

**Grupo Aeroméxico, S. A. P. I. de C. V.
and subsidiaries (formerly Grupo Aeroméxico,
S. A. B. de C. V. and Subsidiaries)**

Condensed Consolidated Interim
Financial Statements (Unaudited)

As of June 30, 2023 and December 31, 2022 and
for the six-month and three-month periods ended June 30, 2023 and 2022





Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Grupo Aeromexico, S. A. P. I. de C. V.:

Results of Review of Interim Financial Information

We have reviewed the condensed consolidated interim statement of financial position of Grupo Aeromexico, S. A. P. I. de C. V. (and subsidiaries) (the Company) as of June 30, 2023 the related condensed consolidated interim statements of profit or loss and other comprehensive income and changes in equity for the three-month and six-month periods ended June 30, 2023 and 2022, the related condensed consolidated interim statements of cash flows for the six-month periods ended June 30, 2023 and 2022, and the related notes (collectively, the consolidated interim financial information). Based on our reviews, we are not aware of any material modifications that should be made to the consolidated interim financial information for it to be in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statement of financial position of the Company as of December 31, 2022, and the related consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended (not presented herein); and in our report dated April 28, 2023, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated statement of financial position as of December 31, 2022, is fairly stated, in all material respects, in relation to the consolidated statement of financial position from which it has been derived.

Basis for Review Results

This consolidated interim financial information is the responsibility of the Company's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.





We conducted our reviews in accordance with the standards of the PCAOB. A review of consolidated interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

KPMG Cárdenas Dosal, S.C.

*KPMG
Cárdenas Dosal, S.C.*

Mexico City, Mexico
August 17, 2023



Grupo Aeroméxico, S. A. P. I. de C. V. and subsidiaries

Condensed consolidated interim statements of financial position

As of June 30, 2023 and December 31, 2022

(In thousands of US dollars)

	<u>Note</u>	<u>2023</u>	<u>2022</u>
Assets			
Current assets:			
Cash and cash equivalents		\$ 1,022,642	842,182
Derivative financial instruments	21	1,169	1,893
Trade and other receivables	10	517,314	391,272
Due from related parties	6	686	540
Prepayments and deposits		66,873	44,568
Inventories		<u>109,920</u>	<u>96,967</u>
Total current assets		<u>1,718,604</u>	<u>1,377,422</u>
Non-current assets:			
Property and equipment, including right-of-use	11	2,805,120	2,643,406
Intangible assets and goodwill	12	1,060,742	1,063,812
Prepayments and deposits	9	145,808	138,009
Investments in equity accounted investees		30,181	30,181
Other non-current assets		9,759	2,272
Deferred tax assets		<u>345,750</u>	<u>291,064</u>
Total non-current assets		<u>4,397,360</u>	<u>4,168,744</u>
Total assets		<u>\$ 6,115,964</u>	<u>5,546,166</u>

The notes on pages 10 to 35 are an integral part of the condensed consolidated interim financial statements.



Grupo Aeroméxico, S. A. P. I. de C. V. and subsidiaries

Condensed consolidated interim statements of financial position (Continued)

As of June 30, 2023 and December 31, 2022

(In thousands of US dollars)

	<u>Note</u>	<u>2023</u>	<u>2022</u>
Liabilities			
Current liabilities:			
Loans and borrowings, including leases	13	\$ 562,195	513,976
Trade and other payables	16	1,219,502	1,032,236
Due to related parties	6	618	445
Provisions	15	76,261	32,281
Air traffic liability		988,545	784,248
Frequent flyer program		219,892	234,568
Income taxes payable and employee's statutory profit sharing		<u>6,102</u>	<u>5,224</u>
Total current liabilities		<u>3,073,115</u>	<u>2,602,978</u>
Non-current liabilities:			
Loans and borrowings, including leases	13	2,940,851	2,936,961
Frequent flyer program		290,168	211,443
Employee benefits	14	217,949	185,400
Provisions	15	204,224	234,522
Deferred tax liabilities		<u>119,868</u>	<u>105,694</u>
Total non-current liabilities		<u>3,773,060</u>	<u>3,674,020</u>
Total liabilities		<u>6,846,175</u>	<u>6,276,998</u>
Equity (deficit)			
Capital stock	18	4,598,016	4,598,016
Share premium		(2,182,889)	(2,182,889)
Statutory reserve		24,750	24,750
Stock repurchase reserve		29,703	29,703
Equity accounted investees share of OCI		(6,577)	(6,577)
Remeasurement of defined benefit liability		16,351	16,351
Accumulated deficit		<u>(3,211,549)</u>	<u>(3,212,155)</u>
Total equity (deficit) attributable to equity holders of the Company		<u>(732,195)</u>	<u>(732,801)</u>
Non-controlling interest		<u>1,984</u>	<u>1,969</u>
Total equity (deficit)		<u>(730,211)</u>	<u>(730,832)</u>
Total equity and liabilities		\$ <u>6,115,964</u>	<u>5,546,166</u>

The notes on pages 10 to 35 are an integral part of the condensed consolidated interim financial statements.



Grupo Aeroméxico, S. A. P. I. de C. V. and subsidiaries

Condensed consolidated interim statements of profit or loss and other comprehensive income

For the six-month and three-month periods ended June 30, 2023 and 2022

(In thousands of US dollars)

	Note	Six-month period		Three-month period	
		2023	2022	2023	2022
Revenues:					
Passenger	7	\$ 1,987,103	1,416,428	1,055,567	864,453
Air cargo		130,335	148,661	65,527	78,269
Other		59,397	20,990	28,652	14,324
Total revenue	8	<u>2,176,835</u>	<u>1,586,079</u>	<u>1,149,746</u>	<u>957,046</u>
Operating expenses:					
Jet-fuel		618,730	660,977	277,221	416,885
Wages, salaries and benefits		397,407	282,884	210,448	149,507
Maintenance		99,934	78,942	49,487	39,173
Aircraft, communication and traffic services		246,024	206,754	128,867	115,038
Passenger services		50,381	38,840	25,726	21,579
Travel agent commissions		46,011	31,847	25,757	18,536
Selling and administrative		163,627	123,574	85,717	66,253
Aircraft leasing	11	12,788	85,514	6,622	43,897
Depreciation and amortization		268,528	211,725	141,185	100,479
Impairment		1,750	602	1,750	(29,704)
Restructuring income, net		-	(114,088)	-	(24,013)
Other loss (income), net		12,189	(4,654)	6,772	(6,245)
Share of gain on equity accounted investees, net of tax		-	(9,341)	-	(6,099)
Total operating expenses		<u>1,917,369</u>	<u>1,593,576</u>	<u>959,552</u>	<u>905,286</u>
Total operating income (loss)		<u>259,466</u>	<u>(7,497)</u>	<u>190,194</u>	<u>51,760</u>
Finance income (cost):					
Finance income	22	21,807	3,810	12,960	2,380
Finance cost	22	<u>(280,619)</u>	<u>(240,789)</u>	<u>(173,462)</u>	<u>(119,205)</u>
Net finance cost		<u>(258,812)</u>	<u>(236,979)</u>	<u>(160,502)</u>	<u>(116,825)</u>
Income (loss) before income tax		654	(244,476)	29,692	(65,065)
Income tax (benefit)	20	<u>33</u>	<u>(27,395)</u>	<u>1,235</u>	<u>(6,216)</u>
Income (loss) for the period		<u>\$ 621</u>	<u>(217,081)</u>	<u>28,457</u>	<u>(58,849)</u>

The notes on pages 10 to 35 are an integral part of the condensed consolidated interim financial statements.



Grupo Aeroméxico, S. A. P. I. de C. V. and subsidiaries

Condensed consolidated interim statements of profit or loss and other comprehensive income (Continued)

For the six-month and three-month periods ended June 30, 2023 and 2022

(In thousands of US dollars, except for earnings per share)

	<u>Note</u>	<u>Six-month period</u>		<u>Three-month period</u>	
		<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Income (loss) for the period	\$	<u>621</u>	<u>(217,081)</u>	<u>28,457</u>	<u>(58,849)</u>
Other comprehensive income (OCI), net of income taxes					
Items that are or may be reclassified to profit or loss					
Equity accounted investees share of OCI		<u>-</u>	<u>(237)</u>	<u>-</u>	<u>(108)</u>
Other comprehensive income (loss) for the period, net of income taxes		<u>-</u>	<u>(237)</u>	<u>-</u>	<u>(108)</u>
Total comprehensive income (loss) for the period	\$	<u>621</u>	<u>(217,318)</u>	<u>28,457</u>	<u>(58,957)</u>
Income (loss) attributable to:					
Owners of the Company	\$	<u>606</u>	<u>(217,086)</u>	<u>28,447</u>	<u>(58,855)</u>
Non-controlling interest		<u>15</u>	<u>5</u>	<u>10</u>	<u>6</u>
Income (loss) for the period	\$	<u>621</u>	<u>(217,081)</u>	<u>28,457</u>	<u>(58,849)</u>
Total comprehensive income (loss) attributable to:					
Owners of the Company	\$	<u>621</u>	<u>(217,323)</u>	<u>28,457</u>	<u>(58,963)</u>
Non-controlling interest		<u>-</u>	<u>5</u>	<u>-</u>	<u>6</u>
Total comprehensive income (loss) for the period	\$	<u>621</u>	<u>(217,318)</u>	<u>28,457</u>	<u>(58,957)</u>
Income (loss) per share for continuing operations					
Basic and diluted income (loss) per share (US dollars)	18 \$	<u>-</u>	<u>(1.59)</u>	<u>0.21</u>	<u>(0.43)</u>

The notes on pages 10 to 35 are an integral part of the condensed consolidated interim financial statements.



Grupo Aeroméxico, S. A. P. I. de C. V. and subsidiaries

Condensed consolidated interim statements of changes in equity

For the six-month periods ended June 30, 2023 and 2022

(In thousands of US dollars)

	Attributable to equity holders of the Company									
	Capital stock	Share premium	Statutory reserve	Stock repurchase reserve	Equity accounted investees share of OCI	Remeasurement of defined benefit liability	Accumulated (deficit)	Total	Non-controlling interest	Total equity
Balance as of January 1, 2023	\$ 4,598,016	(2,182,889)	24,750	29,703	(6,577)	16,351	(3,212,155)	(732,801)	1,969	(730,832)
Total comprehensive income for the period:										
Income for the period	-	-	-	-	-	-	606	606	15	621
Balance as of June 30, 2023	\$ <u>4,598,016</u>	<u>(2,182,889)</u>	<u>24,750</u>	<u>29,703</u>	<u>(6,577)</u>	<u>16,351</u>	<u>(3,211,549)</u>	<u>(732,195)</u>	<u>1,984</u>	<u>(730,211)</u>

The notes on pages 10 to 35 are an integral part of the condensed consolidated interim financial statements.



Grupo Aeroméxico, S. A. P. I. de C. V. and subsidiaries

Condensed consolidated interim statements of changes in equity (continued)

For the six-month periods ended June 30, 2023 and 2022

(In thousands of US dollars)

	Attributable to equity holders of the Company									
	Capital stock	Share premium	Statutory reserve	Stock repurchase reserve	Equity accounted investees share of OCI	Remeasurement of defined benefit liability	Accumulated (deficit)	Total	Non-controlling interest	Total equity
Balance as of January 1, 2022	\$ 373,578	77,540	24,750	29,703	(6,962)	1,719	(3,147,608)	(2,647,280)	1,946	(2,645,334)
Capital stock increase										
Cash (Note 2 (b))	720,000	-	-	-	-	-	-	720,000	-	720,000
DIP Financing commitment premium conversion to capital stock (Note 2 (b))	744,393	(72,917)	-	-	-	-	-	671,476	-	671,476
Equity commitment premium (Note 2 (b))	108,000	(108,000)	-	-	-	-	-	-	-	-
General unsecured claims conversion to capital stock (Note 2 (b))	2,694,450	(2,079,512)	-	-	-	-	-	614,938	-	614,938
Total comprehensive loss for the period:										
Loss for the period	-	-	-	-	-	-	(217,086)	(217,086)	5	(217,081)
Other comprehensive loss	-	-	-	-	(237)	-	-	(237)	-	(237)
Balance as of June 30, 2022	<u>\$ 4,640,421</u>	<u>(2,182,889)</u>	<u>24,750</u>	<u>29,703</u>	<u>(7,199)</u>	<u>1,719</u>	<u>(3,364,694)</u>	<u>(858,189)</u>	<u>1,951</u>	<u>(856,238)</u>

The notes on pages 10 to 35 are an integral part of the condensed consolidated interim financial statements.



Grupo Aeromexico, S. A. P. I. de C. V. and subsidiaries

Condensed consolidated interim statements of cash flows

For the six-month periods ended June 30, 2023 and 2022

(In thousands of US dollars)

	<u>Note</u>	<u>2023</u>	<u>2022</u>
Cash flows from operating activities			
Income (loss) before income tax	\$	654	(244,476)
Adjustments for:			
Depreciation and amortization	11	268,528	211,725
Impairment		1,750	602
Share of gain on equity accounted investees, net of tax		-	(9,341)
Loss (gain) on sale property and equipment		1,497	(3,527)
Other restructuring expenses provisions		-	(114,088)
Provisions		31,098	23,609
Derivative financial loss (gain)		927	(1,433)
Employee benefits		7,249	9,237
Inventory adjustments to net realizable value		23	90
Allowance for doubtful accounts		2,040	2,425
Interest expense		144,016	144,548
Interest income		(21,807)	(2,377)
Unrealized exchange gain		(11,493)	(2,279)
Employees' statutory profit sharing		-	45
		<u>424,482</u>	<u>14,760</u>
Trade and other receivables		(62,400)	(161,307)
Due from related parties		(146)	(856)
Inventories		(11,347)	(11,187)
Prepayments and deposits		(22,306)	(9,248)
Trade and other payables		79,014	25,692
Due to related parties		173	(19,960)
General unsecured claims liability		-	(413,532)
Frequent flyer program		64,049	-
Air traffic liability		204,297	210,674
Interest received		<u>21,807</u>	<u>2,377</u>
Cash generated from (required by) operating activities		<u>697,623</u>	<u>(362,587)</u>
Employees' statutory profit sharing and income tax paid		(13,981)	(1,633)
Interest paid		<u>(139,270)</u>	<u>(127,429)</u>
Net cash from (used in) operating activities		<u>544,372</u>	<u>(491,649)</u>
Cash flows from investing activities			
Acquisition of properties and equipment (including major maintenance)		(162,174)	(67,775)
Proceeds from sale of properties and equipment		27	1,162
Dividends from equity accounted investees		-	2,455
Capital contribution to subsidiary		-	(430,359)
Intangible assets		(8,925)	(4,484)
Prepayments and deposits for maintenance and acquisition of properties and equipment		<u>(9,341)</u>	<u>15,539</u>
Net cash used in investing activities		<u>(180,413)</u>	<u>(483,462)</u>
Cash flows from financing activities			
Proceeds from capital stock increases		-	720,000
Proceeds from loans	13	-	762,500
Repayments of loans	13	(102,510)	(580,528)
Payments of lease liabilities		<u>(149,299)</u>	<u>(25,213)</u>
Net cash (used in) from financing activities		<u>(251,809)</u>	<u>876,759</u>
Increase (decrease) in cash and cash equivalents		112,150	(98,352)
Effect of exchange rate fluctuations on cash held		<u>68,310</u>	<u>2,664</u>
Net increase (decrease) in cash and cash equivalents		180,460	(95,688)
Cash and cash equivalents:			
At beginning of period		<u>842,182</u>	<u>979,078</u>
At end of period	\$	<u><u>1,022,642</u></u>	<u><u>883,390</u></u>

The notes on pages 10 to 35 are an integral part of the condensed consolidated interim financial statements.



Grupo Aeroméxico, S. A. P. I. de C. V. and subsidiaries

Notes to the condensed consolidated interim financial statements

As of June 30, 2023 and December 31, 2022 and for the six-month and
and three-month periods ended June 30, 2023 and 2022

(In thousands of US dollars)

(1) Reporting entity-

Grupo Aeroméxico, S. A. P. I. de C. V. (the “Company”) is a company incorporated under the laws of Mexico, domiciled in Paseo de la Reforma 243 25th Floor, Colonia Cuauhtémoc, 06500 Mexico City, Mexico. These condensed consolidated interim financial statements (“interim financial statements”) as of June 30, 2023 and December 31, 2022 and for the six-month and three-month periods ended June 30, 2023 and 2022 comprise the Company and its subsidiaries (together referred to as the “Group” or “Grupo Aeroméxico” and individually as “Group’s entities”).

The Company was listed on the Mexican Stock Exchange until December 28, 2022. These interim financial statements have been prepared to comply with certain reporting financial information obligations of the Group, while it is not subject to public reporting requirements.

The Group’s principal activity is to provide air transport services for passengers, goods and cargo, inside and outside of Mexico, training and management services, franchise systems commercialization and management of investment in shares.

(2) Basis of accounting-

On March 28, 2023, the transformation of the Company and adoption of the new corporate regime of “Sociedad Anónima Promotora de Inversión de Capital Variable” (S.A.P.I. de C.V.) was carried out.

a) Statement of compliance-

These interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*, and should be read in conjunction with the Group’s last annual consolidated financial statements as of December 31, 2022, 2021 and January 1, 2021 and for the years in the three-year period ended December 31, 2022 (“last annual consolidated financial statements”). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual consolidated financial statements.

On August 17, 2023 the Company’s Chief Executive Officer and Chief Financial Officer, Andrés Conesa Labastida and Ricardo Sánchez Baker, respectively, authorized the issuance of the accompanying interim financial statements and related notes thereto.



Grupo Aeroméxico, S. A. P. I. de C. V. and subsidiaries

Notes to the condensed consolidated interim financial statements

(In thousands of US dollars)

b) Financial restructuring and Chapter 11 emergence-

On March 17, 2022, Grupo Aeroméxico emerged from Chapter 11 and the Plan of Reorganization (“PoR”) of the Group became effective.

In order to be able to effectuate the PoR approved by the Bankruptcy Court, a Shareholders Meeting of Grupo Aeroméxico was held on January 14, 2022 to approve, among other corporate resolutions, a capital stock increase in the amount of Mexican pesos equivalent to approximately \$4,266.8 million, resolutions that became effective on March 17, 2022, date on which the conditions precedent under the Chapter 11 PoR became legally effective.

As a consequence of the PoR effectiveness, there was a total dilution of the Company's existing capital stock. The largest shareholders of the reorganized Company were part of the ad hoc groups of creditors who invested \$720,000 in new capital. This is in addition to other amounts related to fees accrued on the DIP Financing and on the new equity contributions payable in new stock as provided in the PoR, where the remaining shares distributed among all new investors and creditors that capitalized their new capital contributions and recognized claims in new shares representing Grupo Aeroméxico’s actual capital stock.

As a result of the PoR, and based on the Stockholders Meeting held on January 14, 2022, the Company increased its capital stock as follows:

	<u>Capital Stock</u>	<u>Share premium</u>
Cash	\$ 720,000	-
DIP Financing commitment premium conversion to capital stock ⁽¹⁾	744,393	(72,917)
Equity commitment premium ⁽²⁾	108,000	(108,000)
General unsecured claims conversion to capital stock ⁽³⁾	<u>2,694,450</u>	<u>(2,079,512)</u>
Total capital stock increase in 2022	\$ <u>4,266,843</u>	<u>(2,260,429)</u>

⁽¹⁾ Correspond to the equity conversion of allowed Tranche 2 DIP Financing conversion to new stock

⁽²⁾ Correspond to a premium payable in new stock in connection with the subscription and purchase of cash paid of new stock

⁽³⁾ Correspond to the equity conversion of different unsecured claims liability settlement.

Additionally, key stakeholders funded new exit debt of \$762,500 in the form of new US dollar denominated Notes (“Exit Financing”).



Grupo Aeroméxico, S. A. P. I. de C. V. and subsidiaries

Notes to the condensed consolidated interim financial statements

(In thousands of US dollars)

c) Basis of measurement-

These interim financial statements have been prepared on the historical cost basis except for financial assets measured at fair value.

The Group has used the US Dollar (“\$” “dollar” of “US”) as the presentation currency for these condensed consolidated interim financial statements, which is also the functional currency of the Group. All financial information presented in US Dollar has been rounded to the nearest thousand, except when otherwise indicated. Due to rounding, numbers presented throughout this document may not add up precisely to the totals we provide and percentages may not precisely reflect the absolute figures.

d) Scope of consolidation

These condensed consolidated interim financial statements include Grupo Aeroméxico, S. A. P. I. de C. V. and all entities that are controlled directly or indirectly by Grupo Aeroméxico.

These condensed consolidated interim financial statements have been prepared applying the same accounting and valuation principles of IFRS as issued by the IASB. Balances and transactions between consolidated related parties have been eliminated.

(3) Use of judgments and estimates-

In preparing these condensed consolidated interim financial statements, Management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by Management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements.

Measurement of fair values-

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.



Grupo Aeroméxico, S. A. P. I. de C. V. and subsidiaries

Notes to the condensed consolidated interim financial statements

(In thousands of US dollars)

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 21.

(4) Changes in Significant accounting policies–

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in the annual consolidated financial statements as of December 31, 2022.

For further review of accounting policies, we suggest referring to the last annual audited consolidated financial statements.



Grupo Aeroméxico, S. A. P. I. de C. V. and subsidiaries

Notes to the condensed consolidated interim financial statements

(In thousands of US dollars)

Changes in significant accounting policies-

The Group has adopted *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (Amendments to IAS 12) from January 1, 2023. These amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – i.e. leases and decommissioning liabilities. There was no impact on retained earnings on the adoption of the amendments.

Standards issued but not yet effective-

A number of new standards or amendments are effective for annual periods beginning after January 1, 2023, and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements:

- IFRS 17 Insurance Contracts and Amendments to IFRS 17 Insurance Contracts.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Definition of Accounting Estimates (Amendments to IAS 8).

(5) Group entities-

Significant subsidiaries-

During the six-month period ended June 30, 2023, there were no changes in the number of entities included in the interim financial statements, which amount to 26, at the end of the period.

On July 15, 2022, Grupo Aeroméxico acquired 48.86% of the shares and voting interests in PLM Premier, S. A. P. I. de C. V. ("PLM"). As a result the Group's equity interest in PLM increased from 51.14 to 100%, granting it control of PLM.

(6) Related parties-

Ultimate controlling party-

Grupo Aeroméxico is the parent and ultimate controlling party.



Grupo Aeroméxico, S. A. P. I. de C. V. and subsidiaries

Notes to the condensed consolidated interim financial statements

(In thousands of US dollars)

Related-party transactions and balances-

Transactions carried out with related parties, for the six-month and three-month periods ended June 30, 2023 and 2022, are as follows:

i. Operations

	Six-month periods ended June 30		Three -month periods ended June 30	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Income:				
Tickets reward (2)	\$ -	29,193	-	15,055
Administrative services (2)	-	50	-	25
Marketing, net (2)	-	455	-	-
Premier lounges (2) and (4)	624	577	323	323
Other services (1), (2) and (3)	<u>25</u>	<u>1,084</u>	<u>7</u>	<u>422</u>
Total income	\$ 649	31,359	330	15,825
	=====	=====	=====	=====
Expenses:				
Purchase of Aeroméxico Rewards and Sky Miles (2) and (4)	\$ 2,786	31,330	1,680	18,646
Fuel (4)	43,334	27,916	17,393	19,818
Marketing, net (2)	-	-	-	12
Interline, net (4)	6,726	30,470	6,726	17,890
Ramp services, net (4)	16,092	11,890	8,280	7,724
Frequent passenger redemption cost (2)	-	681	-	83
Freight handling (2) and (4), net	448	803	476	361
Personnel services (4)	188	185	94	91
Interest expense, net (1) and (2)	-	1,842	-	923
Other services (1) and (2)	<u>72</u>	<u>101</u>	<u>72</u>	<u>55</u>
Total expenses	\$ 69,646	105,218	34,721	65,603
	=====	=====	=====	=====

(1) Aeromexpress, S. A. de C. V. (“Aeromexpress”)



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Notes to the condensed consolidated interim financial statements

(In thousands of US dollars)

- (2) PLM Premier, S. A. P. I. de C. V. (“PLM”). The figures reported for 2022 correspond to the period from January 1 to June 30, 2022 where this related-party was a non-consolidated joint-controlled entity.
- (3) AM DL MRO JV, S. A. P. I. de C. V. (“MRO”)
- (4) Delta Airlines (“Delta”)

ii. Outstanding balance

Balances due from and due to related parties as of June 30, 2023 and December 31, 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Due from:		
MRO	\$ 393	434
Delta	<u>293</u>	<u>106</u>
	\$ 686	540
	<u>=====</u>	<u>=====</u>
Due to:		
Aeromexpress	\$ 607	436
AM BD GP JV, S. A. P. I. de C. V.	<u>11</u>	<u>9</u>
	\$ 618	445
	<u>=====</u>	<u>=====</u>

Balances due from and due to related parties relate to non-interest-bearing payables with no specific maturity and are for its nature, at short-term.

Key management personnel compensation comprised:

	Six-month periods		Three -month periods	
	ended June 30		ended June 30	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 7,612	5,683	4,233	3,209
Variable compensation	7,785	28,541	288	9,165
Share – based payments	<u>942</u>	<u>-</u>	<u>484</u>	<u>-</u>
	\$ 16,339	34,224	5,005	12,374
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>



Grupo Aeroméxico, S. A. P. I. de C. V. and subsidiaries

Notes to the condensed consolidated interim financial statements

(In thousands of US dollars)

(7) Revenue recognition-

Passenger revenue-

Passenger revenue is primarily composed of passenger airfare and ancillary related services which do not represent a separate performance obligation to those associated to the passenger's flight, such as excess baggage and other passenger charges, breakage from expired tickets, and the decrease in compensation costs paid to passengers and the cost from accumulated points from the Group's frequent flyer program "Aeroméxico Rewards" (formerly named "Club Premier").

Our business and route network are subject to seasonal fluctuations. As such, our results for any interim period are not necessarily indicative for the entire year and we tend to experience higher volumes of air travel, and therefore higher revenues and operating results, during certain periods of the year as compared to others.

The demand for our services is usually comparatively high in July and August (due to high demand for vacation travel), March and April (corresponding to the Easter holiday) and December (due to the Christmas holiday), while the demand is usually comparatively low in the months of February, September and October. Because a large part of our focus is on business passengers, we believe that our business passenger client segment partially offsets the seasonal fluctuations that characterize visiting friends and relatives and leisure travel.

	Six-month periods		Three -month periods	
	<u>ended June 30</u>		<u>ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Passengers	\$ 1,781,934	1,278,559	942,226	761,914
Ancillaries	<u>205,169</u>	<u>137,869</u>	<u>113,341</u>	<u>102,539</u>
Total passenger revenues	\$ <u>1,987,103</u>	<u>1,416,428</u>	<u>1,055,567</u>	<u>864,453</u>

Loyalty program-

The Group recognized breakage revenue for \$19,320 for the six-month period ended June 30, 2023, (\$9,436 for the three-month period ended June 30, 2023) regarding its frequent flyer program.

(8) Operating segments-

The Group has one reportable segment, air transportation. This is based on the Group's internal reporting structure to the Chief Operating Decision Maker which is the CEO of the Group. The main measure of profit and loss for segment is total operating income (loss).



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Geographical revenue segment information for the six-month and three-month periods ended June 30, 2023 and 2022 are as follows:

	Six-month periods ended June 30		Three-month periods ended June 30	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Domestic	\$ 896,009	640,332	476,590	389,482
International	<u>1,280,826</u>	<u>945,747</u>	<u>673,156</u>	<u>567,564</u>
	<u>\$ 2,176,835</u>	<u>1,586,079</u>	<u>1,149,746</u>	<u>957,046</u>

Since July 15, 2022 PLM is part of the consolidated statements of Grupo Aeroméxico, considered also by Management as part of the air transportation operating segment.

Substantially all assets are located in Mexico.

(9) Prepayments and deposits-

Current prepayments consist mainly of prepaid advertising, insurance and fuel prepayments.

Non-current prepayments and security deposits as of June 30, 2023 and December 31, 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Advances for fleet renewal (1)	\$ 6,875	7,448
Deposits:		
For the lease of aircraft and engines	41,335	35,525
With airport groups	25,661	30,819
Maintenance deposits	29,233	29,564
Other	<u>42,704</u>	<u>34,653</u>
	<u>\$ 145,808</u>	<u>138,009</u>

- (1) The Group entered into agreements to continue the fleet renewal; for such purposes, it has made a number of advance payments to the manufacturer which will be applied in accordance with the incorporation of the new aircraft to the fleet.



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(In thousands of US dollars)

(10) Trade and other receivables, net-

Trade and other receivables as of June 30, 2023 and December 31, 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Airlines and travel agencies	\$ 20,198	9,825
Credit cards and customers (1)	211,045	167,538
Recoverable taxes	269,485	212,603
Other	<u>25,978</u>	<u>10,388</u>
	526,706	400,354
Less allowance for doubtful accounts	<u>(9,392)</u>	<u>(9,082)</u>
Total trade and other receivables	\$ <u>517,314</u>	<u>391,272</u>

- (1) Collection from sales related to certain Mexican credit cards are guaranteeing the Senior Trust Bonds (“CEBURES”) issued by the Group and also the collection related to certain credit cards in the United States.

(11) Property and equipment, including right of-use-

(a) Acquisitions and disposals-

For the six-month periods ended June 30, 2023 and 2022, the Group acquired assets at cost, excluding associated debt, for \$162,174 and \$67,775, respectively.

For the six-month period ended June 30, 2023, the acquisitions were mainly flight equipment for an amount of \$15,524, major maintenance for \$137,276 and other assets for \$9,374 (in 2022 related to flight equipment for \$20,940, major maintenance for \$43,351 and other assets for \$3,484).

Assets with a carrying amount of \$9,555 were disposed during the six-month period ended June 30, 2023, (\$144,682 for the six-month period ended June 30, 2022), with a net loss of the sale of property and equipment of \$1,497 and a net gain of \$3,527 respectively in the same periods, which are registered in other loss (income) line.



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Notes to the condensed consolidated interim financial statements

(In thousands of US dollars)

(b) Depreciation and amortization-

The accumulated depreciation of property and equipment as of June 30, 2023 and December 31, 2022 was \$1,358,660 and \$1,139,336, respectively.

(c) Leases-

Leases as lessee -

The Group leases flight equipment and properties. The leases typically run for a period of 2 to 12 years, with an option to renew the lease after that date. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

The Group leases flight equipment under a number of leases, which were classified as finance leases under IAS 17.

The Group leases IT equipment with contract terms of one to three years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

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

i. Right-of-use assets-

Right-of-use assets for \$1,872,334 and \$1,779,895 as of June 30, 2023 and December 31, 2022, respectively, related to leased property and flight equipment that do not meet the definition of investment property are presented as property and equipment.

ii. Amounts recognized in profit of loss-

Total rental expenses related to short-term leases or low-value assets (including also Power by the Hour (“PBH”) leases for flight equipment) during the six-month and three-month periods ended June 30, 2023 and 2022, are as follows:

		Six-month periods ended June 30		Three -month periods ended June 30	
		<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Aircraft leasing	\$	12,788	85,514	6,622	43,897
Real estate		<u>3,184</u>	<u>2,344</u>	<u>1,512</u>	<u>1,252</u>
	\$	<u>15,972</u>	<u>87,858</u>	<u>8,134</u>	<u>45,149</u>



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iii. Leases conditions-

Main operating leases are as follows:

As of June 30, 2023, the Group maintained 139 aircraft and 42 engines (December 31, 2022: 133 aircraft and 39 engines) with different terms, with the last expiring in 2035.

(d) Property and equipment under construction-

As of June 30, 2023 and December 31, 2022 the estimated costs to conclude projects and work in progress amount to \$8,633 and \$5,613, respectively.

(e) Impairment loss-

As of June 30, 2023 and December 31, 2022, there are no losses from impairment in the value of these assets, evaluated in accordance with IAS 36 *Impairment of Assets*.

(12) Intangible assets and goodwill-

	<u>Intellectual Property (1)</u>	<u>Software</u>	<u>Fiduciary Rights (2) Indefinite life</u>	<u>Partners' Contracts and Customer Relationships (3)</u>		<u>Trademark Indefinite Life</u>	<u>Goodwill</u>	<u>Total</u>
				<u>Indefinite Life</u>	<u>Finite Life</u>			
<u>Cost</u>								
Balance as of January 1, 2023	\$ -	53,548	63,280	375,512	47,294	61,895	503,573	1,105,102
Additions	-	8,924	-	-	-	-	-	8,924
Disposals	-	(191)	-	-	-	-	-	(191)
Balance as of June 30, 2023	\$ -	62,281	63,280	375,512	47,294	61,895	503,573	1,113,835
Balance as of January 1, 2022	\$ 9,769	53,842	63,280	-	-	-	-	126,891
Additions	-	13,700	-	-	-	-	-	13,700
PLM business combination	-	5,032	-	375,512	47,294	61,895	503,573	993,306
Disposals	(9,769)	(19,026)	-	-	-	-	-	(28,795)
Balance as of December 31, 2022	\$ -	53,548	63,280	375,512	47,294	61,895	503,573	1,105,102



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	Intellectual Property (1)	Software	Fiduciary Rights (2) Indefinite life	Partners' Contracts and Customer Relationships (3)		Trademark Indefinite Life	Goodwill	Total
				Indefinite Life	Finite Life			
<u>Amortization</u>								
Balance as of January 1, 2023	\$ -	21,025	-	-	6,412	-	-	27,437
Amortization for the period	-	3,832	-	-	6,412	-	-	10,244
Disposals	-	(191)	-	-	-	-	-	(191)
Balance as of June 30, 2023	\$ -	24,666	-	-	12,824	-	-	37,490
Balance as of January 1, 2022	\$ -	33,789	-	-	-	-	-	33,789
Amortization for the year	-	6,718	-	-	6,412	-	-	13,130
Disposals	-	(19,482)	-	-	-	-	-	(19,482)
Balance as of December 31, 2022	\$ -	21,025	-	-	6,412	-	-	27,437
<u>Impairment</u>								
Balance as of January 1, 2023	\$ -	-	13,853	-	-	-	-	13,853
Addition	-	-	1,750	-	-	-	-	1,750
Balance as of June 30, 2023	\$ -	-	15,603	-	-	-	-	15,603
Balance as of January 1, 2022	\$ 9,769	-	13,853	-	-	-	-	23,622
Utilization	(9,769)	-	-	-	-	-	-	(9,769)
Balance as of December 31, 2022	\$ -	-	13,853	-	-	-	-	13,853
<u>Carrying amounts</u>								
As of June 30, 2023	\$ -	37,615	47,677	375,512	34,470	61,895	503,573	1,060,742
As of December 31, 2022	\$ -	32,523	49,427	375,512	40,882	61,895	503,573	1,063,812



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- (1) Intellectual property received as a partial payment on the disposal of shares of PLM.
- (2) Corresponds to the rights received for the former Group's corporate office building located in Mexico City, contributed to a trust, in a manner that it can be considered in the development of a new property, whereby other trustees will provide the necessary constructions to the development of the project called "Aeroméxico Tower", in which the Group will own 9,000 square meters of future space. For the three-month period ended June 30, 2023, the Group recognized additional \$1,750 impairment loss.
- (3) Includes contracts with third parties attached to our "Aeroméxico Rewards" frequent flyer program, including the program member base.

(13) Loans and borrowings, including leases-

The features of the loans and borrowings (including leases) comprising this caption and guarantees as at June 30, 2023 and December 31, 2022 are described as follows:

Thousands of US	Currency	Nominal interest rate	Year of maturity	2023	2022
<i>Loan secured by the collection of credit card sales in the United States of America ("USA") (2)</i>	US	<i>SOFR rate plus 325 basis points</i>	2024	\$105,126	\$147,176
<i>Senior Trust Bonds ("CEBURES") issued in Mexico, securitized by the collection of credit card sales in Mexico (2) (3)</i>	Ps.	<i>TIE rate plus 138 to 168 basis points</i>	2025	208,971	215,222
<i>Loan secured by the Ex-Im Bank in the USA</i>	US	<i>Fixed annual rate between 0.97% and 1.03%</i>	2023	-	549
<i>Loans secured by the Ex-Im Bank in the USA</i>	US	<i>Fixed annual rate 2.34%</i>	2023	-	1,146



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(In thousands of US dollars)

Thousands of US	Currency	Nominal interest rate	Year of maturity	2023	2022
<i>Loans secured by the Ex-Im Bank in the USA</i>	US	<i>Fixed annual rate 2.33%</i>	2024	6,270	10,390
<i>Singapore market listed and secured notes (1)(4)</i>	US	<i>Fixed annual rate 8.5%</i>	2027	762,500	762,500
Total Loans				1,082,867	1,136,983
<i>Financial leasing of flight and other equipment, secured by the Ex-Im Bank in the United States of America (1)</i>	US	<i>Fixed annual rate of 2.33%</i>	2029	94,902	102,571
<i>Financial leasing of flight and other equipment, secured by the Ex-Im Bank in the United States of America (1)</i>	US	<i>Fixed annual rate of 2.54%</i>	2027	40,659	45,794
<i>Financial leasing of flight and other equipment, secured by the Ex-Im Bank in the United States of America (1)</i>	US	<i>Fixed annual rate 1.37%</i>	2026	23,605	27,680
<i>Finance leases of flight equipment</i>	US	<i>Fixed annual rate between 3.16% to 3.57%</i>	2024	6,000	10,378
<i>Finance leases of flight simulator</i>	US	<i>Fixed annual rate of 6.88%</i>	2029	7,499	7,949
Total Financial Leasing				172,665	194,372



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Thousands of US	Currency	Nominal interest rate	Year of maturity	2023	2022
Lease Liabilities (IFRS 16)				2,253,158	2,125,995
Total Lease Liabilities				2,425,823	2,320,367
Total Loans and Borrowings, including leases				3,508,690	3,457,350
Total Borrowing Costs				(5,644)	(6,413)
Total Net Loans and Borrowings, including leases				3,503,046	3,450,937
<i>Less current installments of financial debt</i>				(247,490)	(228,090)
<i>Less current installments of leases</i>				(314,705)	(285,886)
Net current installments of Loans and Borrowings, including leases				(562,195)	(513,976)
Non-current debt				2,946,495	2,943,374
Borrowing costs				(5,644)	(6,413)
Net non-current Loans and Borrowings, including leases				\$2,940,851	\$2,936,961

- (1) Some of the contracts establish certain commitments for the Group, including: to comply with affirmative and negative covenants; to provide certain financial information and reports of fleet variances; to comply with conditions and terms agreed upon with third parties, mainly in terms of payments of documented commitments; as well as restrictions for the Group for selling or transferring all or a significant portion of its assets.
- (2) This loan establishes a financial covenant related to collections coverage ratio which represented the payment guarantee.

As of June 30, 2023, the Group is in compliance with its covenants.

- (3) At June 30, 2023 and December 31, 2022, the Group contracted interest rate Swaps, allowing to pay fixed rate.



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- (4) Notes guaranteed and issued by Grupo Aeroméxico, and guaranteed by Aerovías de México, S. A. de C. V., Aerolitoral, S. A. de C. V. and Aerovías Empresa de Cargo, S. A. de C. V.

All the loans had installments throughout the year. As of June 30, 2023, future maturities of loans and borrowings, net of prepaid expenses are as follows:

<u>Year</u>	<u>Loans</u>	<u>Financial leasing</u>	<u>Leases</u>	<u>Total</u>
Current:				
June 30, 2024	\$ 206,233	41,258	314,704	562,195
Non-current:				
June 30, 2025	83,115	36,072	292,620	411,807
June 30, 2026	31,019	35,475	275,459	341,953
June 30, 2027	-	26,341	252,840	279,181
June 30, 2028	756,856	18,373	247,063	1,022,292
June 30, 2029 and thereafter	<u>-</u>	<u>15,146</u>	<u>870,472</u>	<u>885,618</u>
Total non-current	<u>870,990</u>	<u>131,407</u>	<u>1,938,454</u>	<u>2,940,851</u>
Total loans and borrowings	<u>\$ 1,077,223</u>	<u>172,665</u>	<u>2,253,158</u>	<u>3,503,046</u>



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Reconciliation of movements of liabilities to cash flows arising from financing activities-

		<u>Loans and borrowings</u>	<u>Lease liabilities</u>	<u>Total</u>
Balance January 1, 2023	\$	1,324,942	2,125,995	3,450,937
Repayments of borrowings		(102,510)	(149,299)	(251,809)
Effects of movements in foreign exchange rates		26,657	-	26,657
Other changes-				
New leases		-	276,462	276,462
Interest expense		54,320	89,696	144,016
Interest paid		(54,067)	(85,204)	(139,271)
Other interest accrued (reversed), net		<u>546</u>	<u>(4,492)</u>	<u>(3,946)</u>
Balance as of June 30, 2023	\$	<u>1,249,888</u>	<u>2,253,158</u>	<u>3,503,046</u>

(14) Employee benefits-

The Group has defined pension and retirement plans covering some of its employees. The benefits of such plans are calculated based on salary levels, years of service, mortality and expected future salary increase. The Group periodically makes contributions to trust funds based on actuarial calculations to finance part of the cost of these plans. The trust funds are mainly invested in fixed-income securities. Actuarial calculations for these plans result in accumulated benefit obligations in excess of the plan assets.

Seniority premiums are provided to all employees under the Mexican Labor Law. The Law provides that seniority premiums are payable, based on salary and years of service, to employees who resign or are terminated after at least fifteen years of service. Under the Law, benefits are also payable to employees who are dismissed.

The Group's defined benefit costs amounted \$14,209 and \$12,056 during the six-month periods ended June 30 2023 and 2022, respectively (\$7,294 and \$6,101 for the three-month periods ended June 30, 2023 and 2022, respectively).



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Notes to the condensed consolidated interim financial statements

(In thousands of US dollars)

(15) Provisions-

		<u>Leased aircrafts returns</u>	<u>Employee's restructure</u>	<u>Litigations</u>	<u>Contingent consideration</u>	<u>Total</u>
Balance as of January 1, 2023	\$	235,728	-	7,075	24,000	266,803
Additions (cancellation)		18,122	-	(410)	-	17,712
Utilization		<u>(5,793)</u>	<u>-</u>	<u>1,763</u>	<u>-</u>	<u>(4,030)</u>
		248,057	-	8,428	24,000	280,485
Less non-current portion		<u>(180,224)</u>	<u>-</u>	<u>-</u>	<u>(24,000)</u>	<u>(204,224)</u>
Balance as of June 30, 2023	\$	<u>67,833</u>	<u>-</u>	<u>8,428</u>	<u>-</u>	<u>76,261</u>
Balance as of January 1, 2022	\$	171,690	11,923	7,154	-	190,767
Additions		67,967	-	-	24,000	91,967
Utilization		<u>(3,929)</u>	<u>(11,923)</u>	<u>(79)</u>	<u>-</u>	<u>(15,931)</u>
		235,728	-	7,075	24,000	266,803
Less non-current portion		<u>(210,522)</u>	<u>-</u>	<u>-</u>	<u>(24,000)</u>	<u>(234,522)</u>
Balance as of December 31, 2022	\$	<u>25,206</u>	<u>-</u>	<u>7,075</u>	<u>-</u>	<u>32,281</u>

(16) Trade and other payables-

Group trade and other payables as of June 30, 2023 and December 31, 2022 are as follow:

		<u>2023</u>	<u>2022</u>
Suppliers	\$	965,781	842,227
Value added tax and other taxes		214,063	174,815
Salaries and benefits payable		<u>39,658</u>	<u>15,194</u>
Total trade and other payables	\$	<u>1,219,502</u>	<u>1,032,236</u>

(17) Share-based payment arrangements-

A. Description of share-based payment arrangements

As of June 30, 2023 the Group had the following share-based payment arrangements.



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(In thousands of US dollars)

i. Restricted shares programs-

On December 22, 2022, the Group granted 2,269,985 restricted shares to certain key management personnel and senior employees subject to certain service and non-market performance conditions with vesting periods from 6 months to 3 years.

The key terms and conditions related to the grants under this program is as follows; all awards are to be settled by the physical delivery of shares.

Grant date / employees entitled	Number of instruments	Vesting conditions
Shares granted to key management personnel and senior employees-		
December 22, 2022	907,994	6 months to 3 years' service form grant date.
December 22, 2022	1,361,991	2-3 years' service form grant date, subject to the achievement of certain non-market performance goals.
Total restricted shares	2,269,985	

B. Measurement of fair values –

The fair value of the above-mentioned restricted shares at grant date amounts to Ps184.78 pesos per share. The shares have been deposited and are part of a Mexican Trust.

C. Reconciliation of outstanding restricted shares –

The number of outstanding restricted shares under the program were as follows:

	<u>2023</u>	
	Number of options	Ps. fair value per share at grant date
Outstanding at January 1	2,269,985	184.78
Granted during the period	-	-
Exercised during the period	-	-
Forfeited during the period	-	-
Outstanding at June 30, 2023	<u>2,269,985</u>	<u>184.78</u>



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(18) Stockholders' equity-

Structure of capital stock-

On March 17, 2022, the Company reported that it had concluded its PoR, successfully completed its financial restructuring process, and emerged from its Chapter 11 Restructuring Process. Consequently, and on March 17, 2022 (a) certain capital stock increases agreed during the process, which included new cash invested including commitment fees, DIP financing conversion debt to capital stock and recognized claims conversion to capital stock, (b) the dilution of the former shares representing the Company's capital stock to represent less than 0.01% of Grupo Aeromexico's new capital stock, and (c) the concentration (reverse split) of all the previous and new shares using a conversion factor of one new share for each 5,000,000 shares existing at that time issued by the Company, all became effective. Consequently, the new listed shares outstanding of the Company amounted to 136,423,959 (excluding 13,642,396 treasury shares pending subscription), resulting in a total authorized capital of 150,066,355 shares.

As of June 30, 2023 and December 31, 2022 the capital stock of the Company is represented by 136,423,959 outstanding shares, nominative, with no par value, 5,000 shares representing the fixed portion and 136,418,959 shares representing the variable portion.

(19) Earnings / losses per share-

The calculation of the basic losses per share at June 30, 2023 was based on the income (loss) for the six-month period of \$621 (June 30, 2022: \$(217,081)) and for the three-month period ended June 30, 2023 of \$28,457 (June 30, 2022: \$(58,849)), and a weighted average number of ordinary shares outstanding (including option shares) of 136,423,959 (June 30, 2022: 136,423,959). The Company has no diluted potential ordinary shares therefore, basic and diluted earnings per share is the same.

(20) Income tax expense-

Income tax expense is recognized at an amount determined by multiplying the profit (loss) before tax for the interim reporting period by Management's best estimate of the weighted-average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognized in full in the interim period. As such, the effective tax rate in the interim financial statements may differ from Management's estimate of the effective tax rate for the annual financial statements.

The Group's consolidated effective tax rate in respect of continuing operations for the six months ended June 30, 2023 was 5% (2022: 11%), and for the three-month ended June 30, 2023 was 4% (2022: 10%).



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(In thousands of US dollars)

(21) Financial instruments, fair value and risk management-

A. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

June 30, 2023 <i>In thousands US</i>	TIE Interest rate swaps used for hedging
<i>Fair value - hedging instruments</i>	
<i>Mandatory at FVTPL</i>	1,169
Total	
Fair value	
<i>Level 1</i>	
<i>Level 2</i>	1,169
<i>Level 3</i>	
Total	1,169

December 31, 2022 <i>In thousands US</i>	TIE Interest rate swaps used for hedging
<i>Fair value - hedging instruments</i>	
<i>Mandatory at FVTPL</i>	1,893
Total	1,893
Fair value	
<i>Level 1</i>	-
<i>Level 2</i>	1,893
<i>Level 3</i>	-
Total	1,893



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(In thousands of US dollars)

June 30, 2023 <i>In thousands of US</i>	USD Loans (SOFR - Spread)	MXN Loans (THE - Spread)	USD Loans (Fixed rate)	MXN Flight equipment financial leasing	USD Flight equipment financial leasing
Financial liabilities not measured at fair value					
<i>Loans and borrowings</i>	105,126	208,970	763,127	-	172,665
Total	105,126	208,970	763,127	-	172,665
Fair value					
<i>Level 1</i>					
<i>Level 2</i>	107,371	212,305	877,604	-	174,152
<i>Level 3</i>					
Total	107,371	212,305	877,604	-	174,152

December 31, 2022 <i>In thousands of US</i>	USD Loans (Libor - Spread)	MXN Loans (THE - Spread)	USD Loans (Fixed rate)	MXN Flight equipment financial leasing	USD Flight equipment financial leasing
Financial liabilities not measured at fair value					
<i>Loans and borrowings</i>	147,176	215,222	768,172	-	194,372
Total	147,176	215,222	768,172	-	194,372
Fair value					
<i>Level 1</i>	-	-	-	-	-
<i>Level 2</i>	145,007	169,808	908,501	-	197,654
<i>Level 3</i>	-	-	-	-	-
Total	145,007	169,808	908,501	-	197,654



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Notes to the condensed consolidated interim financial statements

(In thousands of US dollars)

B. Measurement of fair values

I. Valuation techniques and significant unobservable Inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

Financial instruments measured at fair value:

Type	Valuation technique
Corporate debt securities	Market comparison/ discounted cash flow: The fair value is estimated considering present value calculated using discount rates derived from quoted yields of securities with similar maturity and credit rating that are traded in active markets.

Financial instruments not measured at fair value:

Interest rate swaps	Swap models: The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps as well as the collateral granted or receivable. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or bond prices.
Other financial liabilities*	Discounted cash flows: The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate.

* Other financial liabilities include secured and unsecured bank loans, unsecured bond issues, convertible notes - liability component, redeemable preference share, loans from associates and finance lease liabilities.

II. Transfers between Levels 1 and 2

There have been no transfers from Level 2 to Level 1 and vice versa.

III. Level 3 fair values

There were no financial instruments presented within Level 3.



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(22) Finance income and finance costs-

The Group's finance income and finance costs for the six-month and three-month periods ended June 30, 2023 and 2022 are presented below:

	<u>Six-month periods</u> <u>ended June 30</u>		<u>Three -month periods</u> <u>ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Interest income on bank deposits and other investments	\$ 21,807	2,377	12,960	1,339
Derivative financial income	-	1,433	-	1,041
Finance income	<u>21,807</u>	<u>3,810</u>	<u>12,960</u>	<u>2,380</u>
Interest expense on financial liabilities	53,527	72,929	26,785	26,721
Letters of credit commissions	23	1,485	23	707
Credit card commissions	49,711	35,545	27,300	21,053
Lease interest	89,696	61,691	46,507	34,165
Interest on employee obligation	8,795	6,970	4,531	3,515
Derivative financial loss	927	-	635	-
Net foreign exchange loss	70,969	38,466	63,962	28,665
Bank fees	3,166	2,515	1,845	1,541
Interest paid to related parties	-	1,841	-	930
Other financial costs, mainly DIP commissions	<u>3,805</u>	<u>19,347</u>	<u>1,874</u>	<u>1,908</u>
Finance costs	<u>280,619</u>	<u>240,789</u>	<u>173,462</u>	<u>119,205</u>
Net finance cost recognized in profit and loss	\$ (258,812)	(236,979)	(160,502)	(116,825)

(23) Contingencies and commitments-

Liabilities for loss contingencies are recorded when it is probable that a liability has been incurred and the amount thereof can be reasonably estimated. When a reasonable estimation cannot be made, qualitative disclosure is provided in the notes to the consolidated financial statements. Contingent revenues, earnings or assets are not recognized until realization is assured.



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As of June 30, 2023 the Group has the following significant contingencies:

Contingencies:

- a) There are labor lawsuits in process for approximately \$15.7 million. This amount represents the plaintiffs' expectation, without considering backdated salaries that might be accrued in the event that the court sentences do not favor the Group. The Group has reserved an amount of \$8.4 million, which is considered sufficient to cover possible outflows.
- b) In 2015, the Mexican Economic Federal Antitrust Commission (*Comisión Federal de Competencia Económica* or "COFECE") initiated an investigation against Aeroméxico for alleged monopolistic practices in the airline sector. In connection with this investigation, Aeroméxico received a fine of Ps.86.2 million pesos in 2019. On April 25, 2019, Aeroméxico filed constitutional relief proceedings (*juicio de amparo*) challenging the fine. On March 28, 2022, the competent district court nullified COFECE's resolution and the fines against the Company. On October 20, 2022, COFECE presented an appeal (*recurso de revisión*) challenging the district court's decision, and the resolution of this case is pending as of the date of issuance of these financial statements.
- c) Additionally, the Group has lawsuits and claims (filed by the Group and against it) arising during the normal course of its operations. The Group with the support of its legal advisors considers that the final result of these matters will not have a significant adverse effect on its financial position and results.

Commitments:

As of June 30, 2023, there are no significant commitments in addition to those referred-to in the latest annual financial statements.

(24) Subsequent events-

As of August 17, 2023, date of issuance of these interim financial statements, the most significant subsequent events are as follows:

- a) Uncertainty in fuel prices consumed by the Group. As of August 17, 2023, the price reached 3.07 dollars per gallon, and at June 30, 2023 was 2.62 dollars per gallon.

