



AVIANCA GROUP INTERNATIONAL LIMITED AND SUBSIDIARIES

(England, United Kingdom)

Unaudited Condensed Consolidated Interim Financial Statements

As of June 30, 2024, and

for the six-month period ended June 30, 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 June 30, 2024 condensed consolidated interim financial statements of Avianca Group International Limited ("the Group"), which comprises:

- the condensed consolidated statement of financial position as at June 30, 2024;
- the condensed consolidated statements of comprehensive income for the three-month and six-month periods ended June 30, 2024;
- the condensed consolidated statements of changes in equity for the six-month period ended June 30, 2024;
- the condensed consolidated statements of cash flows for the six-month period ended June 30, 2024; and
- notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these 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 June 30, 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.

KPMG S.A.S.
Calle 90 No. 19C - 74
August 8, 2024

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

	Notes	June 30, 2024 Unaudited	December 31, 2023 Audited
Assets			
Current assets:			
Cash and cash equivalents	8	\$ 657,357	\$ 767,547
Short-term investments	8	253,200	257,553
Trade and other receivables, net of expected credit losses	9	255,231	263,433
Accounts receivable from related parties	10	7,159	4,897
Current tax assets	18	228,881	196,152
Expendable spare parts and supplies, net of provision for obsolescence		101,448	93,506
Prepayments		8,908	14,878
Deposits and other assets	11	50,789	56,955
		1,562,973	1,654,921
Assets held for sale	12	10,732	10,743
Total current assets		1,573,705	1,665,664
Non-current assets:			
Deposits and other assets	11	121,025	124,338
Accounts receivable from related parties	10	118,512	112,726
Intangible assets	14	1,303,940	1,327,475
Goodwill	14	1,524,638	1,524,638
Deferred tax assets	18	46,083	45,444
Right of use assets	15	2,989,734	2,933,247
Property and equipment	13	1,042,446	899,515
Total non-current assets		7,146,378	6,967,383
Total assets		\$ 8,720,083	\$ 8,633,047

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

	Notes	June 30, 2024 Unaudited	December 31, 2023 Audited
Liabilities and equity			
Current liabilities:			
Short-term borrowings and current portion of long-term debt	16	\$ 222,233	\$ 206,817
Current portion of lease liability	15	271,179	269,360
Accounts payable		629,434	550,680
Accounts payable to related parties	10	149	79
Accrued expenses		68,033	85,799
Current tax liabilities	18	42,521	37,042
Provisions for legal claims	19	26,194	31,125
Provisions for return conditions	15	—	8,098
Employee benefits		96,748	135,749
Air traffic liability		725,681	680,425
Frequent flyer deferred revenue		164,659	164,540
Other liabilities		282	86
Total current liabilities		2,247,113	2,169,800
Non-current liabilities:			
Long-term debt	16	2,028,400	2,080,841
Long-term lease liability	15	2,361,155	2,214,592
Provisions for return conditions	15	787,446	807,294
Employee benefits		63,962	71,191
Deferred tax liabilities	18	133,365	136,045
Frequent flyer deferred revenue		271,061	271,964
Other liabilities		92	88
Total non-current liabilities		5,645,481	5,582,015
Total liabilities		7,892,594	7,751,815
Equity			
Common shares	23	4	4
Share premium		1,145,962	1,145,962
Retained deficit		(345,258)	(208,402)
Other comprehensive income		8,975	(72,567)
Equity attributable to owners of the Company		809,683	864,997
Non-controlling interest (NCI)		17,806	16,235
Total equity		827,489	881,232
Total liabilities and equity		\$ 8,720,083	\$ 8,633,047

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)

		For the six months ended June 30, 2024	For the six months ended June 30, 2023
		Unaudited	Unaudited
Operating revenue:			
Passenger		\$ 2,070,341	\$ 1,817,883
Cargo and other		371,215	383,970
Total operating revenue	5, 21	2,441,556	2,201,853
Operating expenses:			
Aircraft fuel		720,352	659,136
Salaries, wages, and benefits		332,797	243,507
Ground operations		263,222	221,179
Air traffic		124,704	96,342
Flight operations		51,275	48,331
Passenger services		50,564	39,004
Maintenance and repairs		97,767	87,699
Selling expenses		177,491	179,684
Fees and other expenses		129,712	122,159
Rentals	15	46,736	64,955
Depreciation of right of use asset	15	183,374	148,408
Other depreciation, amortization, impairment and asset held for sale	13,14	58,006	59,997
Impairment of other investments and assets held for sale		—	7,166
Total operating expenses		2,236,000	1,977,567
Operating income		205,556	224,286
Interest expense		(265,232)	(232,046)
Interest income		31,270	16,902
Net interest expense	22	(233,962)	(215,144)
Foreign exchange, net		(5,421)	3,165
Equity method income		404	535
(Loss) Income before tax		(33,423)	12,842
Income tax expense – current	18	(19,456)	(16,833)
(Expense) income tax benefit– deferred	18	3,234	7,708
Total tax expenses		(16,222)	(9,125)
Net (loss) income for the period		\$ (49,645)	\$ 3,717

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

	Notes	For the six months ended June 30, 2024 Unaudited	For the six months ended June 30, 2023 Unaudited
Net (loss) income for the period		\$ (49,645)	\$ 3,717
Other comprehensive (loss) income:			
Items that will not be reclassified to income or loss in future periods:			
Revaluation of administrative property		(8,305)	27
Remeasurements of defined benefit	7	4,334	3,395
Income tax	18	63	(41)
		(3,908)	3,381
Items that will be reclassified to Income in future periods:			
Net change in fair value of financial assets with changes in OCI		61	207
Foreign operations — foreign currency translation differences		(251)	3,059
		(190)	3,266
Other comprehensive (loss) income, net of income tax		(4,098)	6,647
Total comprehensive (loss) income, net of income tax		(53,743)	10,364
(Loss) Income attributable to:			
Equity holders of the parent		(51,185)	969
Non-controlling interest		1,540	2,748
Net (loss) Income		(49,645)	3,717
Total comprehensive (loss) income attributable to:			
Equity holders of the parent		(55,314)	7,633
Non-controlling interest		1,571	2,731
Total comprehensive (loss) income		\$ (53,743)	\$ 10,364

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 period from April 1 to June 30, 2024 Unaudited	For the three- months period from April 1 to June 30, 2023 Unaudited
Operating revenue:			
Passenger		\$ 993,592	\$ 925,648
Cargo and other		182,954	189,061
Total operating revenue	5, 21	1,176,546	1,114,709
Operating expenses:			
Aircraft fuel		352,121	303,659
Salaries, wages, and benefits		158,209	123,911
Ground operations		129,974	112,152
Air traffic		63,915	52,786
Flight operations		22,087	25,856
Passenger services		24,639	20,887
Maintenance and repairs		48,571	39,009
Selling expenses		88,652	101,551
Fees and other expenses		67,059	63,566
Rentals	15	20,284	34,633
Depreciation of right of use asset		96,497	83,329
Depreciation, amortization and impairment		33,387	27,853
Total operating expenses		1,105,395	989,192
Operating income		71,151	125,517
Interest expense		(135,706)	(119,791)
Interest income		15,181	10,030
Net interest expense		(120,525)	(109,761)
Foreign exchange, net		(4,269)	2,548
Equity method income		404	535
Income before income tax		(53,239)	18,839
Income tax expense – current	18	(10,952)	(11,312)
(Expense) income tax benefit– deferred	18	1,578	7,897
Total tax expenses		(9,374)	(3,415)
Net (loss) income for the period		\$ (62,613)	\$ 15,424

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

	Notes	For the three- months period from April 1 to June 30, 2024 Unaudited	For the three- months period from April 1 to June 30, 2023 Unaudited
Net (loss) income for the period	\$	(62,613)	\$ 15,424
Other comprehensive income:			
Items that will not be reclassified to loss or income in future periods:			
Revaluation of administrative property		(173)	—
Remeasurements of defined benefit		3,136	(4,940)
Income tax		63	(41)
		3,026	(4,981)
Items that will be reclassified to Income in future periods:			
Net change in fair value of financial assets with changes in OCI		40	(153)
Foreign operations — foreign currency translation differences		(445)	2,212
		(405)	2,059
Other comprehensive income (loss), net of income tax		2,621	(2,922)
Total comprehensive (loss) income, net of income tax		(59,992)	12,502
Income attributable to:			
Equity holders of the parent		(62,027)	14,454
Non-controlling interest		(586)	970
Net (loss) income		(62,613)	15,424
Total comprehensive income attributable to:			
Equity holders of the parent		(59,371)	11,393
Non-controlling interest		(621)	1,109
Total comprehensive (loss) income	\$	(59,992)	\$ 12,502

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

For the six months ended June 30, 2024

		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, 2023		\$ 4	\$ 1,145,962	\$ (72,567)	\$ (208,402)	\$ 864,997	\$ 16,235	\$ 881,232
Net loss		—	—	—	(51,185)	(51,185)	1,540	(49,645)
Reclassification of the net defined benefit from OCI	7	—	—	85,671	(85,671)	—	—	—
Other comprehensive income		—	—	(4,129)	—	(4,129)	31	(4,098)
Balance at June 30, 2024 (Unaudited)		\$ 4	\$ 1,145,962	\$ 8,975	\$ (345,258)	\$ 809,683	\$ 17,806	\$ 827,489

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 six months ended June 30, 2023

	Common shares	Share premium	Other comprehensive Income	Retained deficit	Equity attributable to owners of the Company	Non- controlling interest	Total equity
			OCI Reserves				
Balance at December 31, 2022	\$ 4	\$1,145,962	\$ (21,537)	\$(336,066)	\$788,363	\$16,139	\$804,502
Net Income	—	—	—	969	969	2,748	3,717
Sale of Subsidiary	—	—	—	—	—	(2,250)	(2,250)
Other comprehensive income	—	—	6,664	—	6,664	(17)	6,647
Balance at June 30, 2023 (Unaudited)	\$ 4	\$1,145,962	\$ (14,873)	\$(335,097)	\$795,996	\$16,620	\$812,616

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 six months ended June 30, 2024 Unaudited	For the six months ended June 30, 2023 Unaudited
Cash flows from operating activities:			
Net Income (loss) for the period		\$ (49,645)	\$ 3,717
Adjustments for:			
Provision for expected credit losses	9	1,846	11,885
Provision for expandable spare parts and suppliers' obsolescence		997	988
Provision (recovery) of legal claims, net	19	2,456	(2,169)
Depreciation of right of use asset	15	183,374	148,408
Other depreciation, amortization and impairment	13,14	58,006	59,997
Loss in disposal assets		1,332	799
Loss on sale subsidiary		—	7,166
Interest income	22	(31,270)	(16,902)
Interest expense	22	265,232	232,046
Deferred tax	18	(3,234)	(7,708)
Current tax expense	18	19,456	16,833
Unrealized foreign currency loss (gain)		17,219	(18,872)
Changes in:			
Trade and other receivables		(1,939)	(5,439)
Expendable spare parts and supplies		(8,940)	(9,555)
Prepayments		5,883	1,550
Net current tax		(27,797)	21,859
Deposits and other assets		2,310	(49,943)
Accounts payable and accrued expenses		43,112	32,653
Air traffic liability		45,256	167,840
Frequent flyer deferred revenue		(2,787)	(21,629)
Provisions for return conditions		(8,098)	(437)
Provisions for legal claims		(2,318)	(1,933)
Employee benefits		(38,691)	(28,577)
Income tax paid		(39,255)	(25,090)
Net cash provided by operating activities		432,505	517,487
Cash flows from investing activities:			
Acquisition of property and equipment		(150,521)	(129,112)
Reimbursement of equipment acquisition		—	19,697
Acquisition of short-term investments		(224,537)	(186,989)
Maturity of short-term investments		228,807	34,840
Acquisition of intangible assets		(9,342)	(8,537)
Interest received		24,673	13,085
Proceeds from sale of property and equipment		—	16,586
Consideration received from disposal of subsidiary		—	3,994
Cash and cash equivalents disposed		—	(4,011)
Net cash used in investing activities		(130,920)	(240,447)

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

Cash flows from financing activities:

Proceeds from loans and borrowings		—	11,500
Interest paid	16	(105,940)	(108,712)
Lease interest paid	15	(137,905)	(74,980)
Payment of leases	15	(128,535)	(82,305)
Payment of loans and borrowings	16	(39,268)	(39,471)
Net cash used in financing activities		(411,648)	(293,968)
Net decrease cash and cash equivalents		(110,063)	(16,928)
Exchange rate effect on cash		(127)	534
Cash and cash equivalents at the beginning of the period		767,547	816,716
Cash and cash equivalents at the end of the period	8	\$ 657,357	\$ 800,322

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.

AGIL is a controlled entity of Abra Group Limited ("Abra") since April 3, 2023. AGIL is the parent entity of a group of leading providers of air travel and cargo services in Latin America and around the globe.

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.

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, Emirates, Etihad Airways, Eva Airways, GOL Linhas Aéreas, Iberia, ITA Airways, Lufthansa, Singapore Airlines, Turkish Airlines, Silver Airways, TAP and United Airlines.

AVIANCA GROUP INTERNATIONAL LIMITED AND SUBSIDIARIES

(England, United Kingdom)

Notes to Condensed Consolidated Interim Financial Statements

(In USD thousands)

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 June 30, 2024, and December 31, 2023, Avianca Group International Limited's total fleet is comprised of:

Aircraft	As of June 30, 2024			As of December 31, 2023		
	Owned	Lease (1)	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	3	4	1	5	6
Airbus A-330F	—	7	7	—	6	6
Airbus A-300F	3	—	3	3	—	3
Boeing 787-8	—	16	16	—	16	16
Boeing 767F	2	—	2	2	—	2
	7	155	162	7	156	163

- 1) There are 3 lease A330 aircraft of the 155 lease aircraft that consist of short-term and variable rent, and as a result, they are not reflected in the statement of financial position. (December 31, 2023: 5 of the 156 lease aircraft)

For the six-month period ended June 30, 2024, the Group finalized lease agreements for two A319 and three A330, also added one A330F, one A330 and two A320 NEO aircraft under leasing agreements.

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

Professional Accounting Standards Applied

a) Statement of compliance

The accompanying Condensed Consolidated Interim Financial Statements as of and for the three-month and six-month period ended June 30, 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.

The Condensed Consolidated Interim Financial Statements as of and the three-month and six-month period ended June 30, 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 year ended December 31, 2023.

AVIANCA GROUP INTERNATIONAL LIMITED AND SUBSIDIARIES

(England, United Kingdom)

Notes to Condensed Consolidated Interim Financial Statements

(In USD thousands)

The Group's condensed consolidated interim financial statements as of June 30, 2024, and for the three-month and six-month period ended June 30, 2024, were prepared, and presented by Management and authorized for issuance by the Audit Committee on August 8, 2024.

b) Going Concern

Management has at the time of approving these condensed consolidated interim financial statements a reasonable expectation that the Group have adequate resources to continue in operational existence in the immediate and long-term future. Thus, they continue to adopt the going concern basis of accounting in preparing these condensed consolidated interim financial statements.

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. The Group's operations require a significant volume of jet fuel, and accordingly remains watchful of jet fuel price fluctuations.

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 June 2024. The analysis is based on the historical fuel consumption. This analysis assumes that all other variables remain constant and considers the effect of changes in jet fuel price. An increase or decrease in the underlying reference price per barrel would represent a higher expense or lower expense, respectively.

	Effect in profit or loss							
	Six months ended June 30,				For the three- months period from			
	2024		2023		2024		2023	
	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase
5% movement	(30,818)	30,818	(24,765)	24,765	(15,033)	15,033	(11,317)	11,317
10% movement	(61,635)	61,635	(49,531)	49,531	(30,067)	30,067	(22,633)	22,633
15% movement	(92,453)	92,453	(74,296)	74,296	(45,100)	45,100	(33,950)	33,950

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.

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

e) Fair value of financial assets and liabilities

The fair values of financial assets and liabilities, together with the carrying amounts shown in the condensed consolidated statement of financial position for the periods presented, are as follows.

June 30, 2024

Financial assets	Carrying amount measurement	Notes	Carrying amount	Fair value
Short-term Investments	Amortized cost	8	\$ 201,481	\$ 201,481
Short-term Investments	Fair value through other comprehensive income and amortized cost	8-17	51,719	51,719
Plan assets	Fair value through other comprehensive income		7,072	7,072
			\$ 260,272	\$ 260,272
Financial liabilities				
Short-term and long-term corporate debt	Amortized cost	16-17	\$ 2,250,633	\$ 2,158,964

December 31, 2023

Financial assets	Carrying amount measurement	Notes	Carrying amount	Fair value
Short-term Investments	Amortized cost	8	\$ 206,583	\$ 206,583
Short-term Investments	Fair value through other comprehensive income and amortized cost	8-17	50,970	50,970
Plan assets	Fair value through other comprehensive income		280,372	280,372
			\$ 537,925	\$ 537,925
Financial liabilities				
Short-term and long-term corporate debt	Amortized cost	16-17	\$ 2,287,658	\$ 2,047,153

The fair value of the financial assets and liabilities corresponds the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

AVIANCA GROUP INTERNATIONAL LIMITED AND SUBSIDIARIES

(England, United Kingdom)

Notes to Condensed Consolidated Interim Financial Statements

(In USD thousands)

Management considers that the carrying amount of financial assets and financial liabilities, excluding corporate debt, approximates fair value.

f) 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.

g) 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.

(3) Material accounting policies

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

(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 June 30, 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.

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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 our consolidated financial statements or related disclosures as the group does not currently engage in these types of transactions.

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

The Group has not early adopted the following new or amended accounting standards in preparing these condensed consolidated financial statements. The management is assessing the impact of following new and amended accounting standards on the Group's consolidated financial statements:

- 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.
- Subsidiaries without public accountability - Disclosures (IFRS 19), 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 including ancillaries and other revenues for scheduled flights and freight transport, respectively.

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- Loyalty: Corresponds to the LifeMiles program, for the loyalty subsidiaries of the Group.

Corporate functions that are not specifically attributable to an individual reportable segment are presented as Corporate in the tables below.

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:

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	<u>Air transportation</u>	<u>Loyalty</u>	<u>Corporate</u>	<u>Consolidated</u>	<u>Air transportation</u>	<u>Loyalty</u>	<u>Corporate</u>	<u>Consolidated</u>
Operating revenue								
Tickets	\$ 1,489,068	\$ —	\$ —	\$ 1,489,068	\$ 1,285,466	\$ —	\$ —	\$ 1,285,466
Ancillaries	448,701	—	—	448,701	406,246	—	—	406,246
Cargo and courier	332,361	—	—	332,361	354,354	—	—	354,354
Loyalty	—	148,179	—	148,179	—	140,056	—	140,056
Other	23,247	—	—	23,247	15,731	—	—	15,731
Total operating revenue	2,293,377	148,179	—	2,441,556	2,061,797	140,056	—	2,201,853
Operating expenses before depreciation and amortization	1,912,949	81,671	—	1,994,620	1,681,253	65,994	14,749	1,761,996
Other depreciation, amortization, impairment and asset held for sale	213,324	7,750	20,306	241,380	185,529	6,467	23,575	215,571
Operating Income	\$ 167,104	\$58,758	\$ (20,306)	\$ 205,556	\$ 195,015	\$67,595	\$(38,324)	\$ 224,286

For the six months ended June 30, 2024 inter-segment operating revenues and inter-segment operating expenses between our air transportation and loyalty segments were \$49,366 and \$334, respectively (for the six months ended June 30, 2023: \$31,452 and \$173). Inter-segment revenues are eliminated upon consolidation.

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	For the three months between April 1 and June 30, 2024				For the three months between April 1 and June 30, 2023			
	<u>Air transportation</u>	<u>Loyalty</u>	<u>Corporate</u>	<u>Consolidated</u>	<u>Air transportation</u>	<u>Loyalty</u>	<u>Corporate</u>	<u>Consolidated</u>
Operating revenue								
Tickets	\$ 706,157	\$ —	\$ —	\$ 706,157	\$ 654,879	\$ —	\$ —	\$ 654,879
Ancillaries	219,020	—	—	219,020	207,914	—	—	207,914
Cargo and courier	165,239	—	—	165,239	175,296	—	—	175,296
Loyalty	—	76,210	—	76,210	—	69,453	—	69,453
Other	9,920	—	—	9,920	7,167	—	—	7,167
Total operating revenue	1,100,336	76,210	—	1,176,546	1,045,256	69,453	—	1,114,709
Operating expenses before depreciation and amortization	933,021	42,490	—	975,511	839,471	34,775	3,764	878,010
Other depreciation, amortization, impairment and asset held for sale	115,775	3,959	10,150	129,884	95,856	3,275	12,051	111,182
Operating Income	\$ 51,540	\$29,761	\$(10,150)	\$ 71,151	\$ 109,929	\$31,403	\$ (15,815)	\$ 125,517

For the three months between April 1 and June 30, 2024, inter-segment operating revenues and inter-segment operating expenses between our air transportation and loyalty segments were \$24,430 and \$147, respectively (for the three months between April 1 and June 30, 2023: \$20,066 and \$81). Inter-segment revenues are eliminated upon consolidation.

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Inter-segment revenues are eliminated upon consolidation and are reflected within the “Eliminations” column. The Group’s revenues by geographic area are as follows:

	For the six months ended June 30,		For the three months between April 1 and June 30,	
	2024	2023	2024	2023
Colombia	\$ 1,073,077	\$ 957,790	\$ 512,766	\$ 497,038
North America (1)	474,980	444,914	228,903	220,694
Central America and the Caribbean	411,310	353,386	206,024	175,671
South America (excluding Colombia)	365,153	336,445	176,642	167,288
Europe	116,220	109,284	51,801	54,008
Other	816	34	410	10
Total operating revenue	2,441,556	\$ 2,201,853	\$ 1,176,546	\$ 1,114,709

(1) Include the United States for \$364,417 (Six months ended June 30, 2023: \$363,513), Canada and Mexico.

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 typically concentrated in the months of February, March, and May (depending on whether the Easter holiday falls in March or April). 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 performance. 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 June 30, 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. The liability for employee benefits is as follows:

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	June 30, 2024	December 31, 2023
Defined benefit plan	\$ 68,283	\$ 78,081
Other benefits - short term	80,579	118,879
Other benefits - long term	11,848	9,980
Total	\$ 160,710	\$ 206,940
Current (1)	96,748	135,749
Non-current	63,962	71,191
Total	\$ 160,710	\$ 206,940

- (1) During the six-month period ending June 30, 2024 the decrease corresponds primarily to payments of short term employee benefits.

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, which transition regime is administered by CAXDAC. As a result, the Group's obligation was recognized and regulated by Law 860 of 2003, Decree 2210 of 2004 and Decree 2210 of 2004 and Decree 1269 of 2009.

The CAXDAC pension situation as of June 30, 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; this approval was formalized for Avianca S.A., on January 26, 2024.

On January 29, 2024, Avianca S.A. obtained a certification from CAXDAC notifying Avianca S.A. of its satisfaction of legal liability under the pension plan. Consequently, the liability and asset plan were integrated, such that Avianca S.A. was released from this obligation to CAXDAC from that date. As of June 30, 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).

As a result of the aforementioned above, during the six months ended June 30, 2024, the reserve related to the actuarial gains and losses of the CAXDAC pension plan for \$85,671 was reclassified from other comprehensive income ("OCI") to retained earnings under the scope of IAS 19.

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

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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 second half of 2024, until then, the Group is responsible for the obligation. As of June 30, 2024, the value of the actuarial calculation obligation is \$7,312 (December 31, 2023: \$7,633) and the fair value of the plan assets is \$6,831 (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.

• 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 June 30, 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.

For the other pension liability plans and post-retirement medical benefits for the Group, the average discount rate was 10.69% on June 30, 2024 (December 31, 2023: 10.03%). The increase in the discount rate on the other pension plans were recognized in other comprehensive income.

Movements of actuarial valuation of employee benefits

	Six months ended June 30,		For the three months between April 1 and June 30,	
	2024	2023	2024	2023
Current cost of the service	1,326	810	620	415
Cost of interest on obligations for benefits, net	3,627	9,334	1,754	4,885
Asset plan interest income	(470)	(7,197)	(226)	(3,777)
Total	4,483	2,947	2,148	1,523

- (1) The following table summarizes the components of net benefit expense recognized in other comprehensive income within the condensed consolidated statements of comprehensive income (loss) for the periods presented:

	Six months ended June 30,		For the three months between April 1 and June 30,	
	2024	2023	2024	2023
Actuarial gains (losses) recognized in other comprehensive income	4,824	(4,130)	3,498	(5,008)
Adjustment in return on plan assets	(490)	7,525	(362)	68

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Losses recognized in other comprehensive income	4,334	3,395	3,136	(4,940)
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(8) Cash and cash equivalents and Short-Term Investments

	June 30, 2024	December 31, 2023
Cash on hand and bank deposits	\$ 640,378	\$ 748,343
Cash equivalents (1)	16,979	19,204
Cash and cash equivalents	\$ 657,357	\$ 767,547
Short-Term investments (2)	\$ 253,200	\$ 257,553
Short-term investments	\$ 253,200	\$ 257,553

(1) As of June 30, 2024, investment funds accrued annual interest rates between 5.51% and 9.75% 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. As of June 30, 2024 the Group presented in *deposits and other assets* \$17,873 of restricted cash, pledged from its checking and saving accounts to fulfill collateral requirements according to the definition of demand deposit - IAS 7 (December 31, 2023: \$16,311). The comparative period previously presented has been modified to reflect the classification of the current period. See note 11.

(2) 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.

As of June 30, 2024, the Group's cash and cash equivalents are free of restriction or charges that could limit its availability.

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

	June 30, 2024	December 31, 2023
Trade	\$ 246,070	\$ 246,612
Employee advances	4,059	4,450
Other	17,867	25,070
	267,996	276,132
Less estimate for expected credit losses (1)	(12,765)	(12,699)
Total	\$ 255,231	\$ 263,433

Trade receivables are non-interest bearing.

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

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	June 30, 2024	December 31, 2023
Balance at beginning of year	\$ 12,699	\$ 8,736
Net provision for expected credit losses (1.1)	66	3,963
Total	\$ 12,765	\$ 12,699

1.1 Includes expense for expected credit losses for the six-months period ended June 30,2024 for \$1,846 (for the six-months period ended June 30, 2023: \$11,885).

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(10) Balances and transactions with related parties

Company	Country	As of June 30, 2024		For the six months ended June 30, 2024		As of December 31, 2023		For the six months ended June 30, 2023	
		Account Receivables	Account Payables	Revenues	Expenses	Account Receivables	Account Payables	Revenues	Expenses
Investment Vehicle 1 Limited	Cayman Islands	\$ 120,092	\$ —	\$ 5,785	\$ —	\$ 112,879	\$ —	\$ 5,541	\$ 518
Abra Group Limited	Gran Bretaña	5,568	—	—	—	4,744	—	—	—
Others		11	149	—	566	—	79	—	—
Total		\$ 125,671	\$ 149	\$ 5,785	\$ 566	\$ 117,623	\$ 79	\$ 5,541	\$ 518

	June 30, 2024		December 31, 2023	
	Account Receivables	Account Payables	Account Receivables	Account Payables
Short term	\$ 7,159	\$ 149	\$ 4,897	\$ 79
Long term (1)	118,512	—	112,726	—
Total related parties	\$ 125,671	\$ 149	\$ 117,623	\$ 79

(1) Avianca Group International Limited (AGIL) entered into an intercompany agreement with Investment Vehicle 1 Limited (IV1) in April 2022 for a total amount of US\$118,512 (\$97,800 initial loan and \$20,712 for amortization and interest capitalization). This intercompany loan has a term of five years, the interest for which to be capitalized on and added to the outstanding balance, to be paid on the maturity date.

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Key management personnel compensation expense

	For the six months ended June 30,		For the three months between April 1 and June 30,	
	2024	2023	2024	2023
Salaries/Bonuses	\$ 18,166	\$ 22,419	\$ 12,206	\$ 5,703
Benefits/Social Charges	2,117	2,308	1,297	945
Total	\$ 20,283	\$ 24,727	\$ 13,503	\$ 6,648

(11) Deposits and other assets

	June 30, 2024	December 31, 2023
Short-term:		
Deposits with lessors	\$ 3,772	\$ 2,809
Guarantee deposits	8,963	15,069
Commission	19,582	13,447
Restricted cash (1)	11,644	10,794
Others	6,828	14,836
Subtotal	\$ 50,789	\$ 56,955
Long-term:		
Deposits with lessors	\$ 60,684	\$ 64,487
Guarantee deposits	20,217	21,123
Labor lawsuits	26,221	25,369
Restricted cash (1)	6,229	5,517
Others	241	146
Long term investments	7,433	7,696
Subtotal	121,025	124,338
Total	\$ 171,814	\$ 181,293

(1) As of June 30, 2024 the Group maintain \$17,873 of restricted cash, pledged from its checking and saving accounts to fulfill collateral requirements classified as *deposits and other assets* according to the definition of demand deposit – IAS 7 (December 31, 2023: \$16,311). The comparative period previously presented has been modified to reflect the classification of the current period. See note 8.

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(12) Assets held for sale

	June 30, 2024	December 31, 2023
Airbus aircraft	\$ 10,732	\$ 10,743
Total assets held for sale	\$ 10,732	\$ 10,743

As of June 30, 2024, the Group classified as held for sale three aircraft A330-F.

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(13) Property and equipment, net

	Flight Equipment	Capitalized Maintenance	Rotable Spare parts	Reimbursement of predelivery payments	Administrative Property	Others	Total
Cost							
December 31, 2023	\$ 171,810	\$ 240,539	\$ 222,343	\$ 106,986	\$ 114,995	\$ 125,059	\$ 981,732
Additions	76,432	67,814	28,659	7,248	—	3,770	183,923
Disposals	—	(84)	(4,974)	—	—	(848)	(5,906)
Transfers	2,562	(469)	(2,538)	—	—	445	—
Reclassification to right of use assets	(11,793)	—	(2,896)	—	—	—	(14,689)
June 30, 2024	\$ 239,011	\$ 307,800	\$ 240,594	\$ 114,234	\$ 114,995	\$ 128,426	\$ 1,145,060
Accumulated depreciation:							
December 31, 2023	\$ 15,359	\$ 5,991	\$ 16,127	\$ —	\$ 3,046	\$ 41,694	\$ 82,217
Additions	6,562	12,621	6,190	—	1,093	6,068	32,534
Disposals	—	(84)	(2,251)	—	—	(717)	(3,052)
Transfers	109	—	(109)	—	—	—	—
Reclassification to right of use assets	(9,031)	—	(54)	—	—	—	(9,085)
June 30, 2024	\$ 12,999	\$ 18,528	\$ 19,903	\$ —	\$ 4,139	\$ 47,045	\$ 102,614
Net balances:							
December 31, 2023	\$ 156,451	\$ 234,548	\$ 206,216	\$ 106,986	\$ 111,949	\$ 83,365	\$ 899,515
June 30, 2024	\$ 226,012	\$ 289,272	\$ 220,691	\$ 114,234	\$ 110,856	\$ 81,381	\$ 1,042,446

The additions during the six-month period ended June 30, 2023, are primarily related to flight equipment for \$25,277, capitalized maintenance for \$38,912, and rotatable and spare parts for \$28,211.

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(14) Intangible asset and goodwill, net

	June 30, 2024	December 31, 2023
	<hr/>	<hr/>
Trademarks	\$ 644,141	\$ 644,141
Customer Relationships & Routes	513,177	526,104
Software and webpages	82,876	89,853
Agreements (Code-share and Star Alliance)	54,240	57,871
Slots	9,506	9,506
Subtotal	1,303,940	1,327,475
Goodwill	1,524,638	1,524,638
Total Intangible Assets	\$ 2,828,578	\$ 2,852,113
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The following provides detail on intangible assets and goodwill as of June 30, 2024:

	Goodwill	Customer Relationships & Routes	Agreements (Codeshare and Star Alliance)	Trademarks	Software and Webpages	Slots	Total
Cost:							
December 31, 2023	\$ 1,524,638	\$ 592,010	\$ 73,025	\$ 644,141	\$ 157,259	\$ 9,506	\$ 3,000,579
Additions	—	—	—	—	10,069	—	10,069
June 30, 2024	\$ 1,524,638	\$ 592,010	\$ 73,025	\$ 644,141	\$ 167,328	\$ 9,506	\$ 3,010,648
Accumulated Amortization:							
December 31, 2023	\$ —	\$ 65,906	\$ 15,154	\$ —	\$ 67,406	\$ —	\$ 148,466
Amortization for the period	—	12,927	3,631	—	17,046	—	33,604
June 30, 2024	\$ —	\$ 78,833	\$ 18,785	\$ —	\$ 84,452	\$ —	\$ 182,070
Carrying Amounts:							
December 31, 2023	\$ 1,524,638	\$ 526,104	\$ 57,871	\$ 644,141	\$ 89,853	\$ 9,506	\$ 2,852,113
June 30, 2024	\$ 1,524,638	\$ 513,177	\$ 54,240	\$ 644,141	\$ 82,876	\$ 9,506	\$ 2,828,578

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As of June 30, 2024, the Group maintains two CGU's: air transportation CGU and loyalty CGU which are also the Group's operating and reporting segments. As of June 30, 2024, no indications of impairment have been identified for CGU's, which require a new impairment test to be carried out.

As of December 31, 2023, in accordance with the accounting policy, the Group performed the annual impairment test. For the purpose of impairment testing, goodwill acquired through business combinations is allocated to the air transportation CGU and loyalty CGU which are also the Group's operating and reporting segments.

The carrying amount of goodwill and intangible assets with indefinite useful life allocated to the Group's air transportation and loyalty CGUs are as follows:

	June 30, 2024	December 31, 2023
Goodwill	1,524,638	1,524,638
Trademarks	644,141	644,141
Routes	94,949	94,949
Slots	9,506	9,506

As of December 31, 2023, the Group performed the impairment test and did not identify any indicators of impairment associated with the above assets.

(15) Leases

The Group leases certain aircraft under long-term lease agreements with an average duration of 8 years. Certain of the Group's aircraft operating leases contain renewal clauses that may be exercised based on the Group's business plan. Renewal clauses are considered in determining the lease term only when it is reasonably certain to be exercised.

Other leased assets include real estate, airport, terminal facilities, and general offices. Most other lease agreements include renewal options, and some include escalation clauses, but none include purchase options.

Information about leases for which the Group is a lessee is presented below:

Right of use assets

As of June 30, 2024 the Group presented in a separated line the Right of use of aircraft, engines and other property for \$2,989,734 in the condensed consolidated statement of financial position as "Right of use assets" that was previously presented as part of the "Property and equipment". The comparative periods (December 31, 2023: \$ 2,933,247) has been modified to reflect the classification of the current period.

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		Aircraft and engines	Return conditions	Real estate	Total
Balance as of December 31, 2023	\$	2,317,399	\$ 534,307	\$ 81,541	\$ 2,933,247
Additions		102,017	20,633	4,273	126,923
Transfers		4,266	(4,266)	—	—
Amendments		174,503	(61,565)	—	112,938
Depreciation expense		(152,532)	(24,338)	(6,504)	(183,374)
Balance as of June 30, 2024	\$	2,445,653	\$ 464,771	\$ 79,310	\$ 2,989,734

Additions and amendments of the right-of-use assets include new leases, contract extensions, changes in discount rate and changes in rental payments. The additions during the six-month period ended June 30, 2024 are primarily related to: \$91,826 for recognition of the aircraft leasing of two (2) aircraft A320N and one (1) A330F, \$6,880 for recognition of the leasing of one (1) engine, \$20,633 for the recognition of the return conditions provision of two (2) aircraft A320N and one (1) A330F, and \$4,273 for leasing of other assets. The modifications of leases during the six-month period ending June 30, 2024 are related to: \$174,503 for amendment of eleven (11) A320 and two (2) A330F aircraft contracts and \$61,565 of provision for return conditions write off of ten (10) A320 aircraft and one (1) A330F contracts renegotiated.

		Aircraft and engines	Return conditions	Real estate	Total
Balance as of December 31, 2022	\$	1,506,208	\$ 406,215	\$ 73,034	\$ 1,985,457
Additions		428,491	53,410	6,740	488,641
Depreciation expense		(108,700)	(36,295)	(3,413)	(148,408)
Balance as of June 30, 2023	\$	1,825,999	\$ 423,330	\$ 76,361	\$ 2,325,690

Additions and amendments of the right-of-use assets include new leases, contract extensions, changes in discount rate and changes in rental payments. The additions during the six-month period ended June 30, 2023 are primarily related to: \$411,420 for recognition of the aircraft leasing of sixteen (16) aircraft A320 and three (3) B787, and three (3) spare engines, \$53,410 for the recognition of the return conditions provision of eight (8) A320, six (6) A320 and three (3) engines, and \$6,740 for leases of other assets.

Lease liabilities

As of June 30, 2024 the Group presented in a separated line the Right of use liability of aircraft, engines and other property for \$2,632,334 in the condensed consolidated statement of financial position as "Right of use liability" that was previously presented as part of the "Short-term borrowings and long-term debt". The comparative periods (December 31, 2023: \$2,483,952) has been modified to reflect the classification of the current period.

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	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Current portion of lease liability		
Aircraft and engines	\$ 259,974	\$ 258,010
Real estate	11,205	11,350
	<u>271,179</u>	<u>269,360</u>
Long-term lease liability		
Aircraft and engines	2,305,392	2,154,280
Real estate	55,763	60,312
	<u>2,361,155</u>	<u>2,214,592</u>
Total lease liabilities	<u>\$ 2,632,334</u>	<u>\$ 2,483,952</u>

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 are as follows:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Current	\$ —	\$ 8,098
Non-current	787,446	807,294
Total	<u>\$ 787,446</u>	<u>\$ 815,392</u>

Changes in provisions for return conditions are as follows:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Beginning balance	\$ 815,392	\$ 559,508
Recognition of provisions	20,633	186,940
Recovery of provisions (1)	(61,565)	—
Interest expense, net	21,084	69,341
Provisions used	(8,098)	(397)
Total provisions for return conditions	<u>\$ 787,446</u>	<u>\$ 815,392</u>

- (1) During the six-month period ending June 30, 2024, the group recognize the write off the provisions of ten (10) A320 and one (1) A330F aircraft contracts renegotiated.

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Future aircraft and engines lease payments

Under IFRS 16, the right of use of an identifiable asset granted to the Group through a lease agreement is recorded as a right-of-use asset within the consolidated statement of financial position. A lease liability is also recorded at lease inception and represents the present value of the minimum payments required under the lease agreement.

The Group has one hundred fifty-five (155) aircraft that are under leases, three (3) of them consist in short-term and variable rent leases and one hundred fifty-two (152) corresponds to right of use assets for an average lease term of 96 months. Leases can be renewed, in accordance with the Group's business plan. The following is the summary of the future commitments of leases as of June 30, 2024, all amounts are gross and undiscounted:

	<u>Aircraft</u>
Less than one year	\$ 498,348
Between one and five years	1,887,720
More than five years	<u>1,373,991</u>
	<u>\$ 3,760,059</u>

Avianca Group International has eleven (11) spare engines that are under leases to support its aircraft fleet of A320, A320 NEO, A319 and A321. The following is the summary of the future commitments of leases as of June 30, 2024, all amounts are gross and undiscounted:

	<u>Spare Engines</u>
Less than one year	\$ 19,927
Between one and five years	58,719
More than five years	<u>41,645</u>
	<u>\$ 120,291</u>

The value of payments recognized as expenses during the periods presented are as follows:

	<u>For the six months ended June 30,</u>		<u>For the three months period from</u>	
	<u>2024</u>	<u>2023</u>	<u>April 1 to June 30,</u>	<u>2024</u>
Variable lease payments	27,662	64,950	10,075	34,633
Leases of low-value assets	19,074	5	10,209	—
Total	\$ 46,736	\$ 64,955	\$ 20,284	\$ 34,633

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The following future payments include interest accrued on lease liabilities for the periods presented. All amounts are gross and undiscounted.

Aircraft and engines lease liabilities

June 30, 2024

	Years						
	One	Two	Three	Four	Five	Six and later	Total
Principal	\$ 251,943	\$ 272,085	\$ 340,476	\$ 262,433	\$ 307,546	\$ 1,122,852	\$ 2,557,335
Interests	\$ 266,332	\$ 238,314	\$ 208,914	\$ 173,706	\$ 142,965	\$ 292,784	\$ 1,323,015

December 31, 2023

	Years						
	One	Two	Three	Four	Five	Six and later	Total
Principal	\$ 248,562	\$ 267,669	\$ 277,493	\$ 267,268	\$ 238,826	\$ 1,103,025	\$ 2,402,843
Interests	\$ 248,514	\$ 222,344	\$ 194,128	\$ 165,386	\$ 125,076	\$ 325,710	\$ 1,281,158

Other lease Liabilities

June 30, 2024

	Years						
	One	Two	Three	Four	Five	Six and later	Total
Principal	\$ 8,563	\$ 8,644	\$ 6,569	\$ 3,446	\$ 2,465	\$ 27,043	\$ 56,730
Interests	\$ 4,386	\$ 3,929	\$ 3,145	\$ 2,724	\$ 2,453	\$ 10,418	\$ 27,055

December 31, 2023

	Years						
	One	Two	Three	Four	Five	Six and later	Total
Principal	\$ 10,272	\$ 6,808	\$ 7,093	\$ 3,919	\$ 2,994	\$ 28,099	\$ 59,185
Interests	\$ 6,150	\$ 4,074	\$ 3,429	\$ 9,468	\$ 2,557	\$ 11,561	\$ 37,239

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Changes in liabilities derived from lease financing activities at June 30, 2024

	December 31, 2023	New Loans (1)	Financial cost	Payments	Interest Payments	Others	June 30, 2024
Aircraft and engines rentals - lease liabilities	\$ 2,412,290	\$ 274,829	\$ 134,209	\$ (122,918)	\$ (135,473)	\$ 2,429	\$ 2,565,366
Other rentals - lease liabilities	71,662	3,350	2,520	(5,617)	(2,432)	(2,515)	66,968
Total lease liabilities from financing activities	\$ 2,483,952	\$ 278,179	\$ 136,729	\$ (128,535)	\$ (137,905)	\$ (86)	\$ 2,632,334

(1) The main additions in aircraft and engine rentals for the six months ended June 30, 2024, correspond primarily to: \$174,531 for the effect for an amendment of eleven (11) A320 and two (2) A330F aircraft contracts, \$91,826 for two (2) aircraft A320N and one (1) A330F, \$6,880 for one (1) engine and \$1,592 for additions of incremental rent. The main additions in other rentals for the six months ended June 30, 2024, correspond to: \$1,697 for El Dorado International Airport Spaces leasing and \$1,653 for leasing of Hangar parking in El Dorado International Airport.

Changes in liabilities derived from lease financing activities at June 30, 2023

	December 31, 2022	New Loans (1)	Financial cost	Payments	Interest Payments	Others	Reclassifications	June 30, 2023
Aircraft and engines rentals - lease liabilities	\$ 1,554,702	\$ 411,420	\$ 93,437	\$ (81,245)	\$ (73,583)	\$ —	\$ (11,987)	\$ 1,892,744
Other rentals - lease liabilities	42,889	—	1,390	(1,060)	(1,397)	11,943	—	53,765
Total lease liabilities from financing activities	\$ 1,597,591	\$ 411,420	\$ 94,827	\$ (82,305)	\$ (74,980)	\$ 11,943	\$ (11,987)	\$ 1,946,509

(1) The main additions in aircraft rentals for the six months ended June 30, 2023, correspond primarily for the lease liability of sixteen (16) aircraft A320, three (3) B787, three (3) engines for \$393,558 and additions of incremental rent for \$17,862.

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(16) Debt

	June 30, 2024	December 31, 2023
Current portion of long-term debt	\$ 222,233	\$ 206,817
Long-term debt	2,028,400	2,080,841
	\$ 2,250,633	\$ 2,287,658

Terms and conditions of the Group's outstanding obligations for the periods presented is as follows:

		June 30, 2024	
	Due through	Weighted average interest rate	
			Nominal Value
			Carrying Amount
Long-term debt	2030	9.15%	\$ 2,431,031
Total			\$ 2,431,031

		December 31, 2023	
	Due through	Weighted average interest rates	
			Nominal value
			Carrying Amount
Long-term debt	2030	9.41%	\$ 2,431,027
Total			\$ 2,431,027

Bank guarantees

In order to comply with certain contractual or operating obligations, as of June 30, 2024, the Group has a total of \$21,761 (December 31, 2023: \$20,244), in guarantees issued through financial entities. These guarantees are issued favor of third parties.

Abra's Pledge of IV1L Shares

As of the date of these condensed consolidated financial statements, IV1L, AGIL's sole shareholder (see note 23), is a wholly-owned subsidiary of Abra. Abra has pledged all of its ordinary shares of IV1L as collateral securing Abra's senior secured notes due 2028 and senior secured exchangeable notes due 2028. For a specified period of time, Abra has entered into a forbearance agreement with certain noteholders with respect to specified events of default. Certain of the debt instruments and aircraft leases of IV1L's subsidiaries, including, among others, the Tranche A-1 Senior Notes and the Tranche A-2 Senior Notes (together, the "Exit Notes") issued by Avianca Midco 2 PLC ("Midco 2"), contain change of control provisions that may be triggered if the pledged IV1L shares were foreclosed upon by Abra's noteholders. In the event of a change of control (as defined in the indentures with respect to the Exit Notes) that results in a specified decline in the ratings of the Exit Notes, Midco 2 would be required to offer to repurchase the Exit Notes at a price of 101% of the outstanding principal amount.

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The following future payments including interests in long-term debt for the period ended June 30, 2024. All amounts are gross and undiscounted and include contractual interest payments while excluding the impact of netting agreements.

June 30, 2024

	Years					
	One	Two	Three	Four	Five and later	Total
Principal	\$ 173,093	\$ 71,571	\$ 237,917	\$ 25,945	\$ 1,740,872	\$ 2,249,398
Interests	\$ 193,867	\$ 184,636	\$ 165,221	\$ 157,244	\$ 80,999	\$ 781,967

December 31, 2023

	Years					
	One	Two	Three	Four	Five and later	Total
Principal	\$ 177,246	\$ 72,115	\$ 259,469	\$ 27,960	\$ 1,753,689	\$ 2,290,479
Interests	\$ 208,376	\$ 190,654	\$ 179,112	\$ 158,358	\$ 159,484	\$ 895,984

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Changes in liabilities derived from financing activities at June 30, 2024

	January 1, 2024	Financial cost	Payments (1)	Interest Payments	Others	Reclassifications	June 30, 2024
Current portion of long-term credits (excluding items listed below)	\$ 206,817	\$ 110,221	\$ (41,271)	\$ (105,940)	\$ (35)	\$ 52,441	\$ 222,233
Non-current portion long-term debt	2,080,841	—	—	—	—	(52,441)	2,028,400
Total liabilities from financing activities	\$ 2,287,658	\$ 110,221	\$ (41,271)	\$ (105,940)	\$ (35)	\$ —	\$ 2,250,633

(1) The difference between these payments and the payments in the condensed consolidated statement of cash flows corresponds to payments with miles for \$2,003.

Changes in liabilities derived from financing activities at June 30, 2023

	January 1, 2023	New Loans (1)	Financial cost	Payments (2)	Interest Payments	Others	Reclassifications	June 30, 2023
Short-term loans (excluding items listed below)	\$ 6,303	\$ —	76	\$ (6,303)	\$ (76)	\$ —	\$ —	\$ —
Current portion of long-term credits (excluding items listed below)	74,110	\$ 11,500	106,132	(35,171)	(108,636)	17	94,520	142,472
Non-current portion long-term debt	2,306,831	—	—	—	—	—	(82,533)	2,224,298
Total liabilities from financing activities	\$ 2,387,244	\$ 11,500	106,208	\$ (41,474)	\$ (108,712)	\$ 17	\$ 11,987	\$ 2,366,770

(1) Corresponds to a new loan, at a fixed rate of 13%, to enable the Group to complete a densification project for \$11,500.

(2) The difference between these payments and the payments in the condensed consolidated statement of cash flows corresponds to payments with miles for \$2,003.

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(17) Fair value measurements

The following table provides the fair value measurement hierarchy of the Group's assets for period specified:

As of June 30, 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)	
Airbus aircraft held for sale (note 12)		10,732	—	10,732
Short-term Investments	—	51,719	—	51,719
Revalued administrative property (note 13)	—	—	110,856	110,856

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)	
Short-term borrowings and long-term debt	\$ —	2,158,964	—	\$ 2,158,964

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As of December 31, 2023

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	\$ —	280,372	—	\$ 280,372
Airbus aircraft held for sale (note 12)		10,743	—	10,743
Short-term Investments	—	50,970	—	50,970
Revalued administrative property (note 13)	—	—	111,949	111,949

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)	
Short-term borrowings and long-term debt	\$ —	2,047,153	—	\$ 2,047,153

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.

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.

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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.

Valuation techniques and significant unobservable inputs

(1) The following table shows the valuation technique used to measure the fair value for the periods presented:

Administrative Property

Country	Valuation technique
San Salvador, El Salvador	Market comparison approach: a method of valuing property based on the criteria of a market survey conducted within the area of the administrative property, a survey of the land, consideration of future uses within the area, location, degree of urbanization, and other characteristics of the environment that allow us to establish the value of the property.
Bogotá, Colombia	Market comparison approach: a method of assessing property by analyzing the prices of similar properties sold in the past and then making adjustments based on differences between the properties and the relative age of the other sale.

Short- term investments

Valuation technique
Income approach: The fair value of short-term investments is determined by reference to the present value of future principal and interest cash flows, discounted at a market based interest rate at the reporting date.

Airbus aircraft and engines held for sale

Valuation technique
The fair value of assets held for sale is determined by reference of a potential bid price at the reporting date.

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Short-term borrowings and long-term debt

Valuation technique

The fair value of short-term borrowings and long-term debt is determined by reference to the present value of future principal and interest cash flows, discounted at a market based interest rate at the reporting date

(2) The following tables present qualitative information of significant unobservable inputs and sensitivity analysis of changes in hypothetical significant unobservable inputs to valuation model used in Level 3 fair value measurement for the periods presented.

	Fair value on June 30, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Revalued administrative \$ property	110,856	Market comparison approach	Monthly rental value per square meter (El Salvador)	\$ 20.00	The higher the monthly rental value per square meter, the higher the fair value
			Square vara price (El Salvador)	\$ 585.00	The higher the square vara price, the higher the fair value
			Monthly rental value per square meter (Colombia)	\$ 16.00	The higher the monthly rental value per square meter, the higher the fair value
			Square vara price (Colombia)	\$ 2,666.22	The higher the square vara price, the higher the fair value
			Appreciation or depreciation of Colombian peso against US Dollar	(8.53)%	The higher appreciation of Colombian peso against US Dollar, the higher the fair value

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	Fair value on December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Revalued administrative \$ property	111,949	Market comparison approach	Monthly rental value per square meter (El Salvador)	\$ 20.00	The higher the monthly rental value per square meter, the higher the fair value
			Square vara price (El Salvador)	\$ 585.00	The higher the square vara price, the higher the fair value
			Monthly rental value per square meter (Colombia)	\$ 16.00	The higher the monthly rental value per square meter, the higher the fair value
			Square vara price (Colombia)	\$ 2,666.22	The higher the square vara price, the higher the fair value
			Appreciation or depreciation of Colombian peso against US Dollar	21.0%	The higher appreciation of Colombian peso against US Dollar, the higher the fair value

(18) Income tax expense and other taxes

	June 30, 2024	December 31, 2023
Current income tax – assets	\$ 155,083	\$ 126,089
Other current taxes		
Current VAT – assets	48,945	48,410
Other current taxes	24,853	21,653
Total other current taxes	73,798	70,063
Total current taxes – assets	228,881	196,152
Current income tax – liabilities	(33,195)	(25,523)
Others	(9,326)	(11,519)
Total Current income tax – liabilities	\$ (42,521)	\$ (37,042)

Income tax expense for the six-month period ended June 30, 2024, is comprised of the following:

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Condensed Consolidated statement of comprehensive income

	For the six months ended June 30,		For the three months period from April 1 to June 30,	
	2024	2023	2024	2023
Current income tax:				
Current income tax charge	\$ (19,456)	\$ (16,833)	\$ (10,952)	\$ (11,312)
Deferred tax expense:				
Relating to origination and reversal of temporary differences	3,234	7,708	1,578	7,897
Income tax expense reported in the income statement	\$ (16,222)	\$ (9,125)	\$ (9,374)	\$ (3,415)

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

	For the six months ended June 30,		For the three months period from April 1 to June 30,	
	2024	2023	2024	2023
Items that will not be reclassified to income or loss in future periods - Remeasurements of defined benefit	63	(41)	63	(41)

Changes in deferred tax assets and deferred tax liabilities

	For the six months ended June 30,	
	2024	2023
Deferred tax assets		
As of December 31	\$ 45,444	\$ 27,397
Recognized as income	554	2,112
Recognized in other comprehensive income	63	(47)
Exchange differences	22	230
Total Deferred tax assets as of	\$ 46,083	\$ 29,692

For the six months ended

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	June 30,	
	2024	2023
Deferred tax liabilities		
As of December 31	\$ (136,045)	\$ 155,681
Recognized as income and (loss)	2,680	(5,596)
Recognized in other comprehensive income	—	(6)
Exchange differences	—	(795)
Total Deferred tax liabilities	\$ (133,365)	\$ 149,284

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%

(*) Avianca S.A. subscribed a legal stability contract which sets a tax rate of 33% for this company only.

(**) LifeMiles, Ltd. operates under a special tax regime with a tax rate 0%.

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-

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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 profits" 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 loyalty business is subject to tax at a rate of 0%, a preliminary result shows that the Group will have an ETR (Effective tax rate) 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 June 30, 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 loss of \$26,194 as of June 30, 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.

The changes in provision for legal claims during the periods presented is as follows:

	June 30, 2024	December 31, 2023
Opening Balance	\$ 31,125	\$ 47,124
Provisions constituted	4,972	8,409
Provisions reverse	(2,516)	(7,996)
Provisions reclassifications	(5,041)	—
Lawsuits deposits	—	(8,828)
Provisions used	(2,346)	(7,584)
Balances at the end of the period	\$ 26,194	\$ 31,125

Certain litigation 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 June 30, 2024, these contingencies totaled \$116,419 (December 31, 2023: \$149,414). Certain losses that could arise from this litigation will be covered by insurance or with funds provided by third parties. The judicial processes resolved with said forms of payment are estimated at \$11,495 as of June 30, 2024 (December 31, 2023: \$13,878).

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In accordance with IAS 37, the processes that the Company considers as representing a remote 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 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 Bogotá offices. In addition, 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 did not intend to recommend any 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

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requested information from Avianca, which, 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.

SIC investigation into the acquisition of the Airlines Viva

On December 19, 2022, Colombian Superintendency of Industry and Commerce (“SIC”) notified the opening of an investigation against the Colombian airline (i.e., Aerovías del Continente Americano S.A. Avianca) (“Avianca”) for allegedly engaging in unlawful business activities prior to obtaining the necessary regulatory approval for 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 SIC argued that the (i) acquisition of economic rights of Viva by Investment Vehicle 1 Limited entailed – in and of itself – the acquisition of control, and, thus, required clearance by the Aerocivil; and (ii) separation of economic and voting rights is not real.

Certain commitments 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 SIC notified Avianca of the dismissal of the investigation subject to some commitments different to those initially offered by Avianca. On May 16, 2023, Avianca filed a remedy of reconsideration requesting some modified commitments suggested by the SIC (the “Remedy”).

On August 23, 2023, the SIC notified Avianca of the final and non-appealable decision with respect to the acceptance of the commitments 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 commitments, 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 applicable commitment pursuant to the Final Decision.

(20) Acquisition of aircraft

In accordance with the agreements in effect, future commitments related to the acquisition of aircraft and engines as of June 30, 2024, are as follows:

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	Less than one year	1-3 years	3-5 years	More than 5 years	Total
Aircraft and engine purchase commitments	\$ 184,163	\$ 2,266,208	\$ 2,112,664	\$ 1,138,626	\$ 5,701,661

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.

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.

(21) 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 periods presented, is as follows:

	For the six months ended June 30,				For the three months between April 1 and June 30,			
	2024	%	2023	%	2024	%	2023	%
Domestic								
Tickets	\$ 560,373	23%	\$ 415,918	19%	261,963	23%	212,866	19%
Ancillaries (1)	152,395	6%	138,340	6%	74,845	6%	70,239	6%
Cargo and courier	147,002	6%	187,197	9%	26,923	6%	24,263	9%
Loyalty (2)	55,073	2%	37,362	2%	72,913	2%	96,428	2%
	914,843	37%	778,817	36%	436,644	37%	403,796	36%
International								
Tickets	928,695	38%	869,548	39%	444,195	38%	442,014	40%
Ancillaries (1)	296,306	12%	267,906	12%	144,175	12%	137,675	12%
Cargo and courier	185,359	8%	167,157	8%	49,287	8%	45,191	7%
Loyalty (2)	93,106	4%	102,694	4%	92,326	4%	78,868	4%
	1,503,466	62%	1,407,305	63%	729,983	62%	703,748	63%
Other	23,247	1%	15,731	1%	9,919	1%	7,165	1%
Total revenue	\$ 2,441,556	100%	\$ 2,201,853	100%	1,176,546	100%	\$ 1,114,709	100%

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(1) The ancillaries' revenues were disaggregated according to the information regularly reviewed by the Chief operating Decision Maker (CODM) for evaluating the financial performance of operating segment. This information considers the ancillaries that are sold separately and the breakdown of the bundle fare. The value of ticket and ancillaries (seats and upgrades, baggage, changes and fees, other air ancillaries and non-air ancillaries), has been separated based on the basic fare associated with the route.

(2) Corresponds to revenues related to passenger services acquired through loyalty miles redeemed.

The disaggregation of operating revenues by the categories presented in the Condensed Consolidated Statement of Comprehensive Income (Loss) for the periods presented is as follows:

	For the six months ended June 30,				For the three months between April 1 and June 30,			
	2024	%	2023	%	2024	%	2023	%
Passenger:								
Tickets	\$ 1,489,068	61%	\$ 1,285,466	58%	\$ 706,157	60%	\$ 524,896	46%
Ancillaries	448,701	18%	406,246	18%	219,020	19%	337,897	30%
Loyalty	131,070	5%	124,298	6%	67,874	5%	61,957	6%
Other	1,502	0%	1,873	0%	541	0%	898	0%
	2,070,341	84%	1,817,883	82%	993,592	84%	925,648	82%
Cargo and other:								
Loyalty	17,109	1%	15,758	1%	8,336	1%	7,496	1%
Cargo	332,361	14%	354,354	16%	165,239	14%	175,296	16%
Other	21,745	1%	13,858	1%	9,379	1%	6,269	1%
	371,215	16%	383,970	18%	182,954	16%	189,061	18%
Total revenue	\$ 2,441,556	100%	\$ 2,201,853	100%	\$ 1,176,546	100%	\$ 1,114,709	100%

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(22) Net Interest Expense

The interest expense and income for the periods presented is as follows:

	Notes	Six months ended June 30,		For the three- months period from April 1 to June 30,	
		2024	2023	2024	2023
Debt interest	16	\$ 110,221	\$ 106,208	\$ 56,041	\$ 54,671
Lease interest	15	136,729	94,827	67,891	49,051
Other interest expense		18,282	31,012	11,774	16,070
Interest Income from cash and cash equivalents and short-term investments		(25,485)	(12,435)	(12,159)	(7,741)
Intercompany loan agreement		(5,785)	(4,468)	(3,022)	(2,290)
Total		\$ 233,962	\$ 215,144	\$ 120,525	\$ 109,761

(23) Common Shares

	June 30, 2024	June 30, 2023
Common shares issued and paid	39,609,689	39,545,045
Common shares value	\$ 4	\$ 4

The nominal value per share is \$0.0001 Expressed in cents

Common Shares

Holders of these shares are entitled to dividends as declared by the Board of Directors from time to time. As of the date of these condensed consolidated financial statements, Investment Vehicle 1 Limited ("IV1L") is AGIL's sole shareholder.

Issue of common shares and additional paid in capital

The following table reconciles AGIL's opening share balance to the closing share balance for the periods presented.

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	Shares Issued and Outstanding
As of December 31, 2023	39,569,223
May 15, 2024 Issuance of shares to GUCs (1)	40,466
As of June 30, 2024	39,609,689
	Shares Issued and Outstanding
As of December 31, 2022	39,210,000
June 7, 2023 Issuance of shares to GUCs (2)	335,045
As of June 30, 2023	39,545,045

- (1) On May 15, 2024, pursuant to the Further Modified Joint Chapter 11 Plan of Avianca Holdings S.A. and its Affiliated Debtors Docket No. 2259, which was confirmed by the U.S. Bankruptcy Court for the Southern District of New York on November 2, 2021 (the “Plan”), subsequent issuances of shares to 9 Electing General Unsecured Claimholders (as defined in the Plan, the “GUCs”) were completed (the “Third Tranche Issuances”). The Third Tranche Issuances, which were all implemented on May 15, 2024, included:
- the allotment and issuance to the GUCs of 40,466 ordinary shares of US \$0.0001 each in the capital of AGIL;
 - immediately after, the exchange of the shares received in AGIL for an equal number of IV1L shares; and
 - immediately after, the transfer to Abra Group Limited (“Abra”) of the shares received in IV1L in consideration for such number of shares in Abra as established in the transaction documents.
- (2) On June 7, 2023, pursuant to the Plan, subsequent issuances of shares to 129 GUCs were completed (the “First Tranche Issuances”). The First Tranche Issuances, which were all implemented on June 7, 2023, included:
- the allotment and issuance to the GUCs of 335,045 ordinary shares of US \$0.0001 each in the capital of AGIL;
 - immediately after, the exchange of the shares received in AGIL for an equal number of IV1L shares; and
 - immediately after, the transfer to Abra of the shares received in IV1L in consideration for such number of shares in Abra as established in the transaction documents.

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After the implementation of the First Tranche Issuances and the Third Tranche Issuances, described in (1) and (2), the GUCs are currently Abra shareholders, Abra remains IV1L's sole shareholder and IV1L remains AGIL's sole shareholder. Further issuances of shares to the remaining GUCs are expected to take place in the near future in a similar fashion as described above.

(24) Subsequent Events

1. On July 4, 2024, the SIC notified Avianca of its observations and recommendations regarding the antitrust program and Avianca is analyzing and incorporating them into the program to later submit it to before the SIC.
2. On July 17, 2024, pursuant to the Plan, subsequent issuances of shares to 9 GUCs were completed (the "Fourth Tranche Issuances"). The Fourth Tranche Issuances, which were all implemented on July 17, 2024, included:
 - the allotment and issuance to the GUCs of 1,334 ordinary shares of US\$0.0001 each in the capital of AGIL;
 - immediately after, the exchange of the shares received in AGIL for an equal number of IV1L shares;
 - immediately after, the transfer to Abra of the shares received in IV1L in consideration for such number of shares in Abra as established in the transaction documents.

After the implementation of the First Tranche Issuances, the Second Tranche Issuances, the Third Tranche Issuances, and the Fourth Tranche Issuances, the GUCs are currently Abra shareholders, Abra remains IV1L's sole shareholder and IV1L remains AGIL's sole shareholder. The Fourth Tranche Issuances was the last issuance to the GUCs in accordance with the Plan.
