AVIANCA GROUP INTERNATIONAL LIMITED AND SUBSIDIARIES

(England, United Kingdom)

Consolidated Financial Statements

As at and for the year ended December 31, 2024 and December 31, 2023

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

Index

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INDEPENDENT AUDITORS' REPORT

To the Shareholders
Avianca Group International Limited:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Avianca Group International Limited and subsidiaries ("the Group"), which comprise the consolidated statements of financial position as of December 31, 2024, and 2023, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024, and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Colombia, and we have fulfilled our other ethical responsibilities in accordance with these requirements, and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter Restated financial statements

We draw attention to Note 3 (s) to the consolidated financial statements, which describes that the Group elected to change its accounting policy of return for condition provision for all periods presented. The note further explains that the consolidated financial statements have also been amended and are being restated to reflect the correction of errors, as described therein. Our opinion is not modified in respect of this matter.

Other matter

On March 29, 2025, and March 21, 2024, we issued an unmodified opinion on the Group's consolidated financial statements as at and for the years ended December 31, 2024, and 2023, respectively, which are now being reissued. Accordingly, our current report replaces the previously issued reports.

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KPMG S.A.S.
Tax ID.: 860.000.846-4

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

KPMG S.A.S

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Bogotá D.C., Colombia
November 26, 2025

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

	Notes	December 31, 2024 Restated(*)	December 31, 2023 Restated(*)
Assets			
Current assets:			
Cash and cash equivalents	8	$ 873,717	$ 767,547
Short-term investments	8	178,481	257,553
Trade and other receivables	9	239,473	250,480
Accounts receivable from related parties	10	7,118	4,897
Current tax assets	25	254,451	203,739
Expendable spare parts and supplies	11	106,770	93,506
Prepayments		13,082	14,878
Deposits and other assets	12	40,703	43,967
Total current assets other than assets held for sale		**1,713,795**	**1,636,567**
Assets held for sale	13	3,546	10,743
Total current assets		**1,717,341**	**1,647,310**
Non–current assets:			
Deposits and other assets	12	131,633	124,338
Accounts receivable from related parties	10	126,177	112,726
Intangible assets	15	1,334,779	1,327,475
Goodwill	15	1,598,210	1,524,638
Deferred tax assets	25	56,643	45,444
Right of use assets	16	3,024,984	2,701,833
Property and equipment	14	1,208,489	899,515
Total non–current assets		**7,480,915**	**6,735,969**
Total assets		**$ 9,198,256**	**$ 8,383,279**

(*) The information is restated due to the retrospective application of a change in accounting policy and the correction of errors. See note 3(s).

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

	Notes	December 31, 2024 Restated(*)	December 31, 2023 Restated(*)
Liabilities and equity			
Current liabilities:			
Short-term borrowings and current portion of long-term debt	17	$ 294,867	$ 206,817
Current portion of lease liability	16	361,715	269,360
Accounts payable	18	754,169	558,267
Accounts payable to related parties	10	1,185	79
Accrued expenses	19	88,540	86,354
Current tax liabilities	25	39,906	37,042
Provisions for legal claims	26	34,009	31,125
Provisions for return conditions	16	14,520	2,840
Employee benefits	20	112,399	135,749
Air traffic liability and deferred revenue	21	596,383	656,290
Frequent flyer deferred revenue	21	186,822	164,540
Other liabilities		67	86
Total current liabilities		**2,484,582**	**2,148,549**
Non–current liabilities:			
Long–term debt	17	2,132,760	2,080,841
Long-term lease liability	16	2,440,083	2,214,592
Accounts payable	18	3,926	—
Provisions for return conditions	16	606,123	499,639
Employee benefits	20	66,559	71,191
Deferred tax liabilities	25	147,146	136,045
Frequent flyer deferred revenue	21	246,081	271,964
Other liabilities		152	88
Total non–current liabilities		**5,642,830**	**5,274,360**
Total liabilities		**8,127,412**	**7,422,909**
Equity			
Share capital	22	$ 4	$ 4
Additional paid-in capital	22	1,145,962	1,145,962
Accumulated losses		(87,487)	(129,264)
Other comprehensive income	22	(3,463)	(72,567)
Equity attributable to owners of the Group		**1,055,016**	**944,135**
Non–controlling interest		15,828	16,235
Total equity		**1,070,844**	**960,370**
Total liabilities and equity		**$ 9,198,256**	**$ 8,383,279**

See accompanying notes to consolidated financial statements.

(*)The information is restated due to the retrospective application of a change in accounting policy and the correction of errors. See note 3(s).

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

	Notes	For the Year ended December 31, 2024 Restated(*)	For the Year ended December 31, 2023 Restated(*)
Operating revenue:			
Passenger		$ 4,342,064	$ 3,905,636
Cargo and other		824,036	778,112
Total operating revenue	6, 29	**5,166,100**	**4,683,748**
Aircraft fuel		$ 1,410,285	$ 1,416,445
Salaries, wages, and benefits		681,284	551,930
Ground operations		531,850	469,176
Air traffic		257,527	204,640
Flight operations		96,348	87,080
Passenger services		107,202	87,092
Maintenance and repairs		215,426	167,532
Selling expenses		273,855	269,143
Fees and other expenses		332,821	233,084
Rentals	16	70,610	131,468
Depreciation of right of use asset	16	408,163	316,503
Other depreciation and amortization	14,15	135,983	121,036
Impairment of other investments and assets held for sale		—	10,355
Total operating expenses		**4,521,354**	**4,065,484**
Operating Income		**644,746**	**618,264**
Interest expense		(534,892)	(482,289)
Interest income		62,033	48,914
Net interest expense	28	**(472,859)**	**(433,375)**
Foreign exchange, net	7.c	(5,861)	(18,294)
Equity method income		802	1,066
Income before tax		**166,828**	**167,661**
Income tax expense – current	25	(31,518)	(38,905)
Income tax (expense) benefit– deferred	25	(7,110)	36,981
Total tax expenses	25	**(38,628)**	**(1,924)**
Net income for the period		**$ 128,200**	**$ 165,737**

(*) The information is restated due to the retrospective application of a change in accounting policy and the correction of errors. See note 3(s).

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

	Notes	For the Year ended December 31, 2024 Restated(*)	For the Year ended December 31, 2023 Restated(*)
Net income for the period		**$ 128,200**	**$ 165,737**
Other comprehensive (loss):			
Revaluation of administrative property	14	(11,393)	22,826
Remeasurements of defined benefit	20	(2,469)	(80,250)
Income tax	25	(789)	(336)
		(14,651)	**(57,760)**
Items that will be reclassified to Income in future periods:	22		
Net change in fair value of financial assets with changes in OCI		402	800
Foreign operations — foreign currency translation differences		(3,477)	4,590
		(3,075)	**5,390**
Other comprehensive loss, net of income tax		(17,726)	(52,370)
Total comprehensive income, net of income tax		**110,474**	**113,367**
Income attributable to:			
Equity holders of the parent		128,719	162,051
Non–controlling interest		(519)	3,686
Net income		**128,200**	**165,737**
Total comprehensive income attributable to:			
Equity holders of the parent		110,881	111,021
Non–controlling interest		(407)	2,346
Total comprehensive income		**$ 110,474**	**$ 113,367**

See accompanying notes to consolidated financial statements.

(*) The information is restated due to the retrospective application of a change in accounting policy and the correction of errors. See note 3(s).

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

Restated(*)	Notes	Share capital	Additional paid-in capital	Other comprehensive Income OCI Reserves	Accumulated losses	Equity attributable to owners of the Group	Non-controlling interest	Total equity
Balance at December 31, 2022		**$ 4**	**$ 1,145,962**	**$ (21,537)**	**$ (291,314)**	**$ 833,115**	**$ 16,139**	**$ 849,254**
Net income for the year		—	—	—	162,050	162,050	3,686	165,736
Sale of subsidiary		—	—	—	—	—	(2,250)	(2,250)
Other comprehensive income		—	—	(51,030)	—	(51,030)	(1,340)	(52,370)
Balance at December 31, 2023		**$ 4**	**$ 1,145,962**	**$ (72,567)**	**$ (129,264)**	**$ 944,135**	**$ 16,235**	**$ 960,370**
Net income for the year			—	—	128,719	128,719	(519)	128,200
Reclassification of the net defined benefit from OCI	20	—	—	86,942	(86,942)	—	—	—
Other comprehensive income	22	—	—	(17,838)	—	(17,838)	112	(17,726)
Balance at December 31, 2024		**$ 4**	**$ 1,145,962**	**$ (3,463)**	**$ (87,487)**	**$ 1,055,016**	**$ 15,828**	**$ 1,070,844**

See accompanying notes to consolidated financial statements.

(*) The information is restated due to the retrospective application of a change in accounting policy and the correction of errors. See note 3(s).

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

	Notes	For the Year ended December 31, 2024 Restated(*)	For the Year ended December 31, 2023 Restated(*)
Cash flows from operating activities:			
Net income for the year		$ **128,200**	$ **165,736**
Adjustments for:			
Provision for expected credit losses	9	4,882	27,032
Provision for expandable spare parts and suppliers obsolescence		2,157	3,955
Provisions of legal claims	26	7,155	413
Deferred income	21	(114,017)	—
Depreciation of right of use asset		408,163	316,503
Other depreciation, amortization and impairment	14,15	135,983	121,036
Impairment of other investments and assets held for sale		—	10,355
Loss on disposal of assets		8,180	1,074
Interest income	28	(62,033)	(48,914)
Interest expense	28	534,892	482,289
Deferred tax	25	7,110	(36,980)
Current tax expense	25	31,518	38,905
Derivative instruments	23	24,526	4,079
Unrealized foreign currency loss (gain)		20,061	(8,018)
Changes in:			
Trade and other receivables		24,808	(37,189)
Expendable spare parts and supplies		(7,183)	(15,823)
Prepayments		5,611	447
Net current tax		(29,225)	46,168
Deposits and other assets		(3,462)	(45,561)
Accounts payable and accrued expenses		92,971	91,313
Air traffic liability		38,217	75,870
Frequent flyer deferred revenue		(5,604)	(18,508)
Provisions for return conditions		(7,139)	(4,664)
Provisions for legal claims		(512)	(8,692)
Employee benefits		(28,219)	(3,508)
Fuel Hedging paid, net	23	(24,526)	(4,079)
Income tax paid		(85,417)	(52,923)
Net cash provided by operating activities		**1,107,097**	**1,100,316**

(*) The information is restated due to the retrospective application of a change in accounting policy and the correction of errors. See note 3(s).

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

	Notes	For the Year ended December 31, 2024 Restated(*)	For the Year ended December 31, 2023 Restated(*)
Cash flows from investing activities:			
Acquisition of property and equipment		(433,653)	(313,058)
Reimbursement of equipment acquisition		53,777	54,457
Interest received		46,527	33,993
Acquisition of short-term investments		(316,855)	(374,497)
Maturity of short-term investments		396,097	162,976
Acquisition of intangible assets		(20,648)	(21,961)
Proceeds from sale of property and equipment		2,600	42,243
Consideration received from disposal of subsidiary		—	4,506
Acquisition of subsidiary, net of cash acquired	5	(99,673)	—
Cash and cash equivalents disposed		—	(4,011)
Net cash used by investing activities		**(371,828)**	**(415,352)**
Cash flows from financing activities:			
Proceeds from loans and borrowings	17	348,436	11,500
Transaction cost related to loans and borrowing	17	(11,466)	—
Interest paid	17	(216,037)	(217,989)
Payment of loans and borrowings	17	(205,558)	(124,012)
Lease interest paid	16	(282,400)	(190,825)
Payment of leases	16	(261,941)	(199,356)
Net cash used by financing activities		**(628,966)**	**(720,682)**
Net increase (decrease) in cash and cash equivalents		106,303	(35,718)
Exchange rate effect on cash and cash equivalents		(130)	762
Cash and cash equivalents at the beginning of the year		767,547	802,503
Cash and cash equivalents at the end of the year		**$ 873,720**	**$ 767,547**

See accompanying notes to consolidated financial statements.

(*) The information is restated due to the retrospective application of a change in accounting policy and the correction of errors. See note 3(s).

(In USD thousands, unless otherwise noted)

(1) Reporting entity

Avianca Group International Limited ("AGIL" or the "Company") was 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.

On October 15, 2024, as part of the identification of opportunities to expand our coverage through strategic investments and acquisitions complementary to our current geographic footprint, the Company, through Avianca Midco 2 Plc, completed a strategic investment in Wamos Air S.A, which we expect to utilize to enhance European connectivity (see note5).

Significant subsidiaries

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

Name Subsidiary	Country of incorporation	Ownership Interest% 2024	Ownership Interest% 2023
Avianca Midco 2 PCL 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.

(In USD thousands, unless otherwise noted)

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 25 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 joint connectivity, safety, customer service and benefits.

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

	As of December 31, 2024			As of December 31, 2023		
Aircraft	**Owned**	**Lease (1)**	**Total**	**Owned**	**Lease (1)**	**Total**
Airbus A-319	1	7	**8**	1	9	**10**
Airbus A-320	—	79	**79**	—	79	**79**
Airbus A-320 NEO	—	47	**47**	—	41	**41**
Airbus A-330	1	13	**14**	1	5	**6**
Airbus A-330F	—	7	**7**	—	6	**6**
Airbus A-300F	2	—	**2**	3	—	**3**
ATR 72-600	—	2	**2**	—	—	**0**
Boeing 787-8	—	16	**16**	—	16	**16**
Boeing 767F	2	—	**2**	2	—	**2**
	6	**171**	**177**	**7**	**156**	**163**

(1) There are one (1) A-330 and two (2) ATR-72 leased aircraft of the 171 leased aircraft that consist of short-term and variable rent, and as a result, are not reflected in the statement of financial position. (December 31, 2023: five (5) leased A-330 aircraft of the 156 lease aircraft).

In October 2024, the Group completed a strategic investment in Wamos Air, S.A., adding its entire fleet to the Group's fleet, being thirteen (13) Airbus A-330 under lease agreements. Also, during 2024, the Group added one (1) A-330F, two (2) ATR 72-600, six (6) A-320 NEO aircraft and one (1) A-330 under leasing agreements. Likewise, the Group, finalized lease agreements for two (2) A-319 and six (6) A-330 and sold one A300F during the same year.

(2) Basis of presentation of the Consolidated Financial Statements

Professional Accounting Standards Applied

(a) Basis of presentation and statement of compliance

The Consolidated Financial Statements as at and for the year ended December 31, 2024, have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

The previously Group's consolidated financial statements for the year ended December 31, 2024 and 2023, were prepared, and presented by Management and authorized for issuance by the Board of Directors on March 28, 2025 and March 18, 2024, respectively. As explained in note 3(s), the financial statements were restated due to the retrospective application of a change in accounting policy and the correction of errors; therefore the Group's consolidated financial statements for the years ended December 31, 2024 and 2023 were prepared, and presented by Management and authorized for reissuance by the board of Directors on November 25, 2025.

(b) Going Concern

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

The Group consolidated statement of comprehensive income recognized a total operating revenue of $5,166,100 for the year ended December 31, 2024; a 10.3% increase relative to the same period in 2023 (December 31, 2023: $4,683,748), as the Company implemented initiatives to drive revenue growth such as the capacity reallocation from Domestic Colombia to international markets with more compelling pricing dynamics, the reintroduction of the Business Class service on 34 routes in the Americas, and the launch of Insignia, the new Business Class experience to and from Europe. After considering total operating costs, the Group achieved an operating income of $644,746 for the year ended December 31, 2024, representing a 4.3% growth relative to the previous year (December 31, 2023: $618,264), as a testament to a rigorous cost discipline, which ultimately led to a net income of $128,200 for the year ended December 31, 2024 (December 31, 2023: $165,737).

The Group maintained a strong cash balance (including Cash and cash equivalents, Restricted cash (see note 12) and short-term investments) of $1,086,790 as of December 31, 2024 (December 31, 2023: $1,041,411) in addition to $200,000 of committed liquidity, through a fully undrawn Revolving Credit Facility.

Overall, The Group’s financial results for the year ended December 31, 2024 are reflective of the continuously successful business model execution, which focuses on preserving a leading position on its attractive Core Markets, sustaining a lower cost profile, and having a differentiated value proposition focused on maintaining the operational excellence as well as offering a flexible fare structure that allows its customer to fly according to their needs.

As a result, Management is confident that The Group has and is expected to have the adequate resources to continue its operational existence in the immediate and long-term.

(c) Reissuance of consolidated financial statements

In 2025, the Group performed an assessment of the financial statements, as a result, the Group determined to (i) change its accounting policy regarding of the provision for return conditions and (ii) correct certain errors, as further described in Note 3(s).

Consequently, the Group has restated the following notes to reflect the effects described in Note 3(s):

- Note 2- Basis of presentation of the Consolidated Financial Statements
- Note 3 – Material Accounting Policies
- Note 6 – Segment Information
- Note 7 – Financial Risk Management
- Note 16 – Leases
- Note 19 – Accrued Expenses
- Note 21 – Air Traffic Liability and Frequent Flyer Deferred Revenue
- Note 25 – Income Tax Expense and Other Taxes
- Note 28 – Net Interest Expense

- Note 29 – Operating Revenue

Separately, note 30 – Subsequent Events has been updated for certain events due to the updated authorization date of these consolidated financial statements.

(3) Material accounting policies

The Group has consistently applied the following accounting policies to all periods presented in the consolidated financial statements, except if mentioned otherwise.

(a) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, excluding land and buildings (which are classified as administrative property), defined benefit plan assets and short-term investments that have been calculated at fair value.

(b) Functional and presentation currency

The consolidated financial statements are presented in US Dollars, which is also the functional currency of significant legal entities within the Group.

(c) Use of judgements and estimates

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results therefore may differ from these estimates.

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

In preparing these consolidated financial statements, significant judgments were made by Management when applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as of and for the year ended December 31, 2023

(i) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is included in the following notes:

- Note 2(b): Going concern. Whether there are material uncertainties driven by a challenging macroeconomic environment in terms of inflation, fuel prices and currency volatility in the regions where the Group operates, that may cast significant doubt on the entity´s ability to continue as a going concern, management is confident in the Group's ability to navigate these times of high volatility through successful execution of the business plan, robust demand, and the continued optimization of the cost structure, along with profitable standalone business units, generated positive margins and preserved the Group's strong liquidity position.

- Note 5: Acquisition of subsidiary. On October 15, 2024, the Group acquired 49.97% of the share capital and voting rights of WAV Air Holdings S.L. (and therefore, indirectly, Wamos Air S.A.U.), hereinafter "Wamos", and 99% of the economic rights. The remaining shares, representing 50.03% of both the share capital and voting rights, belong to the Spanish company WAMEU Co S.L. Wamos continues to operate independently, subject to a shareholders' agreement that includes the right for the Group to designate another qualifying third party to purchase shares of WAMEU Co S.L. subject to the ownership and control requirements under Regulation (EC) no. 1008/2008 of the European Parliament and of the Council of 24 September 2008 on common rules for the operation of air services.

(ii) Assumptions and estimation uncertainties

The following assumptions and estimation uncertainties may have the most significant effect on the amounts recognized in the consolidated financial statements in the next financial year:

- Note 3(f): Loyalty revenue recognition. The Group recognizes revenue from the sale of miles that are expected to expire unused ("breakage") based on historical data and experience. In defining expected breakage, Management uses a predictive statistical model that measures behavior patterns of members segmented into statistically homogenous groups considering their miles balance, size, recency and frequency of accruals and redemptions, tenure, home geography, co-brand card use and elite status. This model projects accruals, redemptions, and expiries for each member of the loyalty program for 15 years into the future in six-month time periods considering the following assumptions derived empirically from available data: (1) likelihood of accrual in the period, (2) for those projected to accrue, the size of the accrual, (3) likelihood of redemption in the period, (4) for those projected to redeem, the size of the redemption. Forward projection assumptions consider both pre-pandemic (January 1, 2018 to December 31, 2019) and most recent (last 12-months) member experience. Every year, Management reassesses the historical data and makes required adjustments.

  The Company's estimate of the expected breakage of miles requires management judgment. Changes to breakage assumptions, or to program rules and program redemption opportunities, may result in material changes to the deferred revenue balance as well as recognized revenues from the program. The Company recognizes breakage proportionally as the remaining miles are redeemed.

- Note 3(j), note 3(o) and note 15: Assessment of impairment of indefinite-lived intangible assets. The Group evaluates the carrying value of goodwill and indefinite-lived intangible assets for impairment. For purposes of evaluating impairment losses, assets are grouped at the lowest level for which there are largely independent cash flows inflows by air transportation and loyalty cash generating units. An impairment loss is recognized for the excess of the carrying amount of the asset over its recoverable amount. The recoverable amount is the fair value of an asset less the costs of disposal or the value in use, whichever is greater.

- Note 3(q.ii) and note 16: Return conditions. Aircraft lease contracts may establish certain conditions requiring aircraft to be returned to the lessor at the contracts' end. To comply with return conditions, the Group incurs costs such as the payment to the lessor of a rate in accordance with the use of components through the term of the lease contract or payment of maintenance deposits to the lessor. In certain contracts, if the asset is returned in a better maintenance condition than the condition at which the asset was originally delivered, the Group is entitled to receive compensation from the lessor. For the application of this policy at the beginning of the contract the projected amount of the obligation for return conditions discounted at present value is recognized as a part of the right-of-use and amortized during the term of the contract. The recognition of return conditions require management to make estimates of the discount rate and use inputs such as, hours or cycles flown of major components, estimated hours and cycles at redelivery of major components, overhaul dates of major components before redelivery and costs of scheduled cabin modifications at redelivery.

- Note 5: The Group applied IFRS 3 for the business combination, applying the acquisition method and recognized goodwill on the acquisition date. The identifiable assets acquired, and the liabilities assumed were measured at fair value at the acquisition date, October 15, 2024. Also, the consideration transferred (including contingent consideration) was measured at fair value.

  Based on the application of IFRS3 for the business combination, the Group recognized acquired identifiable intangible assets, such as trademarks and contracts with clients. Also, the Group recognized assets and liabilities for deferred taxes that arose from the assets acquired and the liabilities assumed in the business combination, accounting for the tax effects of the temporary differences that exist on the date of acquisition.

- Note 26 and note 3 (q.i): Provisions for legal claims. The assessment of probability of loss includes assessing the available evidence, the hierarchy of laws, available case law, the most recent court decision, and their relevance within the legal system, as well as the legal counsel's assessment for the recognition and measurement of the provision.

(d) Basis of consolidation

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

(i) Non-controlling interest ("NCI")

NCI is measured initially at its proportionate share of the acquirer's identifiable net assets at the date of acquisition or fair value.

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

(ii) Transactions eliminated upon consolidation

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

(iii) Business combinations

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

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

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

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

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

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

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

(e) Foreign currency

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

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

(f) Revenue recognition

Revenue is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The consideration received or receivable is measured taking into account contractually defined terms of payment and excluding taxes or duties. Below is information on the nature and timing of the satisfaction of performance obligations in contracts with customers.

(i) Passenger revenue

Revenues from passengers, which includes transportation, baggage fees, and other associated ancillary income, are recognized when transportation is provided or when obligation expires. Passenger revenue sales are purchased primarily via credit card transactions, with payments collected by the Group in advance of the performance of related services. The amount of passenger ticket sales, not yet recognized as revenue, is reflected under "Air traffic liability" in the consolidated statement of financial position deferring the revenue recognition until the travel occurs. For travels that have more than one flight segment, the Group considers each segment as a separate performance obligation and recognizes the revenues of each segment as the travel takes place

The Group´s passenger revenue includes airline fares and ancillary services (seats and upgrades, baggage, changes and fees, other air ancillaries and non-air ancillaries) that could be sold on the ticket or standalone.

The Group has refundable and non- refundable fares. For non- refundable fares, revenue from the air transportation of passengers is recognized when service is provided or when the non-refundable ticket expires at the date of the scheduled travel.

Refundable tickets usually expire after one year from the date of issuance. For these non-restricted in case of unused tickets that are expected to expire, revenue is recognized based on historical data and experience, with the support of an independent third-party specialist. The management must take estimates based on historical experience as an indication of the future customer behavior, analyzed by rate type.

The majority of the ancillaries' services sold in the bundled fare, such as seats and upgrades, baggage, changes and fees, other air ancillaries and non-air ancillaries, are performed during the flight and cannot be separated from the travel component since the customer cannot benefit from them separately from the initial trip; these transactions are understood as the same performance obligation covered by IFRS15 and are recognized in combination with the ticket fare as the ticket price.

The Group sells certain tickets with connecting flights with one or more segments operated by its other airline partners. For segments operated by other airline partners, the Group has determined that it is acting as an agent on behalf of the other airlines as they are responsible for their portion of the contract. The Group, as the agent, reduces its "Air traffic liability" when the consideration is remitted to those airlines, and recognizes revenue for the net amount representing commission to be retained by the Group for any segments flown by other airlines. Tickets sold by other airlines where the Group provides transportation are recognized as passenger revenue at the estimated value that will be billed to the other airline when the travel is provided.

(ii) Cargo and other operating revenue

Cargo revenues are recognized when the shipments are delivered. Other operating income is recognized as the related performance obligations are met. Payment for Cargo revenues are typically due 30 days from date of booking.

(iii) Loyalty program

The Group has a loyalty program, "LifeMiles". The purpose of the program is to retain and increase travelers' loyalty by offering incentives for frequent use of the services of the Group's airlines.

Under the LifeMiles program, miles are earned by flying on the Group's airlines, Star Alliance airlines or by using the services of other program participants, such as cobranded credit card, hotel stays, car rentals, and other activities. Consideration received from the sale of mileage credits is variable and payment terms typically are within 30 days subsequent to the month of mileage sale. Miles are also directly sold through various distribution channels. Sale of miles direct to passengers are due at the time of purchase. Miles earned can be redeemed for flights on the Group's airlines and other participating partner airlines, as well as non-air travel awards. For the miles accumulated under the Lifemiles program, the deferred revenue method is applied. The Group records the miles redeemed with third parties awards as an agent.

We apply a relative selling price whereby the total transaction price from each passenger ticket is allocated to loyalty miles earned. When a passenger receives miles in connection with a flight, the Group applies the adjusted market assessment approach to value the miles granted to clients; when miles are sold to co-branded credit cards, Star Alliance airlines, other partners and directly to member of the program, the miles are valued by the consideration amount received.

The loyalty liability for unused accumulated miles is recognized under "Frequent Flyer Deferred Revenue". The loyalty revenue is recognized when miles are redeemed.The Group recognizes revenue from the sale of miles that are expected to expire unused ("Breakage") based on historical data and experience. The breakage estimate is periodically reviewed and its changes are accounted prospectively through profit and loss.

(g) Income tax

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

(i) Current income tax

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

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

Management periodically evaluates positions taken within the tax returns with respect to situations for which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred income tax

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

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

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

Deferred tax liabilities are recognized, except with respect to taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

(h) Property and equipment, net

(i) Recognition and measurement

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

Property, operating equipment, and improvements that are being built or developed including pre-delivery payments (PDP) for future use by the Group are recorded at cost assets. When under–construction assets are ready for use, the accumulated cost is reclassified to the respective property and equipment category.

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

Estimated useful lives are as follows:

Asset	Estimated useful life (years)
Flight equipment	The useful lives of the flight equipment depend on the use of the fleet and technical specifications. Minimum of 6 and maximum of 30
Capitalized maintenance	The useful lives of the major overhaul repairs depend on next maintenance and delivery date, whichever is lower. Minimum of 4 to maximum of 6
Rotable spare parts	The useful lives of rotable spare parts aligns with the useful life of associated fleet.

Asset	Estimated useful life (years)
Administrative property	Minimum of 20 to maximum of 50
Others	Minimum of 2 to maximum of 15

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

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

(iv) Revaluation and other reserves

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

(i) Leased assets

(i) Leases

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

(ii) Assets by right of use

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

(iii) Lease liabilities

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

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

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

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

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

(iv) Short-term and low-value asset leases

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

(v) Depreciation

Depreciation is calculated over the depreciable amount, which is the value of the right of use asset.

Depreciation is recognized in the consolidated statements of comprehensive income (loss) on a straight–line method. This method is based on the estimated useful lives of flight equipment and takes into account the economic life of the asset or the lease term, whichever is lower.

Asset	Estimated useful life (years)
Aircraft	Minimum of 2 to maximum of 15
Spare Engines	Minimum of 3 to maximum of 25
Buildings and other property	Minimum of 1 to maximum of 19

(j) Intangible assets

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

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

	Estimated useful life (years)
Trademarks	Indefinite
Slots	Indefinite
Customer Relationships	15 to 20
Routes	Indefinite

Agreements	10
Software and webpages	4

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite life are reviewed at least at the end of each reporting period. The amortization expense on intangible assets with finite lives is recognized in the consolidated statements of comprehensive income (loss) within depreciation and amortization.

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

Gains and losses arising from the derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statements of comprehensive income (loss) when the asset is derecognized.

The Group’s intangible assets include the following:

(i) Software and cloud computing agreements

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

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

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

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

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

Routes, customer relationships, agreements, slots, and trademarks are carried at cost, less any accumulated amortization and impairment. The useful life of intangible assets associated with trademark rights are based on management’s assumptions of estimated future economic benefits. The useful life of intangible assets associated with agreements rights and obligations is based on the term of the contract. The intangible assets are amortized over their useful lives of between two and twenty years. Certain trademarks and routes have indefinite useful lives and therefore are not amortized but are tested for impairment at least at the end of each reporting period.

(iii) Goodwill

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

After initial recognition, goodwill is measured at cost less any accumulated impairment loss. For the purpose of impairment tests, goodwill acquired in a business combination is assigned to the Group’s cash-generating units (“CGU”) based on the CGUs that are expected to benefit from the synergies of the business combination. The Group’s air transportation and loyalty segments each constitute a cash-generating unit (“CGU”) as they have been identified as the smallest identifiable group of assets that generate largely independent cash flows and are monitored by management.

Goodwill and indefinite-lived intangible assets are not amortized but are reviewed for impairment annually or more frequently if events or circumstances indicate that the CGU may be impaired. Impairment losses are recognized within the consolidated statements of comprehensive income (loss) and are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the current amount of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset´s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(k) Financial instruments

(i) Financial assets

(1) Initial recognition and classification

Financial assets are classified in the initial recognition as follows:

- Measured at amortized cost;
- At fair value through changes in other comprehensive income (“FVOCI”); or
- At fair value through profit or loss (“FVTPL”).

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

For a financial asset to be classified and measured at amortized cost or at FVOCI, it must give rise to cash flows that are solely payments of principal and interest ("SPPI") over the outstanding principal amount. This evaluation is known as the SPPI test and is performed at the instrument level.

(2) Subsequent measurement

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

- at amortized cost;

- at FVOCI; or
- at FVTPL.

Financial assets at amortized cost

The Group measures financial assets at amortized cost if the following conditions have been met:
- The financial asset is held within a business model for which the objective is to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of the principal and interest on the principal amount outstanding.

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

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

Financial assets at fair value through other comprehensive income

The Group measures debt instruments at FVOCI if the following conditions are met:

- The financial asset is held within a business model for which the objective is to be achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset give rise on specified dates to the cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

Financial assets at FVTPL include financial assets held for trading, financial assets designated at initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of sale or repurchase in the short term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not only principal and interest payments are classified and measured at FVTPL, regardless of the business model.

Financial assets at FVTPL are recorded within the Statement of Financial Position, at fair value with net changes, recognized within the statements of comprehensive income (loss).

This category includes derivatives and listed equity investments that the Group had not irrevocably chosen to be classified at FVOCI.

Impairment of financial assets

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

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

(3) Derecognition

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

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

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

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

(ii) Financial liabilities

(1) Initial recognition and classification

Financial liabilities are classified, upon initial recognition, as financial liabilities at FVTPL, loans and debt, accounts payable, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

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

(2) Subsequent measurement

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

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities and are designated as FVTPL at initial recognition. The Group has not designated any financial liability at FVTPL.

Loans carried at amortized cost

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

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

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

(3) Derecognition of financial instruments

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

Compensation of assets and financial liabilities

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

(iii) Fair value of financial instruments

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

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

Note 24 includes an analysis of the fair values of financial instruments and more details on how they are valued.

(l) Expendable spare parts and supplies

Expendable spare parts and supplies are shown at the lower of their cost and replacement cost. The cost is determined based on the weighted average cost method. The replacement cost is the estimated purchase price in the ordinary course of business. The group made a provision for obsolescence for inventories that were slow-moving or unused.

(m) Cash and cash equivalents

Cash and cash equivalents in the consolidated financial statements position are comprised of cash at banks and on hand and short–term deposits with original maturity of three months or less, which are subject to an insignificant risk of change in value. Cash and cash equivalent balances that have usage constraints due to contractual agreements are classified as a restricted cash.

For the consolidated statements of cash flows, cash and cash equivalents are comprised of cash and short–term deposits as defined above, net of outstanding bank overdrafts, if any.

(n) Impairments of non-financial assets

At each reporting date the Group reviews the carrying amount of its non- financial assets to determine whether is indication of impairment. If any such indication exists, then the asset´s recoverable amount is estimated. Goodwill is tested annually for impairment.

For purposes of this impairment test, the Group has identified the air transportation segment and the loyalty segment as the lowest levels of identifiable cash flows. When carrying amounts exceed recoverable amounts, an impairment loss is recognized for the excess within the consolidated statements of comprehensive income or loss.

Assets subject to amortization are tested for impairment losses whenever any event or change in circumstances indicates that the carrying amount may not be recoverables.

(o) Security deposits for aircraft and engines

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

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

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

(p) Provisions

The Group recognizes provisions in accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”. Material provisions in the consolidated statements of financial position are presented in accrued expenses, provisions for legal claims and provisions for return conditions captions.

(i) Provision for legal claims

Provisions are established for all legal claims related to lawsuits for which it is probable that an outflow of funds will be required to settle the legal claims obligation net of insurance and a reliable estimate can be made. The assessment of probability of loss includes assessing the available evidence, the hierarchy of laws, available case law, the most recent court decision, and their relevance within the legal system, as well as the legal counsel’s assessment. When it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, any related lawsuit deposit will be offset within the provision as a payment.

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

(ii) Provision for return condition

On the lease commencement date, the Group recognizes a provision for return condition obligations that are determinable and relate to bringing the leased aircraft or its components to the contractually agreed condition at the end of the lease. These are capitalized as part of the right-of-use asset and depreciated over the lease term.

Costs that depend on future maintenance events are not recognized on commencement date. These are recognized in profit or loss when the related maintenance obligation arises, except overhaul which are capitalized and depreciated over the lease term or next maintenance event, whichever happens first.

The measurement of return condition provisions requires management to make assumptions, including estimates of future maintenance and return costs, discount rates and aircraft utilization. The provision is reviewed at each reporting date and adjusted for changes in estimates in accordance with IAS 37.

(q) Employee benefits

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

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

The determination of the Group´s defined benefit obligation depends on certain assumptions, which include selection of the discount rate, mortality rates and future salary increases. All assumptions are reviewed at each reporting date.

(i) CAXDAC pension plan

Caja de Auxilios y de Prestaciones de ACDAC (“CAXDAC”) is a pension entity for members of the Civil Aviators Association. The CAXDAC defined benefit plan is measured under IAS 19. Market yields at the end of the reporting period determine the discount rate. Plan assets correspond to transfers paid by the Group plus plan yields.

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.

(i) Other defined benefits

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

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

Additionally, the Group offers the following employee benefits:

(i) Defined contribution plans

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

(ii) Termination benefits

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

(r) Interest income and interest expense

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

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

Financial expenses related to loans are presented in the consolidated statement of cash flows as part of the financing activities.

(s) Change in accounting policies, correction of errors and reclassifications

(a) Provision for return conditions

The Group revised its accounting policy for return condition provisions under IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”.

At lease commencement, the Group recognized a provision for both (i) major engine maintenance costs expected to occur close to lease end (Last Shop Visit, LSV) and (ii) compensation payable to the lessor if the aircraft or engine did not meet the agreed performance thresholds at redelivery (End-of-Lease Adjustment, EOLA). Both amounts were capitalized as part of the right-of-use asset and recognized as a liability for return condition.

Under the revised policy, only the EOLA component is recognized as a provision at lease commencement and capitalized in the right-of-use asset. Major engine maintenance costs (LSV) are no longer included in the provision at lease inception; instead, they are capitalized only when the maintenance event actually occurs, in line with IAS 16.

The change is considered a change in accounting policy under IAS 8, as it alters the principles and rules applied in recognizing and measuring return condition obligations. This change provides more relevant and reliable information, better aligns with the Group’s lease terms and industry practice, and enhances comparability and transparency.

The information for the periods ended December 31, 2024 and 2023 has been restated to reflect the new policy.

(b) Error Corrections

Within the process of reviewing the information for the periods ended December 31, 2024 and 2023, error corrections were incorporated in the financial statements:

1. The Group corrected an error related to the presentation of third-party redemptions previously recognized as "Selling expenses" under the assumption that the Group acts as principal in the underlying transaction. Following a detailed review management concluded that the Group acts as an agent instead. Accordingly $52,868 (December 31, 2023: $50,139) were moved from “Selling expenses” to "Cargo and other” revenues in the Consolidated Statements of Comprehensive Income. This correction had no impact on net income.

2. The Group adjusted the presentation of revenue and related expenses to correctly reflect the performance obligation associated with miles granted to passengers under IFRS 15. As a result operating revenue and selling expenses were reduced by $45,901 (December 31, 2023: $39,017) in the Consolidated Statements of Comprehensive Income. The adjustment in operating revenues is divided into passenger revenues of $38,403 (December 2023: $32,631) and cargo and other revenues of $7,498 (December 31, 2023: $6,385). This correction had no impact on net income.

3. The Group recognized a provision of $13,543 as of December 31, 2023 for miles redeemed with airline partners under the line item “Accrued Expenses”, together with a corresponding retained earnings effect of $6,952 in the Consolidated Statements of Financial Position and an increase included in the line item "Selling expenses" of $6,591 on the Consolidated Statements of Comprehensive Income. During 2024, the Group increased such provision by $2,780 with the corresponding increase included in the line item "Selling expenses". As of December 31, 2024 the total provision corresponded to $16,324 in the Consolidated Statements of Financial Position.

4. The Group adjusted the line item "Air traffic liability and deferred revenue" to properly recognize revenue related to miles flown in the Group´s airlines.The Group recognized a reduction in the line item "Air traffic liability and deferred revenue" of $11,182 as of December 31, 2023, together with a corresponding retained earnings increase of $9,405 in the Consolidated Statements of Financial Position and an increase included in the line item "Passenger" revenues of $1,777 on the Consolidated Statements of Comprehensive Income. During 2024, the Group increased "Air traffic liability and deferred revenue" for $9,807 with the corresponding decrease included in the line item "Passenger" revenues. As of December 31, 2024 the total reduction of "Air traffic liability and deferred revenue" corresponded to $1,376 in the Consolidated Statements of Financial Position.

5. As of 31 December 2023, the Group presented restricted cash of $16,311, pledged from its checking and savings accounts to meet collateral requirements. These amounts are presented in the consolidated statement of financial position within “Deposits and other assets”, as they do not meet the definition of cash and cash equivalents under IAS 7 Statement of Cash Flows. Previously, these balances had been presented as part of “Cash and cash equivalents”. Refer to Notes 8 and 12 for further details.

6. As of December 31, 2023, the Group corrected the presentation of a VAT credit balance amounting to $7,587, which had been previously reported under “Accounts payable”. The balance was reclassified to “Current tax assets” to appropriately reflect its nature in the consolidated financial statements.

7. As of December 31, 2023, the Group corrected an error amounting to $12,953 related to passenger ticket intercompany billing, which had not been eliminated upon consolidation. This adjustment reclassified the balance from “Trade and other receivables” to “Air traffic liability and deferred revenue”, ensuring proper elimination of intercompany transactions at the consolidated level.

8. As of December 31, 2023, the Group corrected a prior-period presentation error related to the recognition of aeronautical insurance policies amounting to $12,988. The balance, previously presented under “Deposits and other assets”, was adjusted to “Accrued expenses” in the consolidated financial statements in order to present the net obligation corresponding to the portion of the policy period already elapsed, considering the amounts paid to date in accordance with the contractual terms and the liability outstanding for the remaining coverage period.

9. The Group previously depreciated its aircraft engines using the same useful life as the corresponding lease term of the related aircraft. Management subsequently determined that the useful life of the engines should reflect their actual pattern of consumption and wear over time, rather than the contractual lease term. Accordingly, the useful lives were adjusted to align with the expected physical usage of the assets. This correction resulted in a decrease in “Right-of-use assets” of $37,000 (December 31,2023: $22,389) in the consolidated statement of financial position, a corresponding increase in retained losses of $22,389 (December 31, 2023: $9,184), and an increase in “Depreciation of right-of-use assets” of $14,612 (December 31, 2023: $13,204) in the consolidated statement of comprehensive income.

10. The Group, through Avianca Ecuador S.A., has tax contingencies for the years 2014, 2016 and 2017 arising from challenges raised by the Ecuadorian tax authority in respect of transfer pricing. This correction resulted in an increase of $9,817 in “Current tax liabilities” as of 31 December 2024 in the consolidated statement of financial position, with a corresponding increase in “Income tax expense – current” in the consolidated statement of comprehensive income.

(c) Reclassifications

Within the process of reviewing the consolidated financial statements during 2024, the Group updated the presentation of revenues related to the redemption of miles in order to better reflect the nature of the underlying transactions. Revenue related to miles redeemed in third-party partners are now presented in the line “Cargo and other”, while revenue related to miles redeemed and flown within the Group continue to be presented as “Passenger” revenue. This change in presentation, amounting to $73,054 (December 31, 2023: $71,466), was made to provide more relevant information and enhance comparability of revenue streams. The adjustment had no impact on total revenue or net income.

In addition the following reclassifications were incorporated in the Group's consolidated financial statements for the periods ended December 31, 2023, as follows:

1. The Group presented a goodwill for $1,524,638 in a separate line, in the consolidated statement of financial position as "Goodwill" that was previously presented as part of "Intangible assets".

2. The Group presented the right of use of aircraft, engines and other property for $2,933,247 in a separate line, in the consolidated statement of financial position as "Right of use assets" that was previously presented as part of "Property and equipment".

3. The Group presented the right of use liability of aircraft, engines and other property for $2,483,952 in a separated line, in the 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".

4. The Group presented the impairment over the Rexton Loan for $2,693 in a separated line, in the consolidated statement of comprehensive income as "Impairment of other investments and assets held for sale" that was previously presented as part of "Selling expenses". This reclassification had no impact on net income.

5. The Group had previously presented the depreciation of right-of-use assets, the depreciation and amortization of other property and intangible assets, and impairment of assets under a single line item, “Depreciation, amortization and impairment”, amounting to $449,734 in the consolidated statement of comprehensive income. To provide a clearer presentation of the nature of these expenses, the Group has disaggregated this amount into three separate line items: “Depreciation of right-of-use assets” of $327,690, “Other depreciation and amortization” of $121,036, and “Impairment of other investments and assets held for sale” of $1,008 in the consolidated statement of comprehensive income

6. The Group presented discontinuing operations of $6,654 in a separate line, in the consolidated statement of comprehensive income as "Impairment of other investments and assets held for sale" that was previously presented as part of "Loss from discontinuing operations".This reclassification had no impact on net income.

7. In the consolidated statement of cash flows for the year ended 31 December 2023, the Group reclassified $23,069 related to the "Provision for expected credit losses" from the line item "Trade and other receivables". This adjustment was made to provide a clearer presentation of the cash flow effects and does not impact the total net cash flows reported.

Effects on the Statement of Cash Flows

In the statement of cash flows for the year ended 31 December 2024, the policy change resulted in an increase in profit of $42,885 and the error corrections resulted in a decrease in profit of $37,016. As these adjustments are non-cash in nature, they did not affect cash flows from operating activities.

In the statement of cash flows for the year ended 31 December 2023, the policy change resulted in an increase in profit of $52,403 and the error corrections resulted in a decrease in profit of $18,017. These adjustments are also non-cash and therefore did not affect cash flows from operating activities, except for the adjustment related to restricted cash (B.5), which resulted in a reduction of cash and cash equivalents at the beginning of the year of $14,213 and a decrease in net cash provided by operating activities of $2,098.

There was no impact on investing or financing activities in the statements of cash flows as at 31 December 2024 and 31 December 2023.

Statement of Changes in Equity

In the statement of changes in equity as at 31 December 2024, the policy change and the error corrections resulted in an increase in the opening balance of accumulated losses and a corresponding increase in the opening balance of total equity of $79,138. For 2024, these adjustments produced a net increase of $5,869 in profit for the year, comprising a $42,885 increase related to the policy change and a $37,016 decrease arising from the error corrections described above. Overall, these effects resulted in an increase in total equity of $85,007 as at 31 December 2024.

In the statement of changes in equity as at 31 December 2023, the policy change and the error corrections resulted in a decrease in the opening balance of accumulated losses and a corresponding increase in the opening balance of total equity of $44,752. For 2023, these adjustments produced a net increase of $34,386 in profit for the year, comprising a $52,403 increase related to the policy change and an $18,017 decrease arising from the error corrections described above. Overall, these effects resulted in an increase in total equity of $79,138 as at 31 December 2023.

(In USD thousands, unless otherwise noted)

Consolidated Statement of Financial Position

	As previously reported for the year ended December 31, 2024	Policy Changes (a)	Error Corrections (b)	Reclassifications (c)	As restated as of December 31, 2024
Assets					
Current assets:					
Cash and cash equivalents	873,717	-	-	-	873,717
Short-term investments	178,481	-	-	-	178,481
Trade and other receivables	239,473	-	-	-	239,473
Accounts receivable from related parties	7,118	-	-	-	7,118
Current tax assets	254,451	-	-	-	254,451
Expendable spare parts and supplies	106,770	-	-	-	106,770
Prepayments	13,082	-	-	-	13,082
Deposits and other assets	40,703	-	-	-	40,703
	1,713,795	-	-	-	1,713,795
Assets held for sale	3,546	-	-	-	3,546
Total current assets	**1,717,341**	**-**	**-**	**-**	**1,717,341**
Non-current assets:					
Deposits and other assets	131,633	-	-	-	131,633
Accounts receivable from related parties	126,177	-	-	-	126,177
Intangible assets	1,334,779	-	-	-	1,334,779
Goodwill	1,598,210	-	-	-	1,598,210
Deferred tax assets	56,643	-	-	-	56,643
Right of use assets	3,253,314	(191,330)	(37,000)	-	3,024,984
Property and equipment	1,208,489	-	-	-	1,208,489
Total non-current assets	**7,709,245**	**(191,330)**	**(37,000)**	**-**	**7,480,915**
Total assets	**9,426,586**	**(191,330)**	**(37,000)**	**-**	**9,198,256**

(In USD thousands, unless otherwise noted)

	As previously reported for the year ended December 31, 2024	Policy Changes (a)	Error Corrections (b)	Reclassifications (c)	As restated as of December 31, 2024
Current liabilities:					
Short-term borrowings and current portion of long-term debt	294,867	-	-	-	294,867
Current portion of lease liability	361,715	-	-	-	361,715
Accounts payable	754,169	-	-	-	754,169
Accounts payable to related parties	1,185	-	-	-	1,185
Accrued expenses	72,216	-	16,324	-	88,540
Current tax liabilities	30,089	-	9,817	-	39,906
Provisions for legal claims	34,009	-	-	-	34,009
Provisions for return conditions	29,026	(14,506)	-	-	14,520
Employee benefits	112,399		-	-	112,399
Air traffic liability and deferred revenue	597,759	-	(1,376)	-	596,383
Frequent flyer deferred revenue	186,822	-	-	-	186,822
Other liabilities	67	-	-	-	67
Total current liabilities	**2,474,323**	**(14,506)**	**24,765**	**-**	**2,484,582**
Non–current liabilities:				-	
Long–term debt	2,132,760	-	-	-	2,132,760
Long-term lease liability	2,440,083	-	-	-	2,440,083
Accounts payable	3,926	-	-	-	3,926
Provisions for return conditions	929,719	(323,596)	-	-	606,123
Employee benefits	66,559	-	-	-	66,559
Deferred tax liabilities	147,146	-	-	-	147,146
Frequent flyer deferred revenue	246,081	-	-	-	246,081
Other liabilities	152	-	-	-	152
Total non–current liabilities	**5,966,426**	**(323,596)**	**-**	**-**	**5,642,830**
Total liabilities	**8,440,749**	**(338,102)**	**24,765**	**-**	**8,127,412**

(In USD thousands, unless otherwise noted)

	As previously reported for the year ended December 31, 2024	Policy Changes (a)	Error Corrections (b)	Reclassifications (c)	As restated as of December 31, 2024
Equity					
Share capital	4	-	-	-	4
Additional paid-in capital	1,145,962	-	-	-	1,145,962
Accumulated losses	(172,494)	146,772	(61,765)	-	(87,487)
Other comprehensive income	(3,463)	-	-	-	(3,463)
Equity attributable to owners of the Group	**970,009**	**146,772**	**(61,765)**	**-**	**1,055,016**
Non–controlling interest	15,828	-	-	-	15,828
Total equity	**985,837**	**146,772**	**(61,765)**	**-**	**1,070,844**
Total liabilities and equity	**9,426,586**	**(191,330)**	**(37,000)**	**-**	**9,198,256**

(In USD thousands, unless otherwise noted)

Consolidate Statement of Comprehensive Income

	As previously reported for the year ended December 31, 2024	Policy Changes (a)	Error Corrections (b)	Reclassifications (c)	As restated as of December 31, 2024
Operating revenue:					
Passenger	4,463,328	-	(48,210)	(73,054)	4,342,064
Cargo and other	811,348	-	(60,366)	73,054	824,036
Total operating revenue	**5,274,676**	**-**	**(108,576)**	**-**	**5,166,100**
Operating expenses:					
Aircraft fuel	1,410,285	-	-	-	1,410,285
Salaries, wages, and benefits	681,284	-	-	-	681,284
Ground operations	531,850	-	-	-	531,850
Air traffic	257,527	-	-	-	257,527
Flight operations	96,348	-	-	-	96,348
Passenger services	107,202	-	-	-	107,202
Maintenance and repairs	215,426	-	-	-	215,426
Selling expenses	369,844	-	(95,989)	-	273,855
Fees and other expenses	332,821	-	-	-	332,821
Rentals	70,610	-	-	-	70,610
Depreciation of right of use asset	411,732	(18,181)	14,612	-	408,163
Other depreciation and amortization	135,983	-	-	-	135,983
Total operating expenses	**4,620,912**	**(18,181)**	**(81,377)**	**-**	**4,521,354**
Operating income	**653,764**	**18,181**	**(27,199)**	**-**	**644,746**
Interest expense	(559,596)	24,704	-	-	(534,892)
Interest income	62,033	-	-	-	62,033
Net interest expense	**(497,563)**	**24,704**	**-**	**-**	**(472,859)**
Foreign exchange, net	(5,861)	-	-	-	(5,861)
Equity method income	802	-	-	-	802

(In USD thousands, unless otherwise noted)

	As previously reported for the year ended December 31, 2024	Policy Changes (a)	Error Corrections (b)	Reclassifications (c)	As restated as of December 31, 2024
Income before tax	**151,142**	**42,885**	**(27,199)**	**-**	**166,828**
Income tax expense – current	(21,701)	-	(9,817)	-	(31,518)
(Expense) income tax benefit– deferred	(7,110)	-	-	-	(7,110)
Total tax expenses	**(28,811)**	**-**	**(9,817)**	**-**	**(38,628)**
Net income for the period	**122,331**	**42,885**	**(37,016)**	**-**	**128,200**
Net income for the period	**122,331**	**42,885**	**(37,016)**	**-**	**128,200**
Other comprehensive (loss):					
Items that will not be reclassified to income or loss in future periods:					
Revaluation of administrative property	(11,393)	-	-	-	(11,393)
Remeasurements of defined benefit	(2,469)	-	-	-	(2,469)
Income tax	(789)	-	-	-	(789)
	(14,651)	**-**	**-**	**-**	**(14,651)**
Items that will be reclassified to income or loss in future periods:					
Net change in fair value of financial assets with changes in OCI	402	-	-	-	402
Foreign operations — foreign currency translation differences	(3,477)	-	-	-	(3,477)
	(3,075)	**-**	**-**	**-**	**(3,075)**

(In USD thousands, unless otherwise noted)

	As previously reported for the year ended December 31, 2024	Policy Changes (a)	Error Corrections (b)	Reclassificati ons (c)	As restated as of December 31, 2024
Other comprehensive loss, net of income tax	**(17,726)**	**-**	**-**	**-**	**(17,726)**
Total comprehensive income, net of income tax	**104,605**	**42,885**	**(37,016)**	**-**	**110,474**
Income attributable to:					
Equity holders of the parent	122,850	42,885	(37,016)	-	128,719
Non–controlling interest	(519)	-	-	-	(519)
Net income	**122,331**	**42,885**	**(37,016)**	**-**	**128,200**
Total comprehensive income attributable to:					
Equity holders of the parent	105,012	42,885	(37,016)	-	110,881
Non–controlling interest	(407)	-	-	-	(407)
Total comprehensive income	**104,605**	**42,885**	**(37,016)**	**-**	**110,474**

(In USD thousands, unless otherwise noted)

Consolidated Statements of Cash Flows

	As previously reported for the year ended December 31, 2024	Policy Changes (a)	Error Corrections (b)	Reclassifications (c)	As restated as of December 31, 2024
Cash flows from operating activities:					
Net income for the year	122,331	42,885	(37,016)	-	128,200
Adjustments for:					-
Provision for expected credit losses	4,882	-	-	-	4,882
Provision for expandable spare parts and suppliers obsolescence	2,157	-	-	-	2,157
Provisions of legal claims	7,155	-	-	-	7,155
Deferred income	(114,017)	-	-	-	(114,017)
Depreciation of right of use asset	411,732	(18,181)	14,612	-	408,163
Other depreciation, amortization and impairment	135,983	-	-	-	135,983
Loss on disposal of assets	8,180	-	-	-	8,180
Interest income	(62,033)	-	-	-	(62,033)
Interest expense	559,596	(24,704)	-	-	534,892
Deferred tax	7,110	-	-	-	7,110
Current tax expense	21,701	-	9,817	-	31,518
Derivative instruments	24,526	-	-	-	24,526
Unrealized foreign currency loss (gain)	20,061	-	-	-	20,061
Changes in:					
Trade and other receivables	24,808	-	-	-	24,808
Expendable spare parts and supplies	(7,183)	-	-	-	(7,183)
Prepayments	5,611	-	-	-	5,611
Net current tax	(29,225)	-	-	-	(29,225)

(In USD thousands, unless otherwise noted)

Deposits and other assets	(3,462)	-	-	-	(3,462)
Accounts payable and accrued expenses	90,188	-	2,780	-	92,968
Air traffic liability	28,410	-	9,807	-	38,217
Frequent flyer deferred revenue	(5,604)	-	-	-	(5,604)
Provisions for return conditions	(7,139)	-	-	-	(7,139)
Provisions for legal claims	(512)	-	-	-	(512)
Employee benefits	(28,219)	-	-	-	(28,219)
Fuel Hedging paid, net	(24,526)	-	-	-	(24,526)
Income tax paid	(85,417)	-	-	-	(85,417)
Net cash provided by operating activities	**1,107,094**	**-**	**-**	**-**	**1,107,094**
Cash flows from investing activities:					
Acquisition of property and equipment	(433,653)	-	-	-	(433,653)
Reimbursement of equipment acquisition	53,777	-	-	-	53,777
Interest received	46,527	-	-	-	46,527
Acquisition of short-term investments	(316,855)	-	-	-	(316,855)
Maturity of short-term investments	396,097	-	-	-	396,097
Acquisition of intangible assets	(20,648)	-	-	-	(20,648)
Proceeds from sale of property and equipment	2,600	-	-	-	2,600
Acquisition of subsidiary, net of cash acquired	(99,673)	-	-	-	(99,673)
Net cash used by investing activities	**(371,828)**	**-**	**-**	**-**	**(371,828)**

(In USD thousands, unless otherwise noted)

	As previously reported for the year ended December 31, 2024	Policy Changes (a)	Error Corrections (b)	Reclassifications (c)	As restated as of December 31, 2024
Cash flows from financing activities:					
Payments of liabilities associated with assets held for sale	348,436	-	-	-	348,436
Transaction cost related to loans and borrowing	(11,466)	-	-	-	(11,466)
Interest paid	(216,037)	-	-	-	(216,037)
Payment of loans and borrowings	(205,558)	-	-	-	(205,558)
Lease interest paid	(282,400)	-	-	-	(282,400)
Payment of leases	(261,941)	-	-	-	(261,941)
Net cash used by financing activities	**(628,966)**	**-**	**-**	**-**	**(628,966)**
Net increase (decrease) in cash and cash equivalents	106,300	-	-	-	106,300
Exchange rate effect on cash and cash equivalents	(130)	-	-	-	(130)
Cash and cash equivalents at the beginning of the year	767,547	-	-	-	767,547
Cash and cash equivalents at the end of the year	**873,717**	**-**	**-**	**-**	**873,717**

(In USD thousands, unless otherwise noted)

Consolidated Statement of Financial Position

	As previously reported of December 31, 2023	Policy Changes (a)	Error Corrections (b)	Reclassifications (c)	As restated as of December 31, 2023
Assets					
Current assets:					
Cash and cash equivalents	783,858	-	(16,311)	-	767,547
Short-term investments	257,553	-	-	-	257,553
Trade and other receivables	263,433	-	(12,953)	-	250,480
Accounts receivable from related parties	4,897	-	-	-	4,897
Current tax assets	196,152	-	7,587	-	203,739
Expendable spare parts and supplies	93,506	-	-	-	93,506
Prepayments	14,878	-	-	-	14,878
Deposits and other assets	46,161	-	(2,194)	-	43,967
	1,660,438	**-**	**(23,871)**	**-**	**1,636,567**
Assets held for sale	10,743	-	-	-	10,743
Total current assets	**1,671,181**	**-**	**(23,871)**	**-**	**1,647,310**
Non-current assets:					
Deposits and other assets	118,821	-	5,517	-	124,338
Accounts receivable from related parties	112,726	-	-	-	112,726
Intangible assets	2,852,113	-	-	(1,524,638)	1,327,475
Goodwill	-	-	-	1,524,638	1,524,638
Deferred tax assets	45,444	-	-	-	45,444
Right of use assets	-	(209,025)	(22,389)	2,933,247	2,701,833
Property and equipment	3,832,762	-	-	(2,933,247)	899,515
Total non-current assets	**6,961,866**	**(209,025)**	**(16,872)**	**-**	**6,735,969**
Total assets	**8,633,047**	**(209,025)**	**(40,743)**	**-**	**8,383,279**

(In USD thousands, unless otherwise noted)

	As previously reported of December 31, 2023	Policy Changes (a)	Error Corrections (b)	Reclassific ations (c)	As restated as of December 31, 2023
Current liabilities:					
Short-term borrowings and current portion of long-term debt	476,177	-	-	(269,360)	206,817
Current portion of lease liability	-	-	-	269,360	269,360
Accounts payable	550,680	-	7,587	-	558,267
Accounts payable to related parties	79	-	-	-	79
Accrued expenses	85,799	-	555	-	86,354
Current tax liabilities	37,042	-	-	-	37,042
Provisions for legal claims	31,125	-	-	-	31,125
Provisions for return conditions	8,098	(5,258)	-	-	2,840
Employee benefits	135,749		-	-	135,749
Air traffic liability and deferred revenue	680,425	-	(24,135)	-	656,290
Frequent flyer deferred revenue	164,540	-	-	-	164,540
Other liabilities	86	-	-	-	86
Total current liabilities	**2,169,800**	**(5,258)**	**(15,993)**	**-**	**2,148,549**
Non–current liabilities:					
Long–term debt	4,295,433	-	-	(2,214,592)	2,080,841
Long-term lease liability	-	-	-	2,214,592	2,214,592
Accounts payable	-	-	-	-	-
Provisions for return conditions	807,294	(307,655)	-	-	499,639
Employee benefits	71,191	-	-	-	71,191
Deferred tax liabilities	136,045	-	-	-	136,045
Frequent flyer deferred revenue	271,964	-	-	-	271,964
Other liabilities	88	-	-	-	88
Total non–current liabilities	**5,582,015**	**(307,655)**	**-**	**-**	**5,274,360**
Total liabilities	**7,751,815**	**(312,913)**	**(15,993)**	**-**	**7,422,909**

(In USD thousands, unless otherwise noted)

	As previously reported of December 31, 2023	Policy Changes (a)	Error Corrections (b)	Reclassific ations (c)	As restated as of December 31, 2023
Equity					
Share capital	4	-	-	-	4
Additional paid-in capital	1,145,962	-	-	-	1,145,962
Accumulated losses	(208,402)	103,888	(24,750)	-	(129,264)
Other comprehensive income	(72,567)	-	-	-	(72,567)
Equity attributable to owners of the Group	**864,997**	**103,888**	**(24,750)**	**-**	**944,135**
Non–controlling interest	16,235	-	-	-	16,235
Total equity	**881,232**	**103,888**	**(24,750)**	**-**	**960,370**
Total liabilities and equity	**8,633,047**	**(209,025)**	**(40,743)**	**-**	**8,383,279**

(In USD thousands, unless otherwise noted)

Consolidated Statement of Comprehensive Income

	As previously reported of December 31, 2023	Policy Changes (a)	Error Corrections (b)	Reclassifications (c)	As restated as of December 31, 2023
Operating revenue:					
Passenger	4,007,956	-	(30,854)	(71,466)	3,905,636
Cargo and other	763,170	-	(56,524)	71,466	778,112
Total operating revenue	**4,771,126**	**-**	**(87,378)**	**-**	**4,683,748**
Operating expenses:					
Aircraft fuel	1,416,445	-	-	-	1,416,445
Salaries, wages, and benefits	551,930	-	-	-	551,930
Ground operations	469,176	-	-	-	469,176
Air traffic	204,640	-	-	-	204,640
Flight operations	87,080	-	-	-	87,080
Passenger services	87,092	-	-	-	87,092
Maintenance and repairs	167,532	-	-	-	167,532
Selling expenses	354,401	-	(82,565)	(2,693)	269,143
Fees and other expenses	233,084	-	-	-	233,084
Rentals	131,468	-	-	-	131,468
Depreciation, amortization, and impairment	449,734	-	-	(449,734)	-
Depreciation of right of use asset	-	(24,391)	13,204	327,690	316,503
Other depreciation and amortization	-	-	-	121,036	121,036
Impairment of other investments and assets held for sale	-	-	-	10,355	10,355
Total operating expenses	**4,152,582**	**(24,391)**	**(69,361)**	**6,654**	**4,065,484**

(In USD thousands, unless otherwise noted)

	As previously reported of December 31, 2023	Policy Changes (a)	Error Corrections (b)	Reclassifications (c)	As restated as of December 31, 2023
Operating Income	**618,544**	**24,391**	**(18,017)**	**(6,654)**	**618,264**
Interest expense	(510,301)	28,012	-	-	(482,289)
Interest income	48,914	-	-	-	48,914
Net interest expense	**(461,387)**	**28,012**	**-**	**-**	**(433,375)**
Foreign exchange, net	(18,294)	-	-	-	(18,294)
Equity method income	1,066	-	-	-	1,066
Income before tax	**139,929**	**52,403**	**(18,017)**	**(6,654)**	**167,661**
Income tax expense – current	(38,905)	-	-	-	(38,905)
(Expense) income tax benefit– deferred	36,981	-	-	-	36,981
Total tax expenses	**(1,924)**	**-**	**-**	**-**	**(1,924)**
Net income for the period	**138,005**	**52,403**	**(18,017)**	**(6,654)**	**165,737**
(Loss) Income from discontinuing operations	(6,654)	-	-	6,654	-
Net Income (loss) for the period	**131,351**	**52,403**	**(18,017)**	**-**	**165,737**
Net income for the period	**131,351**	**52,403**	**(18,017)**	**-**	**165,737**
Other comprehensive (loss):					
Items that will not be reclassified to income or loss in future periods:					
Revaluation of administrative property	22,826	-	-	-	22,826

(In USD thousands, unless otherwise noted)

	As previously reported of December 31, 2023	Policy Changes (a)	Error Corrections (b)	Reclassifications (c)	As restated as of December 31, 2023
Remeasurements of defined benefit	(80,250)	-	-	-	(80,250)
Income tax	(336)	-	-	-	(336)
	(57,760)	**-**	**-**	**-**	**(57,760)**
Items that will be reclassified to income or loss in future periods:					
Net change in fair value of financial assets with changes in OCI	800	-	-	-	800
Foreign operations — foreign currency translation differences	4,590	-	-	-	4,590
	5,390	**-**	**-**	**-**	**5,390**
Other comprehensive loss, net of income tax	**(52,370)**	**-**	**-**	**-**	**(52,370)**
Total comprehensive income, net of income tax	**78,981**	**52,403**	**(18,017)**	**-**	**113,367**
Income attributable to:					
Equity holders of the parent	127,665	52,403	(18,017)	-	162,051
Non–controlling interest	3,686	-	-	-	3,686
Net income	**131,351**	**52,403**	**(18,017)**	**-**	**165,737**
Total comprehensive income attributable to:					
Equity holders of the parent	76,635	52,403	(18,017)	-	111,021
Non–controlling interest	2,346	-	-	-	2,346
Total comprehensive income	**78,981**	**52,403**	**(18,017)**	**-**	**113,367**

(In USD thousands, unless otherwise noted)

Consolidated Statements of Cash Flows

	As previously reported for the year ended December 31, 2023	Policy Changes (a)	Error Corrections (b)	Reclassifications (c)	As restated as of December 31, 2023
Cash flows from operating activities:					
Net income for the year	131,350	52,403	(18,017)	-	165,736
Adjustments for:					-
Provision for expected credit losses	3,963	-	-	23,069	27,032
Provision for expandable spare parts and suppliers obsolescence	3,955	-	-	-	3,955
Provisions of legal claims	413	-	-	-	413
Depreciation, amortization, and impairment	449,734	-	-	(449,734)	-
Depreciation of right of use asset	-	(24,391)	13,204	327,690	316,503
Other depreciation, amortization and impairment	-	-	-	121,036	121,036
Impairment of other investments and assets held for sale	-	-	-	10,355	10,355
Loss on disposal of assets	1,074	-	-	-	1,074
Loss on sale subsudiary	6,654	-	-	(6,654)	-
Interest income	(48,914)	-	-	-	(48,914)
Interest expense	510,301	(28,012)	-	-	482,289
Deferred tax	(36,980)	-	-	-	(36,980)
Current tax expense	38,905	-	-	-	38,905
Derivative instruments	4,079	-	-	-	4,079
Unrealized foreign currency loss (gain)	(8,018)	-	-	-	(8,018)
Changes in:					
Trade and other receivables	(24,379)	-	12,952	(25,762)	(37,189)

(In USD thousands, unless otherwise noted)

	As previously reported for the year ended December 31, 2023	Policy Changes (a)	Error Corrections (b)	Reclassifications (c)	As restated as of December 31, 2023
Expendable spare parts and supplies	(15,823)	-	-	-	(15,823)
Prepayments	447	-	-	-	447
Net current tax	53,754	-	(7,586)	-	46,168
Deposits and other assets	(56,450)	-	10,889	-	(45,561)
Accounts payable and accrued expenses	90,123	-	1,190	-	91,313
Air traffic liability	90,600	-	(14,730)	-	75,870
Frequent flyer deferred revenue	(18,508)	-	-	-	(18,508)
Provisions for return conditions	(4,664)	-	-	-	(4,664)
Provisions for legal claims	(8,692)	-	-	-	(8,692)
Employee benefits	(3,508)	-	-	-	(3,508)
Fuel Hedging paid, net	(4,079)	-	-	-	(4,079)
Income tax paid	(52,923)	-	-	-	(52,923)
Net cash provided by operating activities	**1,102,414**	**-**	**(2,098)**	**-**	**1,100,316**
Cash flows from investing activities:					
Acquisition of property and equipment	(313,058)	-	-	-	(313,058)
Reimbursement of equipment acquisition	54,457	-	-	-	54,457
Interest received	33,993	-	-	-	33,993
Acquisition of short-term investments	(374,497)	-	-	-	(374,497)
Maturity of short-term investments	162,976	-	-	-	162,976
Granted loans	-	-	-	-	-
Acquisition of intangible assets	(21,961)	-	-	-	(21,961)
Proceeds from sale of property and equipment	42,243	-	-	-	42,243
Consideration received from disposal of subsidiary	4,506	-	-	-	4,506
Cash and cash equivalents disposed	(4,011)	-	-	-	(4,011)
Net cash used by investing activities	**(415,352)**	**-**	**-**	**-**	**(415,352)**

(In USD thousands, unless otherwise noted)

	As previously reported for the year ended December 31, 2023	Policy Changes (a)	Error Corrections (b)	Reclassifications (c)	As restated as of December 31, 2023
Cash flows from financing activities:					
Payments of liabilities associated with assets held for sale	-	-	-	-	-
Proceeds from loans and borrowings	11,500	-	-	-	11,500
Transaction cost related to loans and borrowing	-	-	-	-	-
Interest paid	(408,814)	-	-	190,825	(217,989)
Payment of loans and borrowings	(323,368)	-	-	199,356	(124,012)
Lease interest paid	-	-	-	(190,825)	(190,825)
Payment of leases	-	-	-	(199,356)	(199,356)
Net cash used by financing activities	**(720,682)**	**-**	**-**	**-**	**(720,682)**
Net increase (decrease) in cash and cash equivalents	(33,620)	-	(2,098)	-	(35,718)
Exchange rate effect on cash and cash equivalents	762	-	-	-	762
Cash and cash equivalents at the beginning of the year	816,716	-	(14,213)	-	802,503
Cash and cash equivalents at the end of the year	**783,858**	**-**	**(16,311)**	**-**	**767,547**

(4) New and amended accounting standards

a. International Financial Reporting Standards ("IFRS") recently adopted

The Group has adopted the following accounting standards in preparing these consolidate 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. Also requires new disclosures for non-current loan liabilities that are subject to covenants within 12 months after the reporting period.

The Group has adopted Classification of Liabilities as Current or Non-Current (amendments to IAS 1) and Non-current Liabilities with Covenants from January 1, 2024, onwards. The amendments apply retrospectively, however there is not retrospective impact on the comparative consolidated statements of financial position because the Group has complied with their debt agreements and has had the right to defer the settlement for at least 12 months after the reporting period.

As disclosed in note 17, the Group has debt facilities classified as non- current that are subject to specific covenants as of December 31, 2024, the additional disclosure requirements were included in the mentioned note.

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 on January 1, 2024 onwards, 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.

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 on January 1, 2024 onwards, 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.

Lack of Exchangeability (Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates")

The amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025. When applying the amendments, an entity cannot restate comparative information.

The amendments did not have a material impact on the Group's financial statements.

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 consolidated financial statements. The management is assessing the impact of following new and amended accounting standards on the Group´s consolidated financial statements:

- Classification and measurement of financial instruments (Amendments to IFRS 9 and IFRS7), this amendment is effective as of January 1, 2026.
- Annual improvements to IFRS Accounting Standards – Volume 11, this amendment is effective as of January 1, 2026.
- 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.
- Sale or contribution of assets between and investor and its associate or joint venture- amendments to IFRS 10 and IAS 28, this amendment is available for optional adoption and its effective date is deferred indefinitely.

(5) Acquisition of subsidiary

On October 15, 2024, the Group acquired 49.97% of the voting rights and 99% of the economic rights of WAMOS AIR, S.A. is a leading Spanish airline that provides charter services and Aircraft Crew Maintenance and Insurance (ACMI) services with a fleet of 13 A330 aircraft. Through this acquisition, the Group gained accounting control over WAMOS as defined under IFRS and subsequently consolidated WAMOS. This acquisition is anticipated to enhance the Group's connectivity between Latin America and Europe, capitalizing on the increased coverage and operation of its wide-body fleet.

The functional currency of Wamos is the euro (EUR). Accordingly, its financial information has been translated into the Group's presentation currency in accordance with IAS 21 – The Effects of Changes in Foreign Exchange Rates. The amounts recognized in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

(In USD thousands, unless otherwise noted)

	Note	As of October 15, 2024
Cash		$ 20,926
Account receivables		21,168
Financial assets		13,014
Expendable spare parts and supplies, net		3,177
Right of use assets and Property and equipment	14, 16	185,507
Identifiable intangible assets	15	54,146
Assets held for sale		1,090
Lease liabilities	16	(139,104)
Accounts payables		(74,349)
Return conditions	16	(10,014)
Deferred revenue		(15,894)
Deferred tax assets, net		6,702
Current tax liabilities		(5,809)
Contingencies	26	(3,983)
Total identifiable assets acquired, and liabilities assumed		**$ 56,577**
Goodwill	15	73,572
Total consideration		**$ 130,149**
Satisfied by:		
Cash		120,599
Contingent Consideration liability		9,550
Total consideration transferred		**$ 130,149**

The goodwill of $73,572 comprises the value of expected synergies arising from the acquisition. None of the goodwill recognized is expected to be deductible for income tax purposes.

As part of the agreement with the previous owner of WAMOS AIR, S.A., a contingent consideration has been established. This consideration is contingent upon achieving the Target EBITDA in 2024 and 2025, with a maximum aggregate amount of €20 million. The fair value of the contingent consideration arrangement at the date of acquisition is $9,550. This value was estimated using Montecarlo Model to simulate possibles scenarios, and the average of these scenarios was discounted considering a free risk rate.

The fair value of the financial assets acquired includes trade receivables valued at $21 million, which is equivalent to the gross contractual amount receivable. It is expected that the full contractual amounts will be collected.

A contingent liability of $5.9 million has been recognized in respect of tax contingencies and it is expected to be finalized in 2026. This amount is subject to change based on variations in assumptions and other estimates.

Acquisition-related costs, amount to $5.5 million, are included in the fees and other expenses line item on the income statement.

From the date of acquisition, WAMOS AIR, S.A. contributed $55.3 million to the Group's revenue, and net loss of $4 million. If the acquisition had taken place at the beginning of the year, management estimate that Group revenues would have been $5,469.6 million and group profit would have been $113.9 million. In determining these amounts, management assumed that the fair value adjustments arising on the date of acquisition would have been the same if the acquisition had occurred on January 1, 2024.

(6) 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.
- Loyalty: Corresponds to the LifeMiles program for the loyalty subsidiaries of the Group.

Segment performance is evaluated based on statements of comprehensive income (loss) and is measured consistently with the Group's consolidated financial statements. The Group's operational information by reportable segment is as follows:

(In USD thousands, unless otherwise noted)

	For the year ended December 31, 2024			For the year ended December 31, 2023		
	Air transportation	Loyalty	Consolidated	Air transportation	Loyalty	Consolidated
Operating revenue						
Tickets	$ 3,252,633	$ —	$ 3,252,633	$ 2,877,453	$ —	$ 2,877,453
Ancillaries	917,377	—	917,377	882,225	—	882,225
Cargo and courier	680,434	—	680,434	676,572	—	676,572
Loyalty	—	214,892	214,892	—	190,098	190,098
Other	100,764	—	100,764	57,400	—	57,400
Total operating revenue	**4,951,208**	**214,892**	**5,166,100**	**4,493,650**	**190,098**	**4,683,748**
Operating expenses before depreciation, amortization and impairment	3,895,620	81,588	3,977,208	3,553,342	64,248	3,617,590
Depreciation, amortization and impairment	518,079	26,067	544,146	423,859	24,035	447,894
Operating Income	**$ 537,509**	**$ 107,237**	**$ 644,746**	**$ 516,449**	**$ 101,815**	**$ 618,264**

For the year ended December 31, 2024 inter-segment operating revenues and inter-segment operating expenses between our air transportation and loyalty segments were $157,173 and $677, respectively (for the year ended December 31, 2023: $127,944 and $426). Inter-segment revenues are eliminated upon consolidation.

(In USD thousands, unless otherwise noted)

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

	For the year ended December 31,	
	2024	**2023**
Colombia	$ 2,146,085	$ 2,046,884
North America (1)	1,077,158	973,957
Central America and the Caribbean	818,510	648,653
South America (excluding Colombia)	752,073	708,334
Europe	371,268	305,419
Other	1,006	501
Total operating revenue	**$ 5,166,100**	**$ 4,683,748**

(1) Include The United States for $823,292 (December 31, 2023: $798,736)

The Group allocates revenues by geographic area based primarily on the 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 country responsible for 10% or more of total operating revenue is presented separately.

(7) Financial risk management

The Group has exposure to different risks from its use of financial instruments, namely, liquidity risk, commodity risk, foreign currency risk, interest rate risk, credit risk and capital risk management.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established mechanisms for developing and monitoring the Group's risk management policies. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(a) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The primary sources of funds are cash provided by operations and cash provided by financing activities. The primary uses of cash are for working capital, capital expenditures, leases, and general corporate purposes. Historically, the Group has been able to fund our short-term capital needs with cash generated from our operations.

Management believes that the above sources, including our debt financing management and cash flow generated from operating activities, are sufficient for our current working capital requirements.

The following are the contractual maturities of non-derivative financial liabilities, including estimated interest payments. The amounts under the "Years" columns represent the contractual undiscounted cash flows of each liability.

(In USD thousands, unless otherwise noted)

As of December 31, 2024

	Carrying amount	Contractual cash flows	One	Two	Three	Four	Five and thereafter
Short–term borrowings and current portion of long-term debt	$ 294,867	$ 477,918	$ 477,918	$ —	$ —	$ —	$ —
Long-term debt	2,132,760	2,659,921	—	522,585	226,306	1,872,006	39,024
Lease liability	2,801,798	4,136,726	600,673	593,330	575,305	512,913	1,854,505
Total, debt	**$ 5,229,425**	**$ 7,274,565**	**$ 1,078,591**	**$ 1,115,915**	**$ 801,611**	**$ 2,384,919**	**$ 1,893,529**
Accounts payable	758,095	758,095	754,169	3,926	—	—	—
Accrued expenses	88,540	88,540	88,540	—	—	—	—
Contractual maturities	**$ 6,076,060**	**$ 8,121,200**	**$ 1,921,300**	**$ 1,119,841**	**$ 801,611**	**$ 2,384,919**	**$ 1,893,529**

As of December 31, 2023

	Carrying amount	Contractual cash flows	One	Two	Three	Four	Five and thereafter
Short–term borrowings and current portion of long-term debt	$ 206,817	$ 385,622	$ 385,622	$ —	$ —	$ —	$ —
Long-term debt	2,080,841	2,800,841	—	262,769	438,581	186,318	1,913,173
Lease liability	2,483,952	3,780,425	513,498	500,895	482,143	446,041	1,837,848
Total, debt	**$ 4,771,610**	**$ 6,966,888**	**$ 899,120**	**$ 763,664**	**$ 920,724**	**$ 632,359**	**$ 3,751,021**
Accounts payable	558,267	558,267	558,267	—	—	—	—
Accrued expenses	86,355	86,355	86,355	—	—	—	—
Contractual maturities	**$ 5,416,232**	**$ 7,611,510**	**$ 1,543,742**	**$ 763,664**	**$ 920,724**	**$ 632,359**	**$ 3,751,021**

(In USD thousands, unless otherwise noted)

(b) Fuel price risk

The Group´s operations require a significant volume of jet fuel, being one of the most important costs throughout the year. Oil prices fell by about 17.4%, from the last peak in April 2024, where the price reached $87.7 per barrel, and the price of jet fuel was close to $2.2 dollar per gallon at the end of the year. The Group has implemented several strategies to relieve macroeconomic headwinds and unexpected catastrophic events, such as acquiring fuel derivative assets to cover significant fluctuations in price.

Also, capacity has been optimized to improve operational performance, enabling an increased focus on more profitable markets.

In addition, in 2024 Avianca purchased call options and swaps with West Texas Intermediate (WTI) and crack spread, as an underlying asset to cover a portion of fuel consumption for the second half of the year, enabling the Group to protect against fuel price increases and volatility. (See note 23).

Sensitivity analysis

Fuel price fluctuation impacts on profit and/or loss are illustrated below. This analysis was made considering a parallel movement of 5%, 10% and 15% per gallon in the underlying reference price at the end of December 2024. The projection period was defined until the end of 2024. This analysis assumes that all other variables remain constant and considers the effect of changes in jet fuel price.

The Group has changed the comparative sensitivity analysis of the prior period to reflect the method used in the current period based on the historical fuel consumption instead of the budgeted fuel consumption. The Group changes the method because reflect in the most accurate way the risk exposure.

	Effect in profit or loss			
	December 31, 2024		**December 31, 2023**	
	Increase	**Decrease**	**Increase**	**Decrease**
5% movement	$ 57,518	$ (57,518)	$ 55,022	$ (55,022)
10% movement	115,035	(115,035)	110,044	(110,044)
15% movement	172,553	(172,553)	165,066	(165,066)

(c) Foreign currency risk

The foreign currency risk arises when the Group carries out transactions and maintains monetary assets and liabilities in currencies other than its functional currency.

The functional currency of the Group is the US dollar. The Group’s freight and passenger rates largely are denominated in US dollars. Although sales in domestic markets are made in local currencies, prices are indexed to the US dollar. Accordingly, most of the Group’s services are sold at prices equivalent to the US dollar. Similarly, a large portion of its expenses are also denominated in US dollars or indexed to that currency, particularly fuel costs, maintenance costs, lease payments, aircraft, insurance and aircraft components and accessories. The remuneration expenses are denominated in local currencies.

The profit or loss in foreign currency is derived primarily from the depreciation of the Colombian Peso, Brazilian reals and Euro against the US Dollar. For the year ended December 31, 2024, the Group recognized a net loss of $(5,861) (December 31, 2023: $(18,294).

Mitigation

The Group mitigates currency risk exposures through natural hedges or execution of internal operations.

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group based on its risk management policy is as follows:

(In USD thousands, unless otherwise noted)

	December 31, 2024							
	USD	Colombian Pesos	Euros	Mexican Pesos	Argentinean Pesos	Brazilian Reals	Others	Total
Cash and cash equivalents	$ 773,463	$ 47,244	$ 40,079	$ 1,846	$ 978	$ 525	$ 9,582	$ 873,717
Short term investments	176,421	1,618	—	—	—	—	442	178,481
Trade and other receivables	109,177	58,169	21,352	7,484	1,938	18,329	23,024	239,473
Short-term borrowings and current portion of long-term debt and lease liabilities	(646,934)	(8,831)	—	(724)	—	—	(93)	(656,582)
Long-term debt and lease liabilities	(4,534,135)	(36,554)	—	(2,061)	—	—	(93)	(4,572,843)
Accrued expenses	(77,007)	(7,849)	(1,212)	(325)	(42)	(1,175)	(930)	(88,540)
Accounts payable	(443,388)	(228,634)	(24,022)	(23,322)	(3,356)	(4,279)	(31,094)	(758,095)
Net financial position exposure	**$ (4,642,403)**	**$ (174,837)**	**$ 36,197**	**$ (17,102)**	**$ (482)**	**$ 13,400**	**$ 838**	**$ (4,784,389)**

	December 31, 2023							
	USD	Colombian Pesos	Euros	Mexican Pesos	Argentinean Pesos	Brazilian Reals	Others	Total
Cash and cash equivalents	$ 704,706	$ 39,544	$ 2,374	$ 3,088	$ 752	$ 2,173	$ 14,910	$ 767,547
Short term investments	255,110	1,669	—	—	—	—	774	257,553
Trade and other receivables	112,632	58,865	15,951	2,583	1,072	37,465	21,912	250,480
Short-term borrowings and current portion of long-term debt and lease liabilities	(474,536)	(874)	—	(767)	—	—	—	(476,177)
Long-term debt and lease liabilities	(4,232,320)	(59,808)	—	(3,305)	—	—	—	(4,295,433)
Accrued expenses	(73,748)	(7,617)	(851)	(440)	—	(2,679)	(1,020)	(86,355)
Accounts payable	(344,148)	(148,077)	(15,983)	(20,377)	(1,445)	(5,166)	(23,071)	(558,267)
Net financial position exposure	**$ (4,052,304)**	**$ (116,298)**	**$ 1,491**	**$ (19,218)**	**$ 379**	**$ 31,793**	**$ 13,505**	**$ (4,140,652)**

(In USD thousands, unless otherwise noted)

The following exchange rates are applied to the most significant currencies:

	Average Rate		**Year-end sport rate**	
USD	**2024**	**2023**	**2024**	**2023**
Colombian	4,074.43	4,325.96	4,409.15	3,822.05
Euros	0.92	0.92	0.96	0.91
Mexican Pesos	18.31	17.74	20.51	16.97
Argentinean	914.95	294.75	1,032.00	808.45
Brazilian Reals	5.39	4.99	6.19	4.85

Sensitivity analysis

A reasonably possible strengthening (weakening) of Colombian pesos, Euros, Mexican Pesos, Argentinean Pesos and Brazilian Real against all other currency on December 31 would have affected the measurement of financial instruments denominated in a foreign currency and affected profit or (loss) by the amount shown below. This analysis assumes that all other variables remain constant and considers the effect of changes in the exchange rate, which is the rate that could materially affect the Group's consolidated statement of comprehensive income.

Effect in profit or loss

	Change forecast in exchange rate	**December 31, 2024**		**Change forecast in exchange rate**	**December 31, 2023**	
		Strengthening	**Weakening**		**Strengthening**	**Weakening**
Colombian Pesos	(15%) movement	26,226	(26,226)	21% movement	24,423	(24,423)
Euros	(6%) movement	(2,172)	2,172	3% movement	(45)	45
Mexican Pesos	(21%) movement	3,591	(3,591)	13% movement	1,512	(1,512)
Argentinean Pesos	(28%) movement	135	(135)	(356%) movement	(1,349)	1,349
Brazilian Reals	(28%) movement	(3,752)	3,752	8% movement	(2,543)	2,543

(d) Interest rate risk

The Group is exposed to interest rate risk primarily through financial obligations with banks and aircraft lessors. Long-term lease payments at floating interest rates create cash flow risk. To manage this, the Group employs a combination of fixed and floating rates on loans and lease agreements, aiming to hedge its floating rate debt exposure using liquidity that generates interest income.

The Group assesses interest rate risk by continuously monitoring and identifying changes in interest rate exposures that could negatively impact future cash flows. It also evaluates hedging opportunities by aligning liabilities with assets that fluctuate in the same proportion and timing as interest rate movements. Additionally, the Group maintains risk management control systems to oversee interest rate risk associated with both outstanding and forecasted debt obligations.

At the reporting date the interest rate profile of the Group's interest–bearing financial instruments is:

(In USD thousands, unless otherwise noted)

	December 31, 2024	December 31, 2023
Carrying amount – asset/(liability)		
Fixed rate instruments		
Financial assets	$ 187,648	$ 237,840
Financial liabilities	(1,697,745)	(1,702,304)
Total	**$ (1,510,097)**	**$ (1,464,464)**
Floating rate instruments		
Financial assets	$ 862,303	$ 777,944
Financial liabilities	(729,882)	(585,355)
Total	**$ 132,421**	**$ 192,589**

A reasonably possible change of 5%, 10% and 15% in interest rates of financial assets and liabilities with floating rate as of December 31, 2024, would have increased (decreased) profit or loss as displayed in the following table. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

The Group has changed the comparative sensitivity analysis of the prior period to reflect the method used in the current period that consider the interest rates of floating rate financial assets in order to reflect in the most accurate way the risk management strategy.

	Effect in profit or loss			
	December 31, 2024		December 31, 2023	
	Increase	Decrease	Increase	Decrease
5% movement	$ 712	$ (712)	$ 422	$ (422)
10% movement	1,425	(1,425)	845	(845)
15% movement	2,137	(2,137)	1,267	(1,267)

(e) Credit Risk

Credit risk is the potential loss from a transaction in the event of default by the counterparty during the term of the transaction or on settlement of the transaction. Credit exposure is measured as the cost to replace existing transaction, should a counterparty default.

There are no significant concentrations of credit risk as of the consolidated statement of financial position date. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Expected credit losses on trade receivable and contract assets on 31 December 31, 2024 and 2023, are as follows:

	December 31, 2024	December 31, 2023
Expected credit losses on trade receivable and contract assets arising from contracts with customers	$ 8,842	$ 12,699

The Group conducts transactions with the following major types of counterparties:

Cash, cash equivalents and deposits with banks and financial institutions

In order to reduce counterparty risk and to ensure that the risk assumed is known and managed by the Group, investments are diversified among different banking institutions (both local and international). The Group evaluates the credit standing of each counterparty and the levels of investment, based on (i) their credit rating, and (ii) investment limits according to the Group level of liquidity. According to these parameters, the Group establishes limits for operations with each counterparty.

To mitigate the credit risk arising from deposits in bank, the Group only conducts business with financial institutions that have an investment grade above BBB- from Standard & Poor's and the equivalent rating by Moody's and liquidity indicators aligning with or above the market average. For the investments in financial instruments, different from deposits in bank, the Group requires a grade above A- from Standard & Poor's and equivalent rating by Moody's.

The group's primary objective is to consistently sweep any excess cash beyond operational needs to the parent companies. All operational cash should be held in highly liquid instruments. No more than 50% of the total cash of the companies shall be allocated within the same financial group.

The group prioritizes allocating liquidity in the United States with a minimum credit rating of A-. In Colombia, and other countries where the company operates, cash allocations must not exceed a few weeks of operational payments and should also be held in banks with a local rating of A- or better.

Trade receivables and contract assets

The Group's exposure to credit risk is mainly influenced by the characteristics of corporate and individual customers. The Group has established a credit policy under which the customer is analyzed by group if it is a natural or legal person to determine its solvency before payment and the terms and conditions of the service offered. The evaluation includes external qualifications and validation in restrictive lists and considers that the main corporate customers are companies to which cargo and courier services are provided since the Passenger and cargo processes handled with the International Air Transport Association ("IATA") have established payment terms and schedules of less than one month. The Group limits its exposure to the credit risk of trade accounts receivable by establishing a maximum payment term of between one and four months for individual and corporate customers.

The Group is not exposed to significant concentrations of credit risk since most accounts receivable arise from sales of airline tickets to individuals through travel agencies in various countries, including virtual agencies and other airlines. These receivables are short term in nature and are generally settled shortly after the sales are made through major credit card companies.

Cargo–related receivables present a higher credit risk than passenger sales given the nature of processing payment for these sales. The Group is continuing its implementation of measures to reduce this credit risk for example, by reducing the payment terms and affiliating cargo agencies to the IATA, Cargo Account Settlement Systems ("CASS"). CASS is designed to simplify the billing and settling of accounts between airlines and freight forwarders. It operates through an advanced global web–enabled e–billing solution.

As of December 31, 2024 and 2023, the exposure to credit risk for trade receivable and contract assets by type of counterparty is as follows:

(In USD thousands, unless otherwise noted)

	December 31, 2024	December 31, 2023
Air Transportation	$ 186,410	$ 201,511
Miscellaneous	10,887	16,120
Miles	15,703	10,803
Others	1,329	5,225
Total	**$ 214,329**	**$ 233,659**

(f) Expected credit loss assessment

The Group uses a matrix to determine the expected credit losses of trade receivables. Loss rates are calculated using historical information and other projections through a simplified method and are applied to the commercial credit portfolio. Other fixed percentages are applied for agencies that consolidate their sale through the IATA. Specific reserves may be made on certain receivables as facts and circumstances suggest is necessary.

As of December 31, 2024 and 2023, the expected credit loss assessment is as follows:

December 31, 2024

Buckets	Percentage of expected credit loss	Gross Carrying amount	Impairment loss allowance
Not past due	0.054%	$ 142,419	$ 589
Past due 1 – 30 days	1.51%	36,962	91
Past due 31 – 90 days	2.54%	8,621	6
Past due more than 91 days	5,67% and 100%	26,327	8,156
Total		**$ 214,329**	**$ 8,842**

December 31, 2023

Buckets	Percentage of expected credit loss	Gross Carrying amount	Impairment loss allowance
Not past due	0.004%	$ 146,452	$ 3,111
Past due 1 – 30 days	0.19%	20,503	558
Past due 31 – 90 days	2.40%	25,307	64
Past due more than 91 days	11.32% and 100%	41,397	8,966
Total		**$ 233,659**	**$ 12,699**

(In USD thousands, unless otherwise noted)

(g) Capital risk management

The Group's capital management policy is to maintain a sound capital base in order to safeguard the Group's ability to continue as a going concern, and in doing so, face its current and long–term obligations, provide returns for its shareholders, and maintain an optimal capital structure to reduce the cost of capital. The Group monitors capital based on the debt–to–capital ratio.

Following is a summary of the debt–to/capital ratio of the Group:

	Notes		December 31, 2024		December 31, 2023
Corporate debt	17	$	2,427,627	$	2,287,658
Lease liabilities (Aircraft and other rents)	16		2,801,798		2,483,952
Less: cash and cash equivalents	8		(873,717)		(767,547)
Total		**$**	**4,355,708**	**$**	**4,004,063**
Total equity			1,070,844		960,370
Total capital		**$**	**5,426,552**	**$**	**4,964,433**
Net debt–to–capital ratio			**80%**		**81%**

(h) Fair value financial assets and liabilities

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position as of December 31, 2024 and 2023, are as follows.

December 31, 2024

Financial assets	Carrying amount measurement	Notes		Carrying amount		Fair value
Short-term Investments	Amortized cost	8	$	126,297	$	126,297
Short-term Investments	Fair value through other comprehensive income and amortized cost			52,184		52,184
Plan assets	Fair value through other comprehensive income	20		243		243
			$	**178,724**	**$**	**178,724**
Financial liabilities						
Short-term and long-term corporate debt	Amortized cost	17,24	**$**	**2,427,627**	**$**	**2,376,773**

(In USD thousands, unless otherwise noted)

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		$	50,970	$	50,970
Plan assets	Fair value through other comprehensive income	20		280,372		280,372
			$	**537,925**	**$**	**537,925**
Financial liabilities						
Short-term and long-term corporate debt	Amortized cost	17,24	**$**	**2,287,658**	**$**	**2,047,153**

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

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

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

	December 31, 2024		December 31, 2023	
Cash on hand and bank deposits	$	858,189	$	745,474
Cash equivalents (1)		15,528		22,073
Cash and cash equivalents	**$**	**873,717**	**$**	**767,547**
Short - Term investments (2)	$	178,481	$	257,553
Short-term investments	**$**	**178,481**	**$**	**257,553**

(1) As of December 31, 2024 and 2023, cash equivalents correspond to investments funds that earned interest based on rates determined by the financial entities in which the cash is held. The use of investments funds depends on the Group’s cash requirements during the period.

As of December 31, 2024 and 2023, the Group’s cash and cash equivalents are free of restriction or charges that could limit its availability.

(2) The short-term classification corresponds to funds invested for terms of less than one year and bonds available for sale.

As of December 31, 2024, the Group presented in deposits and other assets $34,592 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). See note 12.

(In USD thousands, unless otherwise noted)

(9) Trade and other receivables

	December 31, 2024	December 31, 2023
Trade	$ 214,329	$ 233,659
Employee advances	3,436	4,450
Others	30,550	25,070
	248,315	**263,179**
Less estimate for expected credit losses - trade receivables (1)	(8,842)	(12,699)
Total	**$ 239,473**	**$ 250,480**

Trade receivables are non-interest bearing.

(1) The Group recognized impairment for expected credit losses as of December 31, 2024, for $8,842 (December 31, 2023: $12,699).

	December 31, 2024	December 31, 2023
Balance at beginning of year	$ 12,699	$ 8,736
Net (recovery) provision for expected credit losses (1.1)	(3,857)	3,963
Total	**$ 8,842**	**$ 12,699**

1.1 Includes expense for expected credit losses for the year ended December 31, 2024 for $4,882 (for the year ended December 31, 2023: $27,032).

The age of trade accounts receivable at the end of the reporting period is disclosed in note 7(f).

(In USD thousands, unless otherwise noted)

(10) Balances and transactions with related parties

		December 31, 2024				December 31, 2023			
Company	**Country**	**Account Receivables**	**Account Payables**	**Revenues**	**Expenses**	**Account Receivables**	**Account Payables**	**Revenues**	**Expenses**
Investment Vehicle 1 Limited	Cayman Islands	$ 129,187	$ 1,011	$ 13,450	$ —	$ 112,879	$ —	$ 9,385	$ —
Abra Group Limited	United Kingdom	4,108	—	—	11,800	4,744	—	—	—
Caoba Capital S.A.	Panamá	—	—	—	2,860	—	—	—	2,500
Others	Colombia	—	174	1	1,724	—	79	—	—
Total		**$ 133,295**	**$ 1,185**	**$ 13,451**	**$ 16,384**	**$ 117,623**	**$ 79**	**$ 9,385**	**$ 2,500**

	December 31, 2024		December 31, 2023	
	Account Receivables	**Account Payables**	**Account Receivables**	**Account Payables**
Short term	$ 7,118	$ 1,185	$ 4,897	$ 79
Long term (1)	126,177	—	112,726	—
Total related parties	**$ 133,295**	**$ 1,185**	**$ 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 $126,177 ($97,800 initial loan and $28,377 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.

(2) There are transactions for $11,800 for strategic advisory and consulting services provided by ABRA and $4,981 for reimbursements for services provided to ABRA (December 31, 2023: $3,359).

(In USD thousands, unless otherwise noted)

Key management personnel compensation

	December 31, 2024	December 31, 2023
Salaries/Bonuses	$ 39,610	$ 34,320
Benefits/Social Charges	4,152	4,018
Total	**$ 43,762**	**$ 38,338**

(11) Expendable spare parts and supplies

	December 31, 2024	December 31, 2023
Expendable spare parts and supplies	$ 112,399	$ 98,030
Provision for lower of cost or net realizable value	(5,629)	(4,524)
SubTotal	**$ 106,770**	**$ 93,506**

For the year ended December 31, 2024, expendable spare parts and supplies in the amount of $83,957 (December 31, 2023: $59,598), were recognized as maintenance expense.

(12) Deposits and other assets

	December 31, 2024	December 31, 2023
Short Term:		
Deposits with lessors (1)	$ 3,578	$ 2,809
Guarantee deposits (2)	9,767	15,069
Commission (3)	12,469	13,447
Restricted cash (4)	14,870	10,794
Others	19	1,848
Subtotal	**$ 40,703**	**$ 43,967**
Long Term:		
Deposits with lessors (1)	$ 71,564	$ 64,487
Guarantee deposits (2)	10,220	21,123
Restricted cash (4)	19,722	5,517
Labor lawsuits (5)	22,098	25,369
Others	198	146
Long term investments	7,831	7,696
Subtotal	**131,633**	**124,338**
Total	**172,336**	**168,305**

(1) Corresponds primarily to operating lease aircraft agreement security deposits. These deposits are recoverable.

(In USD thousands, unless otherwise noted)

(2) Corresponds to the amounts paid to suppliers in relation to airport facility leasing, among other service agreements.

(3) Corresponds to travel agency commissions.

(4) As of December 31, 2024, the Group maintain $34,592 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). See note 8

(5) Corresponds to court deposits in connection with civil and labor lawsuits, which remain in court until the resolution of the disputes to which they are related.

(13) Assets of held for sale

	December 31, 2024	December 31, 2023
Airbus aircraft and engines	$ 3,546	$ 10,743
Total assets held for sale	**$ 3,546**	**$ 10,743**

As of December 31, 2024, the Group classified as held for sale two (2) B767 aircraft and one (1) engine. (December 31, 2023: one A330 and two (2) A300-F aircraft). During 2024 one A330 aircraft no longer met the criteria to be classified as an asset held for sale and consequently has been reclassified to property and equipment (see note 14). This change did not have impact on the Consolidated Statement of Comprehensive Income (Loss).

(In USD thousands)

(14) Property and equipment

The tables presented below detail the cost activity recognized in each asset class for the periods presented.

	Flight Equipment	Capitalized Maintenance	Rotable Spare parts	Reimbursement of predelivery payments	Administrative Property	Other property and equipment	Total
Cost							
December 31, 2023	**$ 171,811**	**$ 240,539**	**$ 222,343**	**$ 106,986**	**$ 114,995**	**$ 125,059**	**$ 981,733**
Additions	132,928	212,874	48,375	61,421	124	6,804	462,526
Disposals	(3,409)	(1,814)	(13,248)	—	(345)	(15,886)	(34,702)
Devaluation	—	—	—	—	(4,606)	—	(4,606)
Transfers	(15,224)	(469)	(349)	14,783	—	1,259	—
Transfers from assets held for sale	10,000	—	—	—	—	—	10,000
Transfers to assets held for sale	(13,298)	—	(6,621)	—	—	(795)	(20,714)
Reclassification to right of use assets	(57,227)	—	(29,409)	—	—	(1,301)	(87,937)
Acquisition of subsidiary (Note 5)	14,625	—	—	—	623	1,299	16,547
Foreign currency translation	—	—	—	—	249	91	340
December 31, 2024	**$ 240,206**	**$ 451,130**	**$ 221,091**	**$ 183,190**	**$ 111,040**	**$ 116,530**	**$ 1,323,187**
Accumulated depreciation:							
December 31, 2023	**$ 15,358**	**$ 5,991**	**$ 16,127**	**$ —**	**$ 3,046**	**$ 41,696**	**$ 82,218**
Additions	10,996	33,639	14,206	—	2,251	13,013	74,105
Disposals	(3,080)	(421)	(6,606)	—	(337)	(11,652)	(22,096)
Transfers	(259)	—	259	—	—	—	—
Transfers to assets held for sale	(11,209)	—	(4,600)	—	—	(752)	(16,561)
Reclassification to lease asset	(5,354)	—	(625)	—	—	1,675	(4,304)
Foreign currency translation	1,336	—	—	—	44	(44)	1,336
December 31, 2024	**$ 7,788**	**$ 39,209**	**$ 18,761**	**$ —**	**$ 5,004**	**$ 43,936**	**$ 114,698**
Net balances:							
December 31, 2023	**$ 156,453**	**$ 234,548**	**$ 206,216**	**$ 106,986**	**$ 111,949**	**$ 83,363**	**$ 899,515**
December 31, 2024	**$ 232,418**	**$ 411,921**	**$ 202,330**	**$ 183,190**	**$ 106,036**	**$ 72,594**	**$ 1,208,489**

(In USD thousands)

The tables presented below detail the cost activity recognized in each asset class for the periods presented.

	Flight Equipment	Capitalized Maintenance	Rotable Spare parts	Reimbursement of predelivery payments	Administrative Property	Other property and equipment	Total
Cost							
December 31, 2022	**$ 134,574**	**$ 98,137**	**$ 214,206**	**$ 88,687**	**$ 97,573**	**$ 105,026**	**$ 738,203**
Additions	90,375	155,917	60,461	20,589	—	40,438	367,780
Disposals	(18,855)	(10,426)	(20,563)	—	—	(20,667)	(70,511)
Revaluation	—	—	—	—	22,826	—	22,826
Impairment	—	—	(2,305)	—	—	—	(2,305)
Transfers	(27,487)	(3,089)	(29,456)	(2,290)	(5,404)	262	(67,464)
Transfers from assets held for sale	(6,796)	—	—	—	—	—	(6,796)
December 31, 2023	**$ 171,811**	**$ 240,539**	**$ 222,343**	**$ 106,986**	**$ 114,995**	**$ 125,059**	**$ 981,733**
Accumulated depreciation:							
December 31, 2022	**$ 11,242**	**$ 133**	**$ 10,554**	**$ —**	**$ 1,419**	**$ 28,403**	**$ 51,751**
Additions	10,819	18,453	10,974	—	1,627	13,823	55,696
Disposals	(650)	(10,208)	(4,531)	—	—	(578)	(15,967)
Transfers	—	(2,387)	(870)	—	—	48	(3,209)
Transfers from assets held for sale	(6,053)	—	—	—	—	—	(6,053)
December 31, 2023	**$ 15,358**	**$ 5,991**	**$ 16,127**	**$ —**	**$ 3,046**	**$ 41,696**	**$ 82,218**
Net balances:							
December 31, 2022	**$ 123,332**	**$ 98,004**	**$ 203,652**	**$ 88,687**	**$ 96,154**	**$ 76,623**	**$ 686,452**
December 31, 2023	**$ 156,453**	**$ 234,548**	**$ 206,216**	**$ 106,986**	**$ 111,949**	**$ 83,363**	**$ 899,515**

(In USD thousands)

(15) Intangible assets and goodwill

	December 31, 2024	December 31, 2023
Trademarks	$ 662,753	$ 644,141
Customer Relationships and Routes	533,129	526,104
Software and Webpages	78,822	89,853
Agreements (Code-share and Star Alliance)	50,569	57,871
Slots	9,506	9,506
Total intangible assets	**$ 1,334,779**	**$ 1,327,475**
Goodwill	1,598,210	1,524,638
Total	**$ 2,932,989**	**$ 2,852,113**

(In USD thousands)

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

	Note	Goodwill	Customer Relationships and 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		—	—	—	—	22,200	—	22,200
Acquisition of subsidiary	5	73,572	34,424	—	19,316	406	—	127,718
Foreign currency translation		—	—	—	(704)	164	—	(540)
December 31, 2024		**$ 1,598,210**	**$ 626,434**	**$ 73,025**	**$ 662,753**	**$ 180,029**	**$ 9,506**	**$ 3,149,957**
Accumulated Amortization:								
December 31, 2023		**$ —**	**$ 65,906**	**$ 15,154**	**$ —**	**$ 67,406**	**$ —**	**$ 148,466**
Amortization of the period		—	27,399	7,302	—	33,801	—	68,502
December 31, 2024		**$ —**	**$ 93,305**	**$ 22,456**	**$ —**	**$ 101,207**	**$ —**	**$ 216,968**
Carrying Amounts:								
December 31, 2023		**$ 1,524,638**	**$ 526,104**	**$ 57,871**	**$ 644,141**	**$ 89,853**	**$ 9,506**	**$ 2,852,113**
December 31, 2024		**$ 1,598,210**	**$ 533,129**	**$ 50,569**	**$ 662,753**	**$ 78,822**	**$ 9,506**	**$ 2,932,989**

(In USD thousands)

The following provides detail on intangible assets and goodwill as of December 31, 2023:

	Goodwill	Customer Relationships and Routes	Agreements (Codeshare and Star Alliance)	Trademarks	Software and Webpages	Slots	Total
Cost:							
December 31, 2022	**$ 1,524,638**	**$ 592,010**	**$ 73,025**	**$ 644,141**	**$ 135,298**	**$ 9,506**	**$ 2,978,618**
Additions	—	—	—	—	21,961	—	21,961
December 31, 2023	**$ 1,524,638**	**$ 592,010**	**$ 73,025**	**$ 644,141**	**$ 157,259**	**$ 9,506**	**$ 3,000,579**
Accumulated Amortization:							
December 31, 2022	**$ —**	**$ 42,297**	**$ 7,852**	**$ —**	**$ 35,282**	**$ —**	**$ 85,431**
Amortization of the period	—	23,609	7,302	—	32,124	—	63,035
December 31, 2023	**$ —**	**$ 65,906**	**$ 15,154**	**$ —**	**$ 67,406**	**$ —**	**$ 148,466**
Carrying Amounts:							
December 31, 2022	**$ 1,524,638**	**$ 549,713**	**$ 65,173**	**$ 644,141**	**$ 100,016**	**$ 9,506**	**$ 2,893,187**
December 31, 2023	**$ 1,524,638**	**$ 526,104**	**$ 57,871**	**$ 644,141**	**$ 89,853**	**$ 9,506**	**$ 2,852,113**

(In USD thousands)

Goodwill and intangible assets with indefinite useful life

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 air transport and loyalty segments are as follows:

	December 31, 2024		December 31, 2023	
	Air Transportation	Loyalty	Air Transportation	Loyalty
Goodwill	$ 1,215,334	$ 382,876	$ 1,141,762	382,876
Trademarks	425,700	237,053	407,088	237,053
Routes	94,949	—	94,949	—
Slots	9,506	—	9,506	—

As of December 31, 2024, the Group did not identify potential goodwill, intangible assets or equipment properties with impairment losses.

Basis for calculating recoverable amount

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

In 2024 and 2023, value-in-use was calculated using a discounted cash flow model. Cash flow projections are based on the latest forecasted annual business plan, which is updated for CGU specific compounded annual growth (CAGR) assumptions for revenues and operating expenses as well as reflect current macroeconomic conditions. Macroeconomic assumptions are based on market data extracted from Bloomberg for both the expected WTI price and the expected foreign exchange rates, which have a direct impact on our cost projections, all costs are affected by inflation. Additionally, the cash flows used in the value-in-use calculations reflect all restructuring of the business that has been approved by the Board and which can be executed by Management under existing agreements. Cash flows beyond the five-year period are projected to increase based on long-term growth rates. Cash flow projections are discounted using the CGU's capital asset pricing model discount rate.

The assumptions used to determine the value-in-use of the CGU include aircraft leasing contracts. In order to carry out an adequate comparison between the carrying amount of the CGU and its recoverable amount, it is necessary to deduct the liabilities recognized for leases and return conditions within the analysis of the carrying amount; this is due to the fact that the cash flow includes the lease payment associated with the aircraft, as stipulated in IAS 36, paragraph 78.

While cash flow projections are the primary basis of measuring recoverability of goodwill and intangible assets, we also evaluate projected EBITDA presented to the Board of Directors as secondary approximation of our future cash flows. "EBITDA" refers to the net income (loss) for the period, excluding income tax expense (benefit)—deferred, income tax expense—current, interest expense, depreciation of right of use asset, other depreciation, amortization, and impairment.

Primary assumptions used in value in use calculations are as follows:

(In USD thousands)

	December 31, 2024		December 31, 2023	
	Air Transportation	**Loyalty**	**Air Transportation**	**Loyalty**
EBITDA	$ 1,050,572	$ 133,260	$ 912,707	$ 125,868
Compound revenue growth (CAGR) during the planning period	4.90%	7.20%	5.65%	15.70%
Compound operating expense (CAGR) during the planning period	5.45%	5.70%	5.34%	12.30%
Discount rate	22.20%	13.50%	26.03%	15.95%
Terminal growth rate	4.70%	4.70%	3.60%	3.60%

The Group applied the equity value method for the determination of the value-in-use.

(16) 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

	Aircraft	**Return conditions**	**Real estate**	**Total**
Balance As of December 31, 2023	**$ 2,299,278**	**$ 321,014**	**$ 81,541**	**$ 2,701,833**
Additions	290,693	128,257	11,596	430,546
Transfer	—	—	—	—
Modification of leases	179,400	(27,152)	—	152,248
Depreciation expense	(341,964)	(66,754)	(12,871)	(421,589)
Acquisition of subsidiary (Note 5)	168,960	—	—	168,960
Foreign currency translation	(7,014)	—	—	(7,014)
Balance As of December 31, 2024	**$ 2,589,353**	**$ 355,365**	**$ 80,266**	**$ 3,024,984**

Additions of the right-of-use assets include new leases, contract extensions, changes in discount rate and changes in rental payments related with A320N, A320 and A330F fleet and engines.

(In USD thousands)

	Aircraft	Return conditions	Real estate	Total
Balance As of December 31, 2022	**$ 1,497,024**	**$ 341,223**	**$ 73,034**	**$ 1,911,281**
Additions	1,061,100	41,415	20,206	1,122,721
Depreciation expense	(258,846)	(61,624)	(11,699)	(332,169)
Balance As of December 31, 2023	**$ 2,299,278**	**$ 321,014**	**$ 81,541**	**$ 2,701,833**

Additions of the right-of-use assets include new leases, contract extensions, changes in discount rate and changes in rental payments related with A320 and B787 fleet and engines.

Lease liabilities

	December 31, 2024	December 31, 2023
Current portion of lease liability		
Aircraft and engines	354,063	258,010
Real estate	7,652	11,350
	361,715	**269,360**
Long-term lease liability		
Aircraft and engines	2,384,069	2,154,280
Real estate	56,014	60,312
	2,440,083	**2,214,592**
Total lease liabilities	**$ 2,801,798**	**$ 2,483,952**

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:

	December 31, 2024	December 31, 2023
Current	$ 14,520	$ 2,840
Non-current	606,123	499,639
Total	**$ 620,643**	**$ 502,479**

Changes in provisions for return conditions are as follows:

(In USD thousands)

	Note	December 31, 2024	December 31, 2023
Opening balance		$ 502,479	$ 443,033
Recognition of provisions		128,940	30,415
Recovery provisions (1)		(40,183)	—
Present value adjustment		27,967	29,428
Provision used		(8,098)	(397)
Acquisition of Subsidiary	5	10,013	—
Foreign currency translation		(475)	—
Total provision for return conditions		**$ 620,643**	**$ 502,479**

(1) During the year ending December 31, 2024, the group recognized the write-off return condition provision for ten (10) A320 and one (1) A330F aircraft associated to renegotiation of the contracts.

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 seventy-one (171) aircraft that are under leases, one (1) of them consist in short-term and variable rent leases and one hundred seventy (170) 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 December 31, 2024, all amounts are gross and undiscounted:

	Aircraft
Less than one year	$ 571,836
Between one and five years	2,056,218
More than five years	1,310,784
	$ 3,938,838

Avianca Group International has nine (9) 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 December 31, 2024, all amounts are gross and undiscounted:

	Spare Engines
Less than one year	$ 18,882
Between one and five years	58,053
More than five years	40,078
	$ 117,013

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

(In USD thousands)

	December 31, 2024	December 31, 2023
Variable lease payments	$ 49,530	$ 116,910
Leases of low-value assets	21,080	14,558
Total	**$ 70,610**	**$ 131,468**

Future payments

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

December 31, 2024

	Years						
	One	**Two**	**Three**	**Four**	**Five**	**Six and later**	**Total**
Principal	301,163	326,471	359,360	332,823	321,600	1,078,007	**2,719,424**
Interest	285,990	253,928	209,131	174,179	140,344	272,855	**1,336,427**

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**
Interest	248,514	222,344	194,128	165,386	125,077	325,710	**1,281,159**

Other lease Liabilities

December 31, 2024

(In USD thousands)

	Years						
	One	**Two**	**Three**	**Four**	**Five**	**Six and later**	**Total**
Principal	9,502	9,158	3,715	3,169	3,028	26,863	**55,435**
Interest	4,018	3,772	3,099	2,742	2,454	9,354	**25,439**

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**
Interest	6,150	4,074	3,429	9,468	2,557	11,561	**37,239**

(In USD thousands)

Changes in liabilities derived from lease financing activities at December 31, 2024

	Opening balance	Acquisition of subsidiary	New Leases (1)	Financial cost	Payments	Interest Payments	Others	Foreign currency translation	December 31, 2024
Aircraft and engines rentals – lease liabilities	$ 2,412,290	$ —	$ 394,477	$ 278,153	$ (245,433)	$ (275,923)	$ 47,924	—	$ 2,611,488
Other rentals – lease liabilities	71,662	—	9,965	5,790	(11,208)	(5,160)	(7,383)	—	63,666
Acquisition of subsidiary (Note 5)	—	139,104	—	—	(5,300)	(1,317)	—	(5,843)	126,644
Total lease liabilities from financing activities	**$ 2,483,952**	**$ 139,104**	**$ 404,442**	**$ 283,943**	**$ (261,941)**	**$ (282,400)**	**$ 40,541**	**$ (5,843)**	**$ 2,801,798**

(1) The main additions in aircraft and engine rentals for the year ended December 31, 2024, correspond to:$211,475 for four (6) aircraft A320N, one (1) A330F, $6,880 for one (1) engine, $174,530 for the effect for aircraft contracts amendment of eleven (11) A320 and two (2) A330F and $1,592 for additions of incremental rent, and $ 9,965 for other rentals.

Changes in liabilities derived from lease financing activities at December 31, 2023

	Opening balance	New Leases (1)	Financial cost	Payments	Interest Payments	Others	Reclassifications	December 31, 2023
Aircraft and engines rentals – lease liabilities	1,554,702	1,032,723	215,027	(190,069)	(186,192)	(1,914)	(11,987)	2,412,290
Other rentals – lease liabilities	42,889	23,915	6,779	(9,287)	(4,633)	11,999	—	71,662
Total lease liabilities from financing activities	**1,597,591**	**1,056,638**	**221,806**	**(199,356)**	**(190,825)**	**10,085**	**(11,987)**	**2,483,952**

(1) The main additions in leases for the year ended December 31, 2023, correspond to aircraft rentals for the lease of 39 operating aircraft of the families (33 A320 and six B787 aircraft) and three spare engines for a total of $910,892. Additions of incremental rent for a $19,109, the lease of one TRENT 1000-D2 for $31,508 and additional debt for $71,214 for the lease of four A330F aircraft.
(2) The additions in other rentals for the year ended December 31, 2023, correspond primarily to Avianca Hangar in El Dorado International Airport for $5,243 and VIP lounges for $12,620.

(In USD thousands)

(17) Debt

	December 31, 2024	December 31, 2023
Currents:		
Short-term borrowings and current portion of long-term debt	$ 294,867	$ 206,817
Long-term debt	2,132,760	2,080,841
	$ 2,427,627	**$ 2,287,658**

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

	Due through	Weighted average interest rate	December 31, 2024 Nominal Value	Carrying Amount
Long-term debt	2030	9.20%	$ 2,603,450	$ 2,427,627
Total			**$ 2,603,450**	**$ 2,427,627**

	Due through	Weighted average interest rates	December 31, 2023 Nominal value	Carrying Amount
Long-term debt	2030	9.41%	2,431,027	2,287,658
Total			**$ 2,431,027**	**$ 2,287,658**

Bank guarantees

In order to comply with certain contractual or operating obligations, as of December 31, 2024, the Group has a total of $23,790 (December 31, 2023: $20,244), in guarantees issued through financial entities. These guarantees are issued in favor of third parties.

Covenants

On September 10, 2024, USAVFLOW II LIMITED, as borrower, Avianca Group International Limited and Avianca Costa Rica S.A., f/k/a (formerly known as) Lineas Aéreas Costarricenses S.A., as guarantors, certain lenders and Deutsche Bank Trust Company Americas, as administrative agent and collateral agent entered into a loan agreement (the "USAVFlow II Loan Agreement"), backed by certain credit card receivables, pursuant to which certain credit card processors are required to deposit collections in pass through accounts of the company. On February 20, 2025, it was ascertained that one credit card processor unilaterally failed to make such deposits for $1,3 million beginning on December 5, 2024 (the "Deposit Default"). In accordance with the terms of the USAVFlow II Loan Agreement, such processor's Deposit Default, which continued for a period in excess of 10 consecutive days, in itself constituted both a standalone event of default and a trigger event under a related cash management agreement, which constituted a separate event of default, both of which were continuing as of December 31, 2024 (collectively, the "USAVFlow Events of Default"). On February 26, 2025, USAVFLOW II LIMITED, Avianca Group International Limited, Avianca Costa Rica S.A. and Deutsche Bank Trust Company Americas, as administrative agent and on behalf of the required lenders necessary for purposes of granting waivers of past defaults, entered into two waiver agreements pursuant to which the required lenders acknowledged and agreed to waive the USAVFlow Event of Default related to the Deposit Default. Consequently, as of the date of these financial statements, there is no continuing default or event of default under the USAVFlow II Loan Agreement and therefore the lenders do not have the right to accelerate repayment relating to the Deposit Default.

As of December 31, 2024, the Group was unable to comply with a non-financial covenant corresponding to a loan facility (the successor to the "USAVFlow facility") payable in 2029. Because the Group did not have the right to defer settlement for at least 12 months after the reporting date, then classified the USAVFlow facility in the amount of $193,805 as current at the end of 2024. (See note 30). Since the lenders do not have the right to accelerate repayment for USAVFlow II upon signing the waivers on February 26, 2025, the Group expects to reclassify the obligation as "non-current" for the carrying amount for $193,928 million, with a settlement period of 12 months or longer for the reporting period following the agreed waivers.

During the year ended December 31, 2023, the Group was unable to comply with a non-financial covenant corresponding to a loan facility (the "USAVFLOW Facility"). Consequently, in July 2023, the Group voluntarily prepaid the entire principal and interest balance of $54.5 million related to the USAVFLOW Facility. This prompt prepayment served to remedy the default and releases all the associated collateral that can be used for a future financing. No other debt arrangements within the Group were affected by this noncompliance.

Group´s debt facilities contain certain covenants limiting our ability to, among other things, make certain types of restricted payments, incur debt and operating leases beyond specified thresholds, grant liens, merge or consolidate with others, dispose of assets, enter into certain transactions with affiliates, engage in certain business activities or make certain investments, in all cases subject to customary baskets and exclusions. In terms of financial covenants, the Group is required to maintain a consolidated cash balance of no less than $400 million, Lifemiles Ltd. a total net leverage ratio below 4.00:1.00 and Wamos Air S.A. a leverage ratio below 2.02:1.00 and a liquidity no less than €10 million. As of December 31, 2024 and 2023, except for the USAVFlow facility, the Group complied with all financial and non-financial covenants associated with its debt contracts. Accordingly the associated debt facilities are classified as non-current because the Group has an existing right to defer settlement of them for a least 12 months after the reporting period.

The Group will continue to monitor all covenants to identify and anticipate any potential eventualities within 12 months after the reporting period.

Abra's Pledge of IV1L Shares

As of the date of these 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 the obligations of Abra Global Finance ("AGF"), a wholly-owned subsidiary of Abra, pursuant to its senior secured notes due 2029, senior secured term loans maturing in 2029 and senior secured exchangeable notes due 2028 (collectively, the "Abra Indebtedness"). Interest on the Abra Indebtedness is payable in kind at the option of AGF and as a result will increase the aggregate principal amount outstanding over time. 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 holders of the Abra Indebtedness were to enforce their respective security interests with respect to the pledged IV1L shares. 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 all of the outstanding Tranche A-1

(In USD thousands)

Senior Notes or the Tranche A-2 Senior Notes, as applicable, at a purchase price equal to 101% of the principal amount plus accrued and unpaid interest to, but excluding, the date of purchase.

Debt Collaterals

Certain Group obligations under short-term loans and long-term debt for $2,427,627 (December 31, 2023: $2,287,659) was secured by a substantial portion of our assets, including, (i) shares of substantially all of our operating subsidiaries, (ii) security over certain aircraft, engines and spare parts, (iii) a lien on the Avianca administrative building located in Bogotá, Colombia, (iv) security over slots at certain airports, (v) certain credit card and cargo receivables, (vi) cash and cash equivalents pledged in deposit or security accounts and (vii) certain intellectual property rights, and (viii) and all tangible and intangible assets of LifeMiles Ltd. and its subsidiaries and (ix) 78% of WAMOS Air S.A.'s shares, which are owned by WAV Air Holdings.

Long-term components:

1. **Notes**

Issuing entities	Instrument	Original currency	Total placed in original currency	Balance as of December 31, 2024	Balance as of December 31, 2023
Avianca Midco 2 PLC	Tranche A-1 Senior Notes	USD	$ 1,111,937	$ 1,111,937	$ 1,111,937
Avianca Midco 2 PLC	Tranche A-2 Senior Notes	USD	583,871	583,871	583,871

Issuers:	Avianca Midco 2 PLC
Guarantors:	Avianca Group (UK) Limited, Aerovías del Continente Americano S.A, Aeroinversiones de Honduras S.A, Avianca, Airlease Holdings One Ltd, America Central, America Central Corp (Canada) Corp, AV International Holdco S.A, AV International Holdings S.A, AV International Investments S.A, AVInternational Ventures S.A, AV Investments One Colombia S.A.S, AV Investments Two Colombia S.A.S, AV Loyalty Bermuda Ltd, AV Taca International Holdco S.A, Aviacorp Enterprises, S.A, Avianca Costa Rica S.A, Avianca Leasing, LLC, Avianca, Inc, Avianca Ecuador S.A, Aviaservicios, S.A, Aviateca S.A, C.R. Int'l Enterprises, Inc, Grupo Taca Holdings, Limited, International Trade Marks Agency Inc, Inversiones del Caribe, S.A, Latin Airways Corp, Latin Logistics LLC, Nicaragüense de Aviación, Sociedad Anónima LLC, Regional Express Américas S.A.S, Ronair N.V, Servicio Terrestre, Aéreo y Rampa S.A, Taca de Honduras, S.A. de C.V, Taca de México, S.A, Taca International Airlines S.A, Taca S.A, Tampa Cargo S.A.S. and Technical and Training Services S.A. de C.V
Initial Issue Price:	98.24%
Initial Issue Date:	December 1, 2021
Issue Amount:	Tranche A-1 $ 1,111,937 – Tranche A-2 $ 583,871.
Interest:	The Tranche A-1 Senior Notes and Tranche A-2 Senior Notes will bear interest at a fixed rate of 9% per year.
Maturity Date:	The Tranche A-1 Senior Notes and Tranche A-2 Senior Notes will mature on December 1, 2028.

(In USD thousands)

2. Other debt long-term debt

The other main long-term debt of the Group as of As of December 31, 2024 for $734,757 (As of December 31, 2023 $385,033) corresponds to Lifemiles Term Loan B (see note 30) and credit card securitizations which are also subject to the covenants described above.

On November 26, 2024, Aerovías del Continente Americano S.A. (Avianca S.A.), acting through its branch domiciled in Florida, United States, prepaid in full its Revolving Credit Facility and immediately executed a new Revolving Credit Facility as the successor to the previous financing, increasing the available commitment from $100,000 to $200,000, with a tenor of 3-years. The facility is secured by: (i) spare parts, (ii) spare engines (previously pledged to a debt facility that was prepaid in connection with this transaction), (iii) cargo receivables, and (iv) certain airport slots at JFK and LHR. Aerovías del Continente Americano S.A., Avianca, Avianca Group International Limited, Avianca Costa Rica S.A., Aviateca S.A., Regional Express Américas S.A.S., Taca International S.A., Tampa Cargo S.A.S. and Techinical & Training Services, S.A. de C.V. act as guarantors under this facility. As of the date of reissuance of these consolidated financial statements, the Avianca Revolving Credit Facility remains undrawn.

On December 31, 2024, Wamos Air entered into a secured financing, pursuant to which the lenders made available commitments to advance term loans in the aggregate amount of €22.0 million and a delayed draw in the amount of €14.0 million. This financing has a maturity date that is five years after the initial disbursement. Avianca Group International Limited and certain of its subsidiaries serve as guarantors under this facility. (See note 30.1).

Future payments on long-term debt

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

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

Corporate debt

December 31, 2024

	Years					
	One	Two	Three	Four	Five and later	Total
Principal	$ 274,462	$ 336,538	$ 68,465	$ 1,715,836	$ 36,052	$ 2,431,353
Interests	$ 203,456	$ 186,047	$ 157,841	$ 156,170	$ 2,972	$ 706,486

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

(In USD thousands)

Changes in liabilities derived from financing activities at December 31, 2024

	January 1, 2024	New Loans (1)	PDPs Refinancing (4)	Financial cost	Payments (3)	Interest Payments	Others	Reclassifications	Transaction cost (2)	December 31, 2024
Current portion of long-term credits (excluding items listed below)	$ 206,817	$ 300,000	$ 48,436	$ 226,832	$ (207,561)	$ (216,037)	$ (235)	$ (51,919)	$ (11,466)	$ 294,867
Non-current portion long-term debt	2,080,841	—	—	—	—	—	—	51,919	—	2,132,760
Total	**$2,287,658**	**$ 300,000**	**$ 48,436**	**$ 226,832**	**$ (207,561)**	**$ (216,037)**	**$ (235)**	**$ —**	**$ (11,466)**	**$ 2,427,627**

(1) On September 10, 2024, the Company raised up to $200,000 through a 5-year loan facility for Taca International Airlines S.A. and Aerovías del Continente Americano S.A. (Avianca S.A.). This facility is the successor to the USAVFlow facility, which was prepaid in July 2023. Additionally, Lifemiles Ltd. has secured an additional $100,000 under its existing loan agreement with Morgan Stanley, the Administrative Agent. The increase is provided under the same terms and conditions as previously agreed in the original loan contract, including interest rates and repayment schedule.

(2) As part of the new loans, the companies incurred in transaction costs, according to the definition of IFRS 9.

(3) During 2024, The Group prepaid in full the Spare Engine Facility for $29,580, and Revolving Credit Facility for $100,000.

The difference between the total payments in this table and the total of those payments in the consolidated statement of cash flows corresponds to non-cash payments in Miles for $2,003.

(4) On December 26, 2024, Aerovías del Continente Americano Avianca S.A. has entered into an unsecured pre-delivery financing agreement for ten A320 Neo aircraft, totaling $48,436, with a tenor of three years. Avianca Group International Limited act as the guarantor for this facility.

(In USD thousands)

Changes in liabilities derived from financing activities at December 31, 2023

	January 1, 2023	New Loans (1)	Financial cost	Payments (2)	Interest Payments	Others	Reclassifications	December 31, 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	220,625	(119,712)	(217,913)	(150)	238,358	206,818
Non-current portion long-term debt	2,306,831	—	—	—	—	381	(226,372)	2,080,840
Total	**$ 2,387,244**	**$ 11,500**	**$ 220,701**	**$ (126,015)**	**$ (217,989)**	**$ 231**	**$ 11,986**	**$ 2,287,658**

(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 consolidated statement of cash flows corresponds to non-cash payments Miles for $2,003.

(In USD thousands)

(18) Accounts Payable

	December 31, 2024	December 31, 2023
Currents		
Trade accounts payables	$ 403,178	$ 249,028
Non-income taxes (1)	332,720	296,092
Other accounts payable (2)	18,271	13,147
Subtotal	**$ 754,169**	**$ 558,267**
Non Currents		
Other accounts payable (2)	$ 3,926	$ —
Total	**$ 758,095**	**$ 558,267**

(1) Corresponds to taxes and fees charged to passengers that will be paid to the government authority such as airport taxes, exit and entry taxes to the countries, etc. Furthermore, to VAT and VAT withholding.

(2) Other accounts payable mainly include purchase of engines, projects related to aircrafts and travel expenses.

(19) Accrued Expenses

	December 31, 2024	December 31, 2023
Operational expenses (1)	$ 88,540	$ 86,354
Total	**$ 88,540**	**$ 86,354**

(1) Corresponds mainly to operational expenses, financial and audit fees, airport operation, accommodation and food crew, travel agencies commission provision and components aeronautical.

(20) 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 December 31, 2024. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit cost method.

Actuarial gains and losses for defined benefit plans are recognized in full during the period in which they occur within other comprehensive income. The liability for employee benefits is as follows:

(In USD thousands)

	December 31, 2024	December 31, 2023
Defined benefit plan	$ 70,364	$ 78,081
Other benefits - short term	94,420	118,879
Other benefits - long term	14,174	9,980
Total	**$ 178,958**	**$ 206,940**
Current	112,399	135,749
Non-current	66,559	71,191
Total	**$ 178,958**	**$ 206,940**

CAXDAC Pension Plan Integration

In 1993 the pension plan in Colombia changed from a defined benefit plan to a defined contribution plan. The Colombian government defined a transition regime to maintain the conditions of pilots and co-pilots included in the pension plan prior to April 01, 1994, this transition regime is administered by CAXDAC. As a result the Group's obligation was recognized and regulated by Law 860 of 2003, Decree 2210 of 2004 and Decree 1269 of 2009.

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

Avianca S.A.

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

On January 26, 2024, the effects of the settlement were formalized. 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, in such a way Avianca S.A. was released from this obligation to CAXDAC from that date.

Tampa Cargo S.A.S.

The approval of the actuarial calculation to the Superintendencia de Transporte in order to integrate the pension liability with CAXDAC, was requested on February 12, 2024.

On August 22, 2024, Tampa Cargo S.A.S. obtained a certification from CAXDAC notifying Tampa Cargo S.A.S. of its satisfaction of legal liability under the pension plan. Consequently, the liability and asset plan were integrated, such that Tampa Cargo S.A.S. was released from this obligation to CAXDAC from that date.

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.

(In USD thousands)

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

For the pension plans for ground personnel in 2008, the Company entered into a commutation agreement with Compañía Aseguradora de Vida Colseguros S.A. (Insurance Company) in connection with the pension liability of two of the Company's pension plans.

As of December 31, 2024, there are 32 beneficiaries which have not been commuted. Consequently, the Company estimates through an actuarial calculation the pension liability of these beneficiaries.

Below is the detail of the Group's pension obligations and assets and post-employment benefits:

	December 31, 2024	December 31, 2023
Fair value of plan assets	$ —	$ 272,727
Present value of the obligation	—	(272,727)
Total assets for employee benefits (1)	**$ —**	**$ —**

	December 31, 2024	December 31, 2023
Fair value of plan assets	$ 244	$ 7,575
Present value of the obligation	(70,608)	(85,656)
Total liabilities for employee benefits	**$ (70,364)**	**$ (78,081)**

(1) As of December 31, 2024 actuarial obligation and the fair value of the plan assets of CAXDAC (Caja de Auxilios y de Prestaciones de ACDAC) were integrated.

As of December 31, 2023, the fair value of the plan assets, for Avianca S.A. component, is equal to the present value of the obligation.

The fair value of the assets of the plan, for Avianca S.A. component, correspond to net funds transferred to CAXDAC, which is responsible for managing the pilots' pension plan.

Movements of Actuarial Valuation of Employee Benefits

The following table summarizes the components of net benefit expense recognized in the consolidated statement of comprehensive income and the funded status and amounts recognized in the consolidated statement of financial position for the respective plans:

Net benefit expense - period ended December 31, 2024 in wages, salaries and benefits)	**CAXDAC Benefit plan**	**Defined benefit plan**	**Other benefits**
Current cost of the service	$ —	$ 2,844	$ 1,812
Cost of interest on obligations for benefits, net	454	1,914	4,286
Subtotal	**454**	**4,758**	**6,098**
Asset plan interest income	(448)	(23)	—
Net benefit expense	**$ 6**	**$ 4,735**	**$ 6,098**

(In USD thousands)

Net benefit expense - period ended December 31, 2023 in wages, salaries and benefits)	CAXDAC Benefit plan	Defined benefit plan	Other benefits
Current cost of the service	$ —	$ 1,026	$ 845
Cost of interest on obligations for benefits, net	14,225	1,567	3,190
Subtotal	**14,225**	**2,593**	**4,035**
Asset plan interest income	(14,614)	(22)	—
Net benefit expense	**$ (389)**	**$ 2,571**	**$ 4,035**

Changes in the present value of defined benefit obligation as of December 31, 2024, are as follows:

	CAXDC Tampa Benefit plan	Defined benefit obligations	Other benefits	Total
Benefit obligations as of December 31 2023	**$ 7,633**	**$ 29,661**	**$ 48,362**	**$ 85,656**
Cost of interest and cost of service	454	4,758	6,098	11,310
Employer-paid benefits	(158)	(4,554)	(7,176)	(11,888)
Actuarial losses arising from changes in financial assumptions	5	1,511	625	2,141
Gains arising from the liquidation of the plan	(296)	—	—	(296)
Translation Adjustment	(1,018)	(1,401)	(7,276)	(9,695)
Integration with asset plan	(6,620)	—	—	(6,620)
Benefit obligations as of December 31, 2024	**$ —**	**$ 29,975**	**$ 40,633**	**$ 70,608**
Plan assets	—	(244)	—	(244)
Total employee benefits	**$ —**	**$ 29,731**	**$ 40,633**	**$ 70,364**
Liabilities:				
Current	$ —	$ 13,793	$ 4,186	$ 17,979
Non-current	—	15,938	36,447	52,385
Total	**$ —**	**$ 29,731**	**$ 40,633**	**$ 70,364**

(In USD thousands)

Changes in the present value of defined benefit obligation as of December 31, 2023, are as follows:

	CAXDC Tampa Benefit plan	Defined benefit obligations	Other benefits	Total
Benefit obligations as of December 31 2022	**$ 5,770**	**$ 26,137**	**$ 23,651**	**$ 55,558**
Cost of interest and cost of service	493	2,593	4,035	7,121
Employer-paid benefits	(567)	(1,825)	(4,633)	(7,025)
Actuarial losses arising from changes in financial assumptions	389	4,907	19,203	24,499
Reclassification to defined benefit obligation	—	(4,986)	—	(4,986)
Translation Adjustment	1,548	2,835	6,106	10,489
Benefit obligations as of December 31 2023	**$ 7,633**	**$ 29,661**	**$ 48,362**	**$ 85,656**
Plan assets	(7,326)	(249)	—	(7,575)
Total employee benefits	**$ 307**	**$ 29,412**	**$ 48,362**	**$ 78,081**
Liabilities:				
Current	$ 307	$ 11,693	$ 4,870	$ 16,870
Non-current	—	17,719	43,492	61,211
Total	**$ 307**	**$ 29,412**	**$ 48,362**	**$ 78,081**

Changes in the obligation and plan assets of Avianca CAXDAC as of December 31, 2023 are as follows:

	Benefit plan CAXDAC Avianca
Benefit obligations as of December 31, 2022	**$ 155,159**
Cost of interest for the period	13,732
Employer-paid benefits	(17,071)
Remeasurement of defined benefit liabilities	75,241
Reclassification to defined benefit obligation	4,986
Translation Adjustment	40,750
Benefit obligations as of December 31, 2023	**$ 272,797**
Fair value of plan assets	(272,797)
Total employee benefits, net	**$ —**

(In USD thousands)

Changes in the fair value of plan assets are as follows:

		Defined benefit plan
Fair Value of plan assets as December 31, 2023	**$**	**7,575**
Interest income on plan assets		471
Return on plan assets higher / (lower) than projected		328
Employee contributions		371
Benefits paid		(196)
Translation adjustment		(1,685)
Integration with obligation Tampa CAXDAC		(6,620)
Fair Value of plan assets as December 31, 2024	**$**	**244**

		Defined benefit plan
Fair Value of plan assets as December 31, 2022	**$**	**161,633**
Interest income on plan assets		14,636
Return on plan assets higher / (lower) than projected		19,490
Employee contributions		49,866
Benefits paid		(14,538)
Translation adjustment		49,285
Fair Value of plan assets as December 31, 2023	**$**	**280,372**

Other comprehensive income movement

For the year ended December 31, 2024, actuarial losses of $(2,469) (December 31, 2023: $(80,250), were recognized in other comprehensive income:

		December 31, 2024		December 31, 2023
Actuarial losses recognized in other comprehensive income	$	(2,141)	$	(99,740)
Adjustment in return on plan assets		(328)		19,490
Losses recognized in other comprehensive income	**$**	**(2,469)**	**$**	**(80,250)**

As a result of the CAXDAC pension plan integration aforementioned above, during the year ended December 31, 2024, the reserve related to the actuarial gains and losses was transfer within equity for $86,942 under the scope of IAS 19.

The main assumptions (adjusted for inflation) used to determine the liability for pensions and post-retirement medical benefits for the Group's plans are shown below:

(In USD thousands)

CAXDAC

	December 31, 2024	December 31, 2023
Discount rate	N/A	7.12%
Price inflation long-term	N/A	4.00%

Other plans

	December 31, 2024	December 31, 2023
Discount rate	10.83%	10.03%
Others Colombia	10.95%	10.30%
Other pension plans	10.70%	9.75%
Price inflation long-term	4.88%	4.00%

The average duration of the benefit plan obligation as of December 31, 2024, is 9,37 years.

Sensitivity analysis

The calculation of defined benefit obligations is sensitive to the aforementioned assumptions. from this analysis, the CAXDAC pensions plan of Avianca S.A. and Tampa Cargo S.A.S is excluded because the assumptions are under local regulation.

The following table summarizes how the impact of the defined benefit obligations at the end of the period would have increased (decreased) because of a change in the respective assumptions:

	December 31, 2024		December 31, 2023	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Discount rate	(2,205)	2,392	(2,661)	2,915
Salary increases rate	1,040	(949)	1,114	(1,065)
Mortality rate	21	(21)	4	(4)
Health care cost	1,264	(1,146)	1,772	(1,548)

(21) Air traffic liability and frequent flyer deferred revenue

	December 31, 2024	December 31, 2023
Air traffic liability (1)	$ 576,061	$ 656,290
Deferred revenue	20,322	—
Subtotal	**596,383**	**656,290**
Miles deferred revenue (2)	186,822	164,540
Current	**$ 783,205**	**$ 820,830**
Miles deferred revenue	$ 246,081	$ 271,964
Non–current	**$ 246,081**	**$ 271,964**

(In USD thousands)

(1) For the year ended December 31, 2024, the Group recognized $346,897 (December 31, 2023 $279,738) of passenger revenue for tickets that were included in the air traffic liability balance at the beginning of those periods. During the year 2024 the Group recognized a total revenue of $114,017 related to breakage UATP.

(2) For the year ended December 31, 2024, the Group recognized $144,303 (December 31, 2023: $142,057) as part of Loyalty Revenue, that were included in the Frequent Flyer deferred revenue at the beginning of those periods.

(22) Equity and other comprehensive income

	December 31, 2024	December 31, 2023
Ordinary shares issued and paid	39,611,023	39,569,223

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

Ordinary shares

Holders of these shares are entitled to dividends as declared from time to time. As of the issue date, Investment Vehicle 1 Limited is the sole shareholder.

Issue of ordinary shares

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

	Shares Issued and Outstanding
As of December 31, 2023	39,569,223
May 15, 2024 Issuance of shares to GUCs	40,466
July 17, 2024 Issuance of shares to GUCs	1,334
As of December 31, 2024	**39,611,023**

	Shares Issued and Outstanding
As of December 31, 2022	39,210,000
June 7, 2023 Issuance of shares to GUCs	335,045
November 15, 2023 Issuance of shares to GUCs	24,178
As of December 31, 2023	**39,569,223**

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 Avianca Group International Limited ("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.

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; 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.

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.

On November 15, 2023, pursuant to the Plan, subsequent issuances of shares to 49 GUCs were completed (the "Second Tranche Issuances"). The Second Tranche Issuances, which were all implemented on November 15, 2023, included:

- the allotment and issuance to the GUCs of 24,178 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.

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. Except as required pursuant to ongoing litigation, no more share issuances to the GUCs are expected.

Dividends

The Group did not decree or pay dividends during any periods presented in these consolidated financial statements.

(In USD thousands)

Other Comprehensive Income ("OCI") Reserves

The movement of other comprehensive income from December 31, 2024, is as follows:

	Fair value reserves (1)	Reserve related to actuarial gains and losses (2)	Income Tax of reserve related to actuarial gains and losses (3)	Revaluation and other reserves (4)	Currency translation effect (5)	Total	NCI	Total OCI
As of December 31, 2022	**$ (2,030)**	**$ (16,282)**	**$ (102)**	**$ 1,265**	**$ (4,388)**	**$ (21,537)**	**$ (870)**	**$ (22,407)**
Other results comprehensive (loss)	800	(78,910)	(336)	22,826	4,590	(51,030)	(1,340)	(52,370)
As of December 31, 2023	**(1,230)**	**(95,192)**	**(438)**	**24,091**	**202**	**(72,567)**	**(2,210)**	**(74,777)**
Other results comprehensive (loss)	402	(2,581)	(789)	(11,393)	(3,477)	(17,838)	112	(17,726)
Reclassification of the net defined benefit Note 20	—	86,942	—	—	—	86,942	—	86,942
As of December 31, 2024	**$ (828)**	**$ (10,831)**	**$ (1,227)**	**$ 12,698**	**$ (3,275)**	**$ (3,463)**	**$ (2,098)**	**$ (5,561)**

(1) Fair value reserves
The fair value reserve is comprised of the cumulative net change in the fair value through OCI financial assets.

(2) Reserve relating to actuarial gains and losses
Comprised of actuarial gains or losses on defined benefit plans and post–retirement medical benefits recognized in other comprehensive income.

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

(4) Revaluation and other reserves
Relates to the revaluation of administrative buildings and properties in San Salvador, Colombia y Costa Rica. The revaluation reserve is adjusted for increases or decreases in the fair value of these properties.

(5) Foreign currency translation differences
Represents the effect of the translation from the functional currency.

(In USD thousands)

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

	December 31, 2024	December 31, 2023
Fair value reserves:		
Valuations of investments in fair value with changes in OCI	$ 402	$ 800
	$ 402	**$ 800**

(23) Derivative instruments

The Group purchases jet fuel on an ongoing basis as its operating activities require a significant ongoing supply of this commodity. The composition of jet fuel can be understood as the sum of the West Texas Intermediate ("WTI") price and the crack spread. WTI: It is a type of crude oil that serves as a price reference in international markets. Crack Spread: it is the difference between the price of jet fuel and the WTI, reflecting the costs and refining margins required to convert crude into refined products, such as jet fuel.

The Group then perceives two risks: the price volatility of the WTI and the price of the Crack Spread, both of which influence the final cost of the jet fuel. For third quarter of 2024, the Group decided to specifically cover the crack spread. The decision was made to mitigate the potential impacts of hurricane season, as these events can disrupt the production and distribution of refined products, leading to a reduction in supply and potential logistical disruptions, these influences the price of the underlying fuel, which the Group uses as the aircraft's final fuel. For the fourth quarter of 2024, the Group decided to specifically cover the WTI, this decision responds to the need to protect itself against possible increases in fuel prices resulting from the current conflict in the Middle East, thus ensuring a maximum purchase price and avoiding negative financial impacts on the operating budget.

The Group must enter in hedging contracts to mitigate crack spread and WTI volatility, aligned with the risk management strategy outlined by the Board of Directors. The contracts are intended to hedge crack spread price and WTI volatility for monthly periods between July and November 2024 based on existing purchase agreements. The Group always designates a qualifying instrument in its entirety as a hedging instrument.

The hedging instrument used by the Group to mitigate the crack spread risk is the swaps and to mitigate the WTI risk is the asian option call. The Group has designated certain crack spread swaps and WTI call options as of December 31, 2024 (December 31, 2023: Jet fuel and WTI call options) as a cash flow hedge. The quantity and maturity of swaps and call options and their corresponding hedged items must remain the same. The Group has determined that there is an economic relationship between the hedged item and the hedging instrument based on the critical term match (Notional quantity, maturity and underlying).

The Group performs a qualitative assessment of effectiveness, as the cost of jet fuel and the crack spread, which serves as an input cost, are both separately identifiable costs with known market structures (the price is driven by the market) the critical terms match. Considering that the critical terms match, it is assumed that there is 100% hedge effectiveness and that a hedge ineffectiveness scenario does not exist. The Group has established a hedge ratio of 1:1 or 100% for the hedging relationships as the underlying risk of the crack spread swaps and WTI call options are identical to the hedged risk components.

The primary source of hedge ineffectiveness in these hedge relationships is the effect of the counterparty and the Group's own credit risk on the fair value of the option contracts, which is not reflected in the fair value of the hedged item. The Group has determined that the effect of credit risk does not influence the value changes that result from that economic relationship. The agreement that guarantees both parties' performance is the ISDA (International Swaps and Derivatives Association) and its respective signed annexes. The ISDA establishes all the parameters necessary to mitigate risks that may arise, ensuring that both parties have financial support in the event of fluctuations in favor of or against the market in each specific case of the hedge items. The Credit Support Annex to the Master Agreement (ISDA) ensures that both parties will maintain an adequate amount of collateral to cover market exposures. This annex guarantees both parties' protection and contractual compliance in the event of significant market value variations, thereby reducing the non-performance risk.

The total notional value of derivatives recognized as hedging instruments for the year ended December 31, 2024, is equivalent to 102,000,000 gallons of crack spread and 1,761,953 barrels of WTI (December 31, 2023: 71,612,265 gallons of Jet Fuel and 730,398 barrels of WTI). For the crack spread swaps, the Group hedges approximately 28% (12,000,000 gallon) of the expected fuel gallon consumption for the month of July 2024, and approximately 75% (30,000,000 gallon per month) of the expected fuel gallon consumption for the months of August, September and October 2024 at average strike price of $25.23. For the WTI call options, the Group hedges approximately 99% (857,191 barrels) of the expected fuel barrels consumption for the month of october 2024, and approximately 98% (904,762 barrels) of the expected fuel barrels consumption for the months of november 2024 at average strike price of $107.5.

The following table details outstanding hedging instruments at the end of the reporting periods, as well as information regarding their related hedged items. Hedging instruments are reported within the “Deposits and other assets” line within the statement of financial position (see note 12). As of December 31, 2024 and 2023 the balance for hedging instruments is $nil.

(In USD thousands)

December 31, 2024

Strike price per gallon or barrels	Quantity (gallons, barrels)	Hedged Item	Carrying amount of the hedging instruments as of January 01, 2024	Cash payments, net	Change in the fair value of hedging instrument recognized in OCI	Amount from cost of hedging reserve transferred to Losses	Line item in profit or loss in which the transferred amount is included	Carrying amount of the hedging instruments as of December 31, 2024
$ 26.87	48,000,000	Crack spread	$ —	$ 11,939	$ 11,939	$ (11,939)	Aircraft fuel	$ —
$ 24.93	24,000,000	Crack spread	—	5,718	5,718	(5,718)	Aircraft fuel	—
$ 23.90	30,000,000	Crack spread	—	6,412	6,412	(6,412)	Aircraft fuel	—
	102,000,000		**$ —**	**$ 24,069**	**$ 24,069**	**$ (24,069)**		**$ —**
$ 110.00	1,380,953	WTI	—	407	407	(407)	Aircraft fuel	—
$ 100.00	381,000	WTI	—	50	50	(50)	Aircraft fuel	—
	1,761,953		**$ —**	**$ 457**	**$ 457**	**$ (457)**		**$ —**
			$ —	**$ 24,526**	**$ 24,526**	**$ (24,526)**		**$ —**

December 31, 2023

Strike price per gallon or barrels	Quantity (gallons, barrels)	Hedged Item	Carrying amount of the hedging instruments as of January 01, 2023	Cash payments, net	Change in the fair value of hedging instrument recognized in OCI	Amount from cost of hedging reserve transferred to Losses	Line item in profit or loss in which the transferred amount is included	Carrying amount of the hedging instruments as of December 31, 2023
$ 3.25	71,612,265	Crack spread	$ —	$ 3,304	$ 3,304	$ (3,304)	Aircraft fuel	$ —
	71,612,265		**$ —**	**$ 3,304**	**$ 3,304**	**$ (3,304)**		**$ —**
$ 100.00	730,398	WTI	—	775	775	(775)	Aircraft fuel	—
	730,398		**$ —**	**$ 775**	**$ 775**	**$ (775)**		**$ —**
			$ —	**$ 4,079**	**$ 4,079**	**$ (4,079)**		**$ —**

(In USD thousands)

The following tables provides a reconciliation by risk category of components of equity and analysis of OCI items, resulting from cash flow hedge accounting:

	December 31, 2024	December 31, 2023
Beginning Balance	$ —	$ —
Effective portion of change in fair value:		
Crack spread risk	24,070	—
WTI risk	456	775
Jet fuel risk	—	3,304
Amount reclassified to profit and loss:		
Crack spread risk	(24,070)	—
WTI risk	(456)	(775)
Jet fuel risk	—	(3,304)
Ending Balance	$ —	$ —

(24) Fair value measurements

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

Quantitative disclosures of fair value measurement hierarchy for assets:

		Fair value measurement using			
Assets measured at fair value	**Note**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Airbus aircraft and engines held for sale	13	—	3,546	—	3,546
Short-term Investments		—	52,184	—	52,184
Revalued administrative property	14	—	—	106,036	106,036

Quantitative disclosures of fair value measurement hierarchy for liabilities:

	Fair value measurement using			
Liabilities measured at fair value	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Short–term borrowings and long–term debt	$ —	$ 2,376,773	$ —	$2,376,773

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities as of December 31, 2023:

(In USD thousands)

Quantitative disclosures of fair value measurement hierarchy for assets:

		Fair value measurement using			
Assets measured at fair value	**Note**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Airbus aircraft and engines held for sale	13	—	10,743	—	10,743
Short-term Investments		—	50,970	—	50,970
Revalued administrative property	14	—	—	111,949	111,949

Quantitative disclosures of fair value measurement hierarchy for liabilities:

	Fair value measurement using			
Liabilities measured at fair value	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
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.
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 appraisals are based on active market prices, adjusted for difference in the nature, location, or condition of the specific property. The Group engaged accredited independent appraisers to determine the fair value of its land and buildings.

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

Valuation technique and significant unobservable entries

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

As of December 31, 2024, the following table shows the valuation technique used to measure the fair value of the administrative property, as well as the unobservable investment used.

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.
La Uruca, Costa Rica	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 aircrafts 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.

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

(In USD thousands)

(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 December 31, 2024	Valuation technique	Significant unobservable input	Range (weighted average) in % and USD	Relationship of inputs to fair value
Revalued administrative property	$ 106,036	Market comparison approach	Monthly rental value per square meter (El Salvador)	$ 21	The higher the monthly rental value per square meter, the higher the fair value
			Square vara price (El Salvador)	$ 615	The higher the square vara price, the higher the fair value
			Monthly rental value per square meter (Colombia)	$ 16.14	The higher the monthly rental value per square meter, the higher the fair value
			Square vara price (Colombia)	$ 2,472	The higher the square vara price, the higher the fair value
			Monthly rental value per square meter (Costa Rica)	$ 42,370	The higher the monthly rental value per square meter, the higher the fair value
			Square vara price (Costa Rica)	$ 8.57	The higher the square vara price, the higher the fair value
			Depreciation of Colombian peso against US Dollar	(15.40%)	The higher depreciation of Colombian peso against US Dollar, the higher the fair value

(In USD thousands)

	Fair value on December 31, 2023		Valuation technique	Significant unobservable input	Range (weighted average) in % and USD		Relationship of inputs to fair value
Revalued administrative property	$	111,949	Market comparison approach	Monthly rental value per square meter (El Salvador)		$20	The higher the monthly rental value per square meter, the higher the fair value
				Square vara price (El Salvador)	$	585	The higher the square vara price, the higher the fair value
				Monthly rental value per square meter (Colombia)		$16	The higher the monthly rental value per square meter, the higher the fair value
				Square vara price (Colombia)	$	2,666	The higher the square vara price, the higher the fair value
				Appreciation of Colombian peso against US Dollar		21%	The higher appreciation of Colombian peso against US Dollar, the higher the fair value

(25) Income tax expense and other taxes

	December 31, 2024		December 31, 2023	
Current income tax – assets	$	160,333	$	133,676
Other current taxes				
Current VAT – assets		64,899		48,410
Other current taxes		29,219		21,653
Total other current taxes		94,118		70,063
Total current taxes – assets	**$**	**254,451**	**$**	**203,739**
Current income tax – liabilities	$	(28,375)	$	(25,523)
Others		(11,531)		(11,519)
Total Current income tax – liabilities	**$**	**(39,906)**	**$**	**(37,042)**

Components of income tax expense

Income tax expense for the year ended December 31, 2024, is comprised of the following:

(In USD thousands)

Consolidated statement of comprehensive income

	December 31, 2024	December 31, 2023
Current income tax:		
Current income tax charge	$ (31,518)	$ (38,905)
Subtotal	**$ (31,518)**	**$ (38,905)**
Deferred tax expense:		
Relating to origination and reversal of temporary differences	(7,110)	36,980
Income tax expense reported in the income statement	**$ (38,628)**	**$ (1,925)**

Amounts recognized in OCI

	December 31, 2024	December 31, 2023
Items that will not be reclassified to profit or loss:		
Revaluation of property, plant and equipment	$ 5	$ (602)
Remeasurements of defined benefit liability (asset)	(794)	266
Income tax recorded directly in other comprehensive income	**$ (789)**	**$ (336)**

Amounts recognized in equity

There are no amounts relating to current and deferred taxes recognized directly in equity.

Reconciliation of the tax effective rate

		December 31, 2024		December 31, 2023
Profit after tax		$ 128,200		$ 165,736
Income tax expense		38,628		1,925
Profit before tax		**$ 166,828**		**$ 167,661**
Tax using the company´s domestic tax rate	33.00%	55,053	33.00%	55,328
Non temporary differences	38.79%	64,717	(28.53%)	(36,438)
Losses in non-taxable jurisdictions	1.46%	2,434	(0.71%)	(943)
Year tax losses without deferred tax	(71.98%)	(120,089)	(63.41%)	(84,509)
Others (a)	21.89%	36,513	61.09%	68,486
	23.15%	**$ 38,628**	**1.44%**	**$ 1,924**

(a) Corresponds mainly to the translation effects generated between the local currencies of the Group´s entities and the presentation currency of the consolidated financial statements.

(In USD thousands)

Movement in deferred tax balances

	December 31, 2024	December 31, 2023
Accounts payable	$ (10)	$ 480
Aircraft maintenance	27,775	(1,444)
Provisions	29,347	42,678
Loss carry forwards	39,392	18,683
Leases- IFRS 16	(67,727)	43,519
Intangible assets	(133,378)	(131,192)
Non-monetary items	(15,125)	631
Other	29,223	(63,956)
Net deferred tax assets / (liabilities)	**$ (90,503)**	**$ (90,601)**

The analysis of deferred tax assets and liabilities as of December 31, 2024 and 2023 is as follows:

	December 31, 2024	December 31, 2023
Deferred tax assets	$ 56,643	$ 45,444
Deferred tax liabilities	(147,146)	(136,045)
Net deferred tax assets / (liabilities)	**$ (90,503)**	**$ (90,601)**

Reconciliation of deferred tax liabilities, net

	December 31, 2024	December 31, 2023
As of December 31, 2023	$ (90,601)	$ (128,284)
Recognized in profit and loss	(7,110)	36,980
Recognized in other comprehensive income	(789)	(336)
Conversion effect and others	7,997	1,039
As of December 31, 2024	**$ (90,503)**	**$ (90,601)**

Unrecognized deferred tax liabilities and assets

There are temporary differences associated with investments in subsidiaries, for which deferred tax liabilities have not been recognized, due to the exception allowed by paragraphs 39 and 44 of IAS 12.

Deferred tax assets have not been recognized in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits there from:

	December 31, 2024	December 31, 2023
Deductible temporary differences	$ 229,572	$ 112,848
Tax losses	153,800	289,284
Total	**$ 383,372**	**$ 402,132**

(In USD thousands)

Tax losses carried forward

Tax losses unrecognized were realized mainly by the subsidiaries in Colombia, and United Kingdom. Currently, tax losses in Colombia expire in 12 years, in UK don't expire.

Tax rates

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

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

Uncertainty over income tax treatments

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

Global minimum top-up tax

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

1. The "subject to tax" rule, which proposes a minimum tax on certain cross-border intercompany transactions that are not subject to a minimum level of tax.
2. The "income inclusion" rule, which proposes a minimum tax on the income arising in each jurisdiction in which the Group operates.

(In USD thousands)

3. The "undertaxed payments" rule, which proposes a minimum tax on certain cross-border payments that are subject to tax but taxed at a low rate.
4. The "qualified domestic minimum top-up tax", which generally proposes a minimum tax on the income arising in each jurisdiction in which the Group operates.

Although the Group operates in several jurisdictions, the UPE (Ultimate Parent Entity) has been determined to be ABRA Group Limited, a company domiciled in the United Kingdom. The UK enacted legislation to implement the global minimum top-up tax as of January 2024, and the UPE will be responsible for filing the Global minimum top-up tax.

During 2024, the Group conducted an analysis of the potential applicability of the GloBE Rules and as a result of such analysis no top-up was determined.

The analysis encompassed all complementary taxes of Pillar Two collected by the tax authorities, which typically constitute income taxes falling under the scope of IAS 12 and Pillar Two Guidelines.

(26) Provisions for legal claims

Changes in litigation provisions during the year ended December 31, 2024, are as follows:

	December 31, 2024	December 31, 2023
Balances at the beginning of the period	$ 31,125	$ 47,124
Provisions constituted	18,213	8,409
Provisions reverse	(11,058)	(7,996)
Reclassifications to liabilities	(5,041)	—
Lawsuits deposits	—	(8,828)
Provisions used	(3,213)	(7,584)
Acquisition of subsidiary	3,983	—
Balances at the end of the period	**$ 34,009**	**$ 31,125**

Certain processes are contingent liabilities and are therefore classified as potential future obligations and are subsequently categorized as possible. Based on plaintiffs' claims for the period ended December 31, 2024, these contingencies totaled $137,549 (December 31, 2023: $149,414).

(In USD thousands)

	December 31, 2024	December 31, 2023
Labor	$69,500	$98,569
Taxes	43,717	18,644
Administrative	8,218	10,486
Consumer protection	2,223	7,600
Civil	6,703	6,778
Direct Claims	4,875	5,769
Others	2,313	1,568
Total	**$137,549**	**$149,414**

Certain losses that could arise from these litigations will be covered by insurance or with funds provided by third parties. The judicial processes resolved with said forms of payment are estimated at $11,796 as of December 31, 2024 (December 31, 2023: $13,878).

In accordance with IAS 37, the processes that the Company considers as representing an insubstantial risk are not included within the 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 anti-corruption laws. Based in Avianca´s internal investigation. Avianca improved its policies and implemented additional controls, including 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 search 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 inquiry described above has not resulted in the opening of a formal investigation against Avianca. Moreover, Avianca is of the view that the CSC is time-barred from commencing a formal investigation proceeding and should have closed the preliminary inquiry, pursuant to applicable law. No employee or manager related to Avianca has been formally linked to any investigations conducted by the Colombian authorities in connection with those practices.

(In USD thousands)

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 a then Avianca "senior executive" in 2014 for an irregular commission payment, which, in Avianca´s understands, was ultimately not made. As a result of the foregoing, Avianca voluntarily conducted an internal investigation to analyze its commercial relationship with Airbus and to determine if it was the injured party of any improper or illegal acts. This internal investigation was disclosed to the U.S. Department of Justice and to the SEC as well as the Colombian Superintendence of Industry and Commerce and the Office of the Attorney General of Colombia.

To Avianca's knowledge and as of the date hereof, the Office of the Attorney General of Colombia and the Superintendence of Industry and Commerce are conducting preliminary investigations, in which they have requested information from Avianca, which, has been provided under the principle of active collaboration with authorities. No employee or manager related to Avianca has been formally linked to any investigations conducted by the Colombian authorities.

Avianca has presented itself as an injured party to the Office of the Attorney General of Colombia. Formal recognition as an injured party would occur at the indictment if one is held.

(27) Acquisition of aircraft

The following table reflects future commitments related to the acquisition of aircraft and engines:

December 31, 2024

	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
Aircraft and engine purchase commitments	$ 70,053	$ 1,544,592	$ 3,317,477	$ 3,153,517	$ 8,085,639

December 31, 2023

	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
Aircraft and engine purchase commitments	$ 81,020	$ 1,281,871	$ 2,384,782	$ 1,952,319	$ 5,699,992

The table above reflects the subsequent exercise of options described in note 30.

The amounts disclosed reflect pricing terms negotiated with suppliers as of the balance sheet date, which might vary subject to certain conditions such as inflation.

The Group plans to finance these commitments through cashflow generation, financing and / or sale-lease-back arrangements with financial institutions and aircraft leasing companies.

(In USD thousands)

(28) Net Interest Expense

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

	Notes	Year ended December 31, 2024	2023
Debt interest	17	$ 226,832	$ 220,701
Lease interest	16	283,943	221,806
Other interest expense		24,117	39,782
Interest Income from cash and cash equivalents and short-term investments		(48,583)	(39,529)
Interest income - Intercompany loan agreement	10	(13,450)	(9,385)
Total		**$ 472,859**	**$ 433,375**

(29) 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 Year ended December 31, 2024	%	2023	%
Domestic				
Tickets	$ 1,158,232	22%	$ 959,768	21%
Ancillaries (1)	309,322	6%	287,820	6%
Cargo and courier	320,680	6%	333,015	7%
Loyalty (2)	79,536	1%	55,288	1%
	$ 1,867,770	**35%**	**$ 1,635,891**	**35%**
International				
Tickets	$ 2,094,401	41%	$ 1,917,685	41%
Ancillaries (1)	608,055	12%	594,405	13%
Cargo and courier	359,754	7%	343,557	7%
Loyalty (2)	135,356	3%	134,810	3%
	$ 3,197,566	**63%**	**$ 2,990,457**	**64%**
Others	$ 100,764	2%	$ 57,400	1%
Total revenue	**$ 5,166,100**	**100%**	**$ 4,683,748**	**100%**

(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.

(In USD thousands)

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

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

	For the year ended December 31,			
	2024	%	2023	%
Passenger:				
Tickets	$ 3,252,633	63%	$ 2,877,453	62%
Ancilliaries	917,377	18%	882,225	19%
Loyalty	167,450	3%	141,904	3%
Other	4,604	—%	4,054	—%
	$ 4,342,064	**84%**	**$ 3,905,636**	**84%**
Cargo and other:				
Loyalty	$ 47,442	1%	$ 48,194	1%
Cargo	680,434	13%	676,572	14%
Other	96,160	2%	53,346	1%
	$ 824,036	**16%**	**$ 778,112**	**16%**
Total revenue	**$ 5,166,100**	**100%**	**$ 4,683,748**	**100%**

Contract balances

The following table provides information on accounts receivable, assets and liabilities of contracts with customers.

	Notes	December 31, 2024	December 31, 2023
Net of accounts receivable	9	$ 228,535	$ 233,913
Prepaid compensation to clients		253	899
Air traffic responsibility	21	576,061	656,290
Frequent flyer deferred revenue	21	186,822	164,540
Deferred revenue	21	20,322	—

(30) Subsequent Events

1. On January 6, 2025, the initial disbursement of the Wamos Facility, further described in note 17, in the amount of €22.0 million was made.

2. On January 10, 2025, the Group reached an agreement with Airbus to exercise the option to purchase additional aircraft under its current Purchase Agreement. The table in note 27 has been adjusted to

reflect future commitments related to the acquisition of aircraft and engines, including these additional aircraft.

3. On February 5, 2025, a negative ruling was issued in Colombia against Aerovías del Continente Americano S.A. (Avianca S.A.) regarding the 2018 income tax process at first instance, therefore an appeal was filed before the High Administrative Court on February 19, 2025. In that case, the Colombian tax authority has challenged the transfer pricing method of certain intercompany transactions, as well as the aircraft depreciation. The amount in dispute is approximately $811 million. The Company has strong technical arguments for its defense; thus, the advisors maintain the risk of loss as remote. The dispute is currently awaiting a decision of the high court.

4. On February 14, 2025, Avianca Midco 2 PLC consummated its offer to exchange any and all of its outstanding 9% Tranche A-1 Senior Secured Notes due 2028 (the "Tranche A-1 Exit Notes") for its newly issued 9% Senior Secured Notes due 2028 (the "2028 Notes") and its solicitation of consents of the holders of the Tranche A-1 Exit Notes (the "Offer and Solicitation"), pursuant to which holders of 99.75% of the outstanding principal amount of the Tranche A-1 Exit Notes exchanged their Tranche A-1 Exit Notes for 2028 Notes and consented to eliminate substantially all of the restrictive covenants and release and discharge all of the guarantees and release all of the collateral securing the remaining Tranche A-1 Exit Notes. As a result of the consummation of the Offer and Solicitation, Avianca Midco 2 PLC issued US$1,109,157 aggregate principal amount of 2028 Notes and US$2,774 aggregate principal amount of Tranche A-1 Exit Notes remain outstanding.

   Concurrently, on February 14, 2025, Avianca Midco 2 PLC issued US$1,000,000 aggregate principal amount of its 9.625% Senior Secured Notes due 2030 (the “2030 Notes”). The net proceeds of the 2030 Notes were used to redeem in full its 9% Tranche A-2 Senior Secured Notes due 2028 and repay in full the loans under the credit agreement dated as of August 30, 2021, as amended from time to time, by and among LifeMiles Ltd., LifeMiles US Finance LLC, the lenders party thereto and Morgan Stanley Senior Funding, Inc., as administrative agent, and for general corporate purposes.

5. On February 26, 2025, the Group signed waivers with the lenders of the USAVFlow facility (see note 17) due to the Group expects to reclassify the obligation as “non-current” for the carrying amount for $193,928 million, with a settlement period of 12 months or longer for the reporting period following the agreed waivers.

6. On May 28, 2025, Aerovías del Continente Americano S.A. Avianca, acting through its Florida Branch, together with its guarantors and other parties, completed the execution of the collateral agreements required to secure the obligations under the Revolving Credit Facility (RCF) entered in November 2024, for a principal amount of up to $200,000 (see note 19). These agreements included the granting of security interests over spare parts, engines, cargo receivables, and airport slots. The collateral documentation was executed across multiple jurisdictions, including the United States, El Salvador,

Guatemala, Colombia, and Ecuador. The granting of these security interests formed part of the structure agreed with the lenders to support the obligations of the borrowers and guarantors under the RCF.

7. On June 04, 2025, the Group reached an agreement with BOC Aviation to enter into long term leases and PDP Financings for nine Airbus A320-200 NEO aircraft of our Purchase Agreement.

8. On 14 October 2025, IV1L announced the withdrawal of its draft Registration Statement on Form F-1 previously submitted to the U.S. Securities and Exchange Commission.

9. On 15 October 2025, Abra announced its intended confidential submission of a draft registration statement for a proposed initial public offering with the U.S. Securities and Exchange Commission.

10. On 11 November 2025, the Colombian Superintendence of Industry and Commerce (SIC) issued its final decision closing the data-privacy investigation initiated in 2021, with no liability for Avianca.

11. On November 21, 2025, the Company completed the release of four engines, ESN 645479, 643631, 649510, and 645190, that had been pledged as collateral under the Revolving Credit Facility executed on November 26, 2024. Concurrently, the collateral package under the facility was strengthened through the constitution of a pledge over one A319 aircraft, MSN 6617, together with its two engines, ESN 569804 and 569806, as well as one T700 engine, ESN 42180.

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