)	\$ (5,521)
<b>Deferred tax expense:</b>		
Relating to origination and reversal of temporary differences	1,656	(189)
<b>Income tax expense reported in the income statement</b>	<b>\$ (6,848)</b>	<b>\$ (5,710)</b>

**Changes in deferred tax assets and deferred tax liabilities**

<b>Deferred tax assets</b>	
As of December 31, 2023	\$ 45,444
Recognized as loss	(96)
As of March 31, 2024	<b>\$ 45,348</b>
<b>Deferred tax liabilities</b>	
As of December 31, 2023	\$ (136,045)
Recognized as income	1,752
Conversion effect	78
As of March 31, 2024	<b>\$ (134,215)</b>

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Taxation for the different jurisdictions is calculated at the following rates:

Country	Applicable tax rate
Colombia	35%
United Kingdom	25%
Brazil	34%
Chile	27%
Costa Rica	30%
Ecuador	28%
El Salvador	30%
Guatemala	25%
Honduras	25%
México	30%
Nicaragua	30%
Panamá	25%
United States	21%

**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 impacts for the Group identified in the assessments performed.

**Global minimum top-up tax**

On October 8th, 2021, 136 countries reached an agreement for an international tax reform. The agreement proposes two pillars. The first pillar is about how to divide taxing rights between countries. The second pillar is about how to ensure that multinational enterprises pay a minimum level of tax. The Pillar Two Global Anti-Base Erosion Model Rules propose four new taxing mechanisms. These mechanisms would ensure that multinational enterprises pay a minimum level of tax. These mechanisms include:

1. The "subject to tax" rule, which proposes a minimum tax on certain cross-border intercompany transactions that are not subject to a minimum level of tax.
2. The "income inclusion" rule, which proposes a minimum tax on the income arising in each jurisdiction in which the Group operates.
3. The "undertaxed payments" rule, which proposes a minimum tax on certain cross-border payments that are subject to tax but taxed at a low rate.
4. The "qualified domestic minimum top-up tax", which generally proposes a minimum tax on the income arising in each jurisdiction in which the Group operates.

Although the Group operates in several jurisdictions, the UPE (Ultimate Parent Entity) has been determined to be in the United Kingdom. The UK has already enacted legislation to implement the global minimum top-up tax. The Group has already initiated the analysis of its impact, focusing mainly on Costa Rica, where the

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loyalty business is subject to tax at a rate of 0%, a preliminary result shows that the Group will have an ETR in Costa Rica of 15% therefore avoiding any top up tax in said jurisdiction. The Group is expecting to have an impact in Bermuda, but further analysis is being carried out. Moreover, the Group is also analyzing whether its Country-by-Country report is a “qualified CBC” for purposes of the UK Pillar 2 rules in order to apply for the safe harbor in those jurisdictions where the Group has an ETR equal or higher than 15%.

#### (19) Provisions for legal claims

As of March 31, 2024, the Group has been involved in various lawsuits and legal actions that arise through normal commercial activities. Of the total lawsuits and legal actions; management has calculated a probable and probable loss of \$29,490 as of March 31, 2024 (December 31, 2023: \$31,125). These lawsuits are reflected in the condensed consolidated interim financial statements position under the “Provision for Legal Claims” section.

Changes in litigation provisions during the three-month periods ended March 31, 2024, is as follows:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>
Balances at the beginning of the period	\$ 31,125	\$ 47,124
Provisions constituted	1,340	8,409
Provisions reverse	(1,989)	(7,996)
Lawsuits deposits	—	(8,828)
Provisions used	(986)	(7,584)
<b>Balances at the end of the period</b>	<b>\$ 29,490</b>	<b>\$ 31,125</b>

Certain processes are contingent liabilities and are therefore classified as potential future obligations and are subsequently categorized as possible. Based on plaintiffs’ claims for the periods ended March 31, 2024, these contingencies totaled \$139,330 (December 31, 2023: \$149,414). Certain losses that could arise from these litigations will be covered by insurance or with funds provided by third parties. The judicial processes resolved with said forms of payment are estimated at \$13,115 as of March 31, 2024 (December 31, 2023: \$13,878).

In accordance with IAS 37, the processes that the Company considers as representing an insubstantial risk are not included within the Condensed Consolidated Statements of Financial Position.

#### ***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. (former parent of the Avianca group) disclosed that it had discovered a business practice whereby, years before, certain employees, including members of senior management, as well as certain members of Avianca’s board of directors, provided ‘things of value’ to government employees in certain countries which, based on its understanding, were limited to free and discounted airline tickets and upgrades. Avianca commenced an internal investigation and retained reputable external counsel as well as a

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specialized forensic investigatory firm to determine whether this practice may have violated the FCPA or other potentially applicable U.S. and non-U.S. anti-corruption laws. In 2018, Avianca revised its policies to prevent said practices from reoccurring. This included limiting the number of persons at Avianca authorized to issue free and discounted airline tickets and upgrades and requiring additional internal approvals. In August 2019, Avianca voluntarily disclosed this investigation to the U.S. Department of Justice, the U.S. Securities and Exchange Commission (the “SEC”), and the Colombian Financial Superintendence.

In September 2019, the Colombian Superintendence of Companies (the “CSC”) inspected Avianca’s Bogota offices. In February 2020, the Office of the Attorney General of Colombia served Avianca with a warrant to inspect its offices in order to collect information related to the CSC’s preliminary investigation. The CSC sent several requests of information that were timely responded by Avianca.

On May 28, 2021, the SEC informed Avianca that it had “concluded the investigation as to Avianca Holdings S.A.” and “does not intend to recommend an enforcement action by the Commission against Avianca Holdings S.A.”

To Avianca’s knowledge and as of the date hereof, the CSC’s preliminary investigation described above has not resulted in the opening of a formal investigation. Moreover, Avianca is of the view that the CSC is time-barred from commencing a formal investigation proceeding and should have closed the preliminary investigation, pursuant to applicable law. Formally, no employee or manager related to Avianca has been linked to any investigations conducted by the Colombian authorities in connection with those practices.

#### ***Internal Investigation regarding potential impacts at the Group due to corrupt business practices at Airbus***

In January 2020, Airbus, the Company’s primary aircraft supplier, 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 conducted an internal investigation to analyze its commercial relationship with Airbus and to determine if it was the injured party of any improper or illegal acts. This internal investigation was disclosed to the U.S. Department of Justice and to the SEC as well as the Colombian Superintendence of Industry and Commerce and the Office of the Attorney General of Colombia.

To Avianca’s knowledge 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, in which they have requested information from Avianca, which, as usual, has been provided under the principle of active collaboration with authorities. Formally, no employee or collaborator related to Avianca has been linked to the investigations conducted by the Colombian authorities.

Avianca has presented itself as an injured party to the Attorney General's Office. Formal recognition as an injured occurs at the indictment hearing if it is reached.



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### *SIC investigation into the acquisition of the Airlines Viva*

On December 19, 2022, Colombian Superintendency of Industry and Commerce notified the opening of an investigation against the Colombian airline (i.e., Aerovías del Continente Americano S.A. Avianca) (“Avianca”) for alleged gun jumping with regards to the acquisition of economic rights of the Viva airlines which was completed in April 2022 (excluding political rights which were isolated through a trust structure and granted to an independent third party).

The Superintendency argues that the (i) acquisition of economic rights of Viva by Investment Vehicle 1 Limited entails – in and of itself – the acquisition of control, and, thus, required clearance by the Aerocivil; and (ii) separation of political and voting rights is not real.

Remedies for the investigation to be dismissed were offered on January 16, 2023, and defense arguments were filed on January 17, 2023 arguing that (a) the deal was structured on the basis of the hold separate theory that is expressly allowed per Colombian merger control regulations and has been consistently recognized by antitrust authorities worldwide; and (b) there is evidence of the fact that the airlines have been acting independently, and have not incurred in any collusion or coordination activities.

On May 2, 2023, the Superintendency of Industry and Commerce notified Avianca of the dismissal of the investigation subject to some remedies different to those initially offered by Avianca. On May 16, 2023, Avianca filed a remedy of reconsideration requesting some adjustments to the remedies imposed by the Superintendency (the “Remedy”).

On August 23, 2023, the Superintendency of Industry and Commerce notified Avianca of the final and non-appealable decision with respect to the acceptance of the remedies offered by Avianca. Consequently, the investigation has been terminated (the “Final Decision”). On, or around September 7, 2023, as per the Final Decision, Avianca, implemented most of the remedies, including but not limited to: (a) a corporate reorganization with respect to the economic rights of the Viva entities and the shares and economic rights of Rexton Enterprises, S.A.; and (b) a passengers protection plan by providing flight services to customers of the former airline Viva Air until September 2024, under certain specific conditions.

On March 1, 2024, Avianca filed before the SIC and within the time established by this authority the antitrust program for it to be reviewed by the SIC in accordance with the ninth remedy.

### **(20) Future aircraft leases payments**

The Group has one hundred fifty-one (151) aircraft that are under leases for an average lease term of 77 months. Leases can be renewed, in accordance with the Administration's business plan. The following is the summary of the future commitments of leases:

	<u>Aircraft</u>
Less than one year	\$ 439,067
Between one and five years	1,563,925
More than five years	1,160,532
	<u><u>\$ 3,163,524</u></u>

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Under IFRS 16, those leases that are legally denominated are recorded within the Condensed Consolidated Statement of Financial Position as part of ownership of plant and equipment as 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.

Avianca Group International has twenty-seven (27) spare engines that are under leases to support its aircraft fleet of A320, B787, A300 and B767 Families. The following is the summary of the future commitments of leases:

	<b>Spare Engines</b>
Less than one year	\$ 9,971
Between one and five years	26,686
More than five years	39,334
	<b>\$ 75,991</b>

The value of payments recognized as expenses during the three months ended March 31, 2024:

	<b>For the three months ended March 31, 2024</b>	<b>For the three months ended March 31, 2023</b>
Short- term leases, leases of low-value assets and variable lease payments	\$ 26,452	\$ 30,322

**(21) Acquisition of aircraft**

In accordance with the agreements in effect, future commitments related to the acquisition of aircraft and engines as of March 31, 2024, are as follows:

	<b>Less than one year</b>	<b>1-3 years</b>	<b>3-5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Aircraft and engine purchase commitments	\$ 190,029	\$ 1,186,012	\$ 2,372,786	\$ 1,952,590	\$ 5,701,417

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.

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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.

During 2023, we reached an agreement with Airbus to execute fifteen (15) option aircraft, five (5) aircraft for 2027 and ten (10) for 2028, as part of our business plan. These options are part of the current Purchase Agreement with Airbus.

**(22) Operating Revenue**

The Group has identified international and domestic revenue based on route for those revenues related with flown and point of sale for some ancillaries collected at sales.

Operating revenues for the three months ended March 31, 2024, is as follows:

	<b>For the three months ended March 31, 2024</b>	<b>%</b>	<b>For the three months ended March 31, 2023</b>	<b>%</b>
<b>Domestic</b>				
Passenger	\$ 309,675	24%	\$ 208,016	19%
Ancillaries	81,400	6%	70,619	6%
Cargo	74,088	6%	90,769	9%
	<b>465,163</b>	<b>37%</b>	<b>369,404</b>	<b>34%</b>
<b>International</b>				
Passenger	533,679	42%	483,791	45%
Ancillaries	151,995	12%	129,809	12%
Cargo	93,034	7%	88,970	8%
	<b>778,708</b>	<b>62%</b>	<b>702,570</b>	<b>65%</b>
Other	21,139	2%	15,170	1%
<b>Total</b>	<b>\$ 1,265,010</b>	<b>100%</b>	<b>\$ 1,087,144</b>	<b>100%</b>

**(23) Subsequent Events**

There have been no post-balance sheet events that have occurred since the balance sheet date that would require disclosure in or amendment of these financial statements.

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