

**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 September 30, 2023 and December 31, 2022 and
for the nine-month and three-month periods ended September 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 September 30, 2023 the related condensed consolidated interim statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended September 30, 2023 and 2022, the related condensed consolidated interim statements of changes in equity and cash flows for the nine-month periods ended September 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
November 6, 2023



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

Condensed consolidated interim statements of financial position

As of September 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		\$ 944,356	842,182
Financial assets		12,196	-
Derivative financial instruments	21	699	1,893
Trade and other receivables	10	583,957	391,272
Due from related parties	6	1,045	540
Prepayments and deposits		58,421	44,568
Inventories		111,359	96,967
		<u>1,712,033</u>	<u>1,377,422</u>
Total current assets			
Non-current assets:			
Property and equipment, including right-of-use	11	2,747,906	2,643,406
Intangible assets and goodwill	12	1,062,384	1,063,812
Prepayments and deposits	9	147,839	138,009
Investments in equity accounted investees		25,691	30,181
Other non-current assets		4,254	2,272
Deferred tax assets		322,467	291,064
		<u>4,310,541</u>	<u>4,168,744</u>
Total non-current assets			
		<u>\$ 6,022,574</u>	<u>5,546,166</u>
Total assets			

The notes on pages 10 to 36 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 September 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	\$ 531,946	513,976
Trade and other payables	16	1,256,783	1,032,236
Due to related parties	6	654	445
Provisions	15	67,864	32,281
Air traffic liability		896,249	784,248
Frequent flyer program		220,220	234,568
Income taxes payable and employee's statutory profit sharing		6,666	5,224
Total current liabilities		<u>2,980,382</u>	<u>2,602,978</u>
Non-current liabilities:			
Loans and borrowings, including leases	13	2,759,994	2,936,961
Frequent flyer program		285,498	211,443
Employee benefits	14	216,390	185,400
Provisions	15	214,636	234,522
Deferred tax liabilities		116,144	105,694
Total non-current liabilities		<u>3,592,662</u>	<u>3,674,020</u>
Total liabilities		<u>6,573,044</u>	<u>6,276,998</u>
Equity (deficit)			
Capital stock	18	4,599,186	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		(3,032,989)	(3,212,155)
Total equity (deficit) attributable to equity holders of the Company		(552,465)	(732,801)
Non-controlling interest		<u>1,995</u>	<u>1,969</u>
Total equity (deficit)		<u>(550,470)</u>	<u>(730,832)</u>
Total equity (deficit) and liabilities		\$ <u>6,022,574</u>	<u>5,546,166</u>

The notes on pages 10 to 36 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 nine-month and three-month periods ended September 30, 2023 and 2022

(In thousands of US dollars)

	Note	Nine-month period ended September 30		Three-month period ended September 30	
		2023	2022	2023	2022
Revenues:					
Passenger	7	\$ 3,245,257	2,351,292	1,258,154	934,864
Air cargo		196,010	218,819	65,675	70,158
Other		98,245	72,647	38,848	51,657
Total revenue	8	<u>3,539,512</u>	<u>2,642,758</u>	<u>1,362,677</u>	<u>1,056,679</u>
Operating expenses:					
Jet-fuel		967,598	1,050,982	348,868	390,005
Wages, salaries and benefits		645,849	436,423	248,442	153,539
Maintenance		147,128	117,399	47,194	38,457
Aircraft, communication and traffic services		390,163	324,934	144,139	118,180
Passenger services		82,452	62,518	32,071	23,678
Travel agent commissions		79,296	51,980	33,285	20,133
Selling and administrative		257,151	196,413	93,524	72,839
Aircraft leasing	11	18,454	117,207	5,666	31,693
Depreciation and amortization		413,771	326,197	145,243	114,472
Impairment (reversal)		1,750	(1,196)	-	(1,798)
Restructuring income, net		-	(114,088)	-	-
Other loss (income), net		19,564	(6,896)	7,375	(2,242)
Share of loss (gain) on equity accounted investees, net of tax		4,490	(9,435)	4,490	(94)
Total operating expenses		<u>3,027,666</u>	<u>2,552,438</u>	<u>1,110,297</u>	<u>958,862</u>
Total operating income		<u>511,846</u>	<u>90,320</u>	<u>252,380</u>	<u>97,817</u>
Finance income (cost):					
Finance income	22	48,028	8,757	41,184	4,947
Finance cost	22	<u>(371,331)</u>	<u>(354,480)</u>	<u>(105,675)</u>	<u>(113,691)</u>
Net finance cost		<u>(323,303)</u>	<u>(345,723)</u>	<u>(64,491)</u>	<u>(108,744)</u>
Income (loss) before income tax		188,543	(255,403)	187,889	(10,927)
Income tax expense (benefit)	20	<u>9,351</u>	<u>(20,841)</u>	<u>9,318</u>	<u>6,554</u>
Income (loss) for the period		<u>\$ 179,192</u>	<u>(234,562)</u>	<u>178,571</u>	<u>(17,481)</u>

The notes on pages 10 to 36 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 nine-month and three-month periods ended September 30, 2023 and 2022

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

	<u>Note</u>	<u>Nine-month period ended September 30</u>		<u>Three-month period ended September 30</u>	
		<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Income (loss) for the period	\$	<u>179,192</u>	<u>(234,562)</u>	<u>178,571</u>	<u>(17,481)</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>(158)</u>	<u>-</u>	<u>79</u>
Other comprehensive income (loss) for the period, net of income taxes		<u>-</u>	<u>(158)</u>	<u>-</u>	<u>79</u>
Total comprehensive income (loss) for the period	\$	<u>179,192</u>	<u>(234,720)</u>	<u>178,571</u>	<u>(17,402)</u>
Income (loss) attributable to:					
Owners of the Company	\$	<u>179,166</u>	<u>(234,572)</u>	<u>178,560</u>	<u>(17,486)</u>
Non-controlling interest		<u>26</u>	<u>10</u>	<u>11</u>	<u>5</u>
Income (loss) for the period	\$	<u>179,192</u>	<u>(234,562)</u>	<u>178,571</u>	<u>(17,481)</u>
Total comprehensive income (loss) attributable to:					
Owners of the Company	\$	<u>179,192</u>	<u>(234,730)</u>	<u>178,571</u>	<u>(17,407)</u>
Non-controlling interest		<u>-</u>	<u>10</u>	<u>-</u>	<u>5</u>
Total comprehensive income (loss) for the period	\$	<u>179,192</u>	<u>(234,720)</u>	<u>178,571</u>	<u>(17,402)</u>
Income (loss) per share for continuing operations					
Basic and diluted income (loss) per share (US dollars)	19	\$ <u>1.31</u>	<u>(1.72)</u>	<u>1.31</u>	<u>(0.13)</u>

The notes on pages 10 to 36 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 nine-month periods ended September 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 (deficit)
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)
Capital stock increase (Note 17)	3,325	-	-	-	-	-	-	3,325	-	3,325
Repurchase of shares (Note 18)	(2,155)	-	-	-	-	-	-	(2,155)	-	(2,155)
Total comprehensive income for the period:										
Income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>179,166</u>	<u>179,166</u>	<u>26</u>	<u>179,192</u>
Balance as of September 30, 2023	<u>\$ 4,599,186</u>	<u>(2,182,889)</u>	<u>24,750</u>	<u>29,703</u>	<u>(6,577)</u>	<u>16,351</u>	<u>(3,032,989)</u>	<u>(552,465)</u>	<u>1,995</u>	<u>(550,470)</u>

The notes on pages 10 to 36 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 nine-month periods ended September 30, 2023 and 2022

(In thousands of US dollars)

Attributable to equity holders of the Company

	<u>Capital stock</u>	<u>Share premium</u>	<u>Statutory reserve</u>	<u>Stock repurchase reserve</u>	<u>Equity accounted investees share of OCI</u>	<u>Remeasurement of defined benefit liability</u>	<u>Accumulated (deficit)</u>	<u>Total</u>	<u>Non-controlling interest</u>	<u>Total equity (deficit)</u>
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	-	-	-	-	-	-	(234,572)	(234,572)	10	(234,562)
Other comprehensive loss	-	-	-	-	(158)	-	-	(158)	-	(158)
Balance as of September 30, 2022	<u>\$ 4,640,421</u>	<u>(2,182,889)</u>	<u>24,750</u>	<u>29,703</u>	<u>(7,120)</u>	<u>1,719</u>	<u>(3,382,180)</u>	<u>(875,596)</u>	<u>1,956</u>	<u>(873,640)</u>

The notes on pages 10 to 36 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 nine-month periods ended September 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	\$	188,543	(255,403)
Adjustments for:			
Depreciation and amortization	11	413,771	326,197
Impairment (reversal)		1,750	(1,196)
Share of (loss) gain on equity accounted investees, net of tax		4,490	(9,435)
Loss (gain) on sale property and equipment		2,766	(4,382)
Other restructuring expenses provisions, net		-	(114,088)
Provisions, net		70,517	54,126
Derivative financial loss (gain)		1,375	(1,805)
Employee benefits		12,506	8,791
Inventory adjustments to net realizable value		22	120
Allowance for doubtful accounts		3,124	3,639
Interest expense		214,287	215,793
Interest income		(43,863)	(6,953)
Unrealized exchange gain		897	35,853
Employees' statutory profit sharing		-	(366)
		<u>870,185</u>	<u>250,891</u>
Trade and other receivables		(134,673)	(217,327)
Due from related parties		(366)	(239)
Inventories		(13,399)	(15,258)
Prepayments and deposits		(13,853)	(22,709)
Trade and other payables		108,100	(43,317)
Due to related parties		163	3,989
General unsecured claims liability		-	(463,003)
Frequent flyer program		59,707	10,782
Air traffic liability		117,452	172,982
Interest received		<u>43,863</u>	<u>6,953</u>
Cash generated from (required by) operating activities		<u>1,037,179</u>	<u>(316,256)</u>
Employees' statutory profit sharing and income tax paid		(15,287)	(22,303)
Interest paid		<u>(211,031)</u>	<u>(192,820)</u>
Net cash from (used in) operating activities		<u>810,861</u>	<u>(531,379)</u>
Cash flows from investing activities			
Acquisition of properties and equipment (including major maintenance)		(250,163)	(111,453)
Proceeds from sale of properties and equipment		139	1,547
Dividends from equity accounted investees		-	2,455
Acquisition of subsidiaries, net of cash received		-	(262,949)
Additions of intangible assets	12	(15,915)	(7,805)
Financial assets		(12,196)	-
Additions of prepayments and deposits for maintenance and acquisition of properties and equipment		<u>(17,073)</u>	<u>(53,295)</u>
Net cash used in investing activities		<u>(295,208)</u>	<u>(431,500)</u>
Cash flows from financing activities			
Proceeds from capital stock increases		-	720,000
Cash paid for capital stock		(2,155)	-
Proceeds from loans		-	762,500
Repayments of loans	13	(230,740)	(666,382)
Payments of lease liabilities	13	<u>(225,633)</u>	<u>(76,135)</u>
Net cash (used in) from financing activities		<u>(458,528)</u>	<u>739,983</u>
Increase (decrease) in cash and cash equivalents		57,125	(222,896)
Effect of exchange rate fluctuations on cash held		<u>45,049</u>	<u>1,174</u>
Net increase (decrease) in cash and cash equivalents		102,174	(221,722)
Cash and cash equivalents:			
At beginning of period		<u>842,182</u>	<u>979,078</u>
At end of period	\$	<u>944,356</u>	<u>757,356</u>

The notes on pages 10 to 36 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 September 30, 2023 and December 31, 2022 and for the nine-month and three-month periods ended September 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 September 30, 2023 and December 31, 2022 and for the nine-month and three-month periods ended September 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.

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 November 6, 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:

	Capital Stock	Share premium
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.



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

Notes to the condensed consolidated interim financial statements

(In thousands of US dollars)

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

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.

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:

- *Non-current Liabilities with Covenants and Classification as Current or Non-current* (Amendments to IAS 1)
- *Lease Liability in a Sale and Leaseback* (Amendments to IAS 16)
- *Supplier Finance Arrangements* (Amendments to IAS 7 and IFRS 7)
- *Lack of Exchangeability* (Amendments to IAS 21)

(5) Group entities-

Significant subsidiaries-

During the nine-month period ended September 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 nine-month and three-month periods ended September 30, 2023 and 2022, are as follows:

i. Operations

	<u>Nine-month periods</u> <u>ended September 30</u>		<u>Three -month periods</u> <u>ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Income:				
Tickets reward (2)	\$ -	29,193	-	-
Administrative services (2)	-	50	-	-
Marketing, net (2)	-	455	-	-
Premier lounges (2) and (4)	920	745	296	168
Other services (1), (2) and (3)	<u>33</u>	<u>1,160</u>	<u>8</u>	<u>76</u>
Total income	\$ 953	31,603	304	244
	=====	=====	=====	=====
Expenses:				
Purchase of Aeroméxico Rewards and Sky Miles (2) and (4)	\$ 4,370	31,977	1,584	647
Fuel (4)	64,288	58,681	20,954	30,765
Interline, net (4)	8,809	36,341	2,083	18,832
Ramp services, net (4)	24,474	19,323	8,382	7,433
Frequent passenger redemption cost (2)	-	681	-	-
Freight handling (4), net	957	1,138	509	335
Personnel services (4)	283	276	95	91
Interest expense, net (1) and (2)	-	1,932	-	90
Other services (1) and (2)	<u>140</u>	<u>144</u>	<u>68</u>	<u>43</u>
Total expenses	\$ 103,321	150,493	33,675	58,236
	=====	=====	=====	=====

(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 July 15, 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 September 30, 2023 and December 31, 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Due from:		
MRO	\$ 319	434
Delta	<u>726</u>	<u>106</u>
	\$ <u>1,045</u>	<u>540</u>
Due to:		
Aeromexpress	\$ 644	436
AM BD GP JV, S. A. P. I. de C. V.	<u>10</u>	<u>9</u>
	\$ <u>654</u>	<u>445</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:

	<u>Nine-month periods ended September 30</u>		<u>Three -month periods ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 12,286	9,201	4,674	3,518
Variable compensation	8,054	28,738	269	197
Share – based payments	<u>7,471</u>	<u>-</u>	<u>6,529</u>	<u>-</u>
	\$ <u>27,811</u>	<u>37,939</u>	<u>11,472</u>	<u>3,715</u>



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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.

	<u>Nine-month periods</u> <u>ended September 30</u>		<u>Three -month periods</u> <u>ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Passengers	\$ 2,911,421	2,116,082	1,129,487	837,523
Ancillaries	<u>333,836</u>	<u>235,210</u>	<u>128,667</u>	<u>97,341</u>
Total passenger revenues	\$ <u>3,245,257</u>	<u>2,351,292</u>	<u>1,258,154</u>	<u>934,864</u>

Loyalty program-

The Group recognized breakage revenue for \$29,767 for the nine-month period ended September 30, 2023, (\$10,447 for the three-month period ended September 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.



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Notes to the condensed consolidated interim financial statements

(In thousands of US dollars)

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

	<u>Nine-month periods</u> <u>ended September 30</u>		<u>Three-month periods</u> <u>ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Domestic	\$ 1,450,808	1,044,770	554,799	404,437
International	<u>2,088,704</u>	<u>1,597,988</u>	<u>807,878</u>	<u>652,242</u>
	<u>\$ 3,539,512</u>	<u>2,642,758</u>	<u>1,362,677</u>	<u>1,056,679</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 September 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	41,544	35,525
With airport groups	44,019	30,819
Maintenance deposits	31,295	29,564
Other	<u>24,106</u>	<u>34,653</u>
	<u>\$ 147,839</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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Notes to the condensed consolidated interim financial statements

(In thousands of US dollars)

(10) Trade and other receivables, net-

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

	<u>2023</u>	<u>2022</u>
Airlines and travel agencies	\$ 5,844	9,825
Credit cards and customers (1)	275,442	167,538
Recoverable taxes	295,366	212,603
Other	<u>16,902</u>	<u>10,388</u>
	593,554	400,354
Less allowance for doubtful accounts	<u>(9,597)</u>	<u>(9,082)</u>
Total trade and other receivables	\$ <u>583,957</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 nine-month periods ended September 30, 2023 and 2022, the Group acquired assets at cost, excluding associated debt, for \$250,163 and \$111,453, respectively.

For the nine-month period ended September 30, 2023, the acquisitions were mainly flight equipment for an amount of \$33,071, major maintenance for \$206,060 and other assets for \$11,032 (in 2022 related to flight equipment for \$25,696, major maintenance for \$80,798 and other assets for \$4,959).

Assets with a carrying amount of \$16,023 were disposed during the nine-month period ended September 30, 2023, (\$154,816 for the nine-month period ended September 30, 2022), with a net loss of the sale of property and equipment of \$2,766 and a net gain of \$4,382 respectively in the same periods, which are recorded 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 September 30, 2023 and December 31, 2022 was \$1,495,414 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 \$1,782,378 and \$1,779,896 as of September 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 nine-month and three-month periods ended September 30, 2023 and 2022, are as follows:

		<u>Nine-month periods</u> <u>ended September 30</u>		<u>Three -month periods</u> <u>ended September 30</u>	
		<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Aircraft leasing	\$	18,454	117,207	5,666	31,693
Real estate		<u>5,250</u>	<u>3,696</u>	<u>2,066</u>	<u>1,352</u>
	\$	<u>23,704</u>	<u>120,903</u>	<u>7,732</u>	<u>33,045</u>



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(In thousands of US dollars)

iii. Leases conditions-

Main operating leases are as follows:

As of September 30, 2023, the Group maintained 138 aircraft and 43 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 September 30, 2023 and December 31, 2022 the estimated costs to conclude projects and work in progress amount to \$5,641 and \$9,376, respectively.

(e) Impairment loss-

As of September 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	-	15,915	-	-	-	-	-	15,915
Disposals	-	(190)	-	-	-	-	-	(190)
Balance as of September 30, 2023	\$ -	69,273	63,280	375,512	47,294	61,895	503,573	1,120,827
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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	<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>Amortization</u>								
Balance as of January 1, 2023	\$ -	21,025	-	-	6,412	-	-	27,437
Amortization for the period	-	5,976	-	-	9,618	-	-	15,594
Disposals	-	(191)	-	-	-	-	-	(191)
Balance as of September 30, 2023	\$ -	26,810	-	-	16,030	-	-	42,840
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 September 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 September 30, 2023	\$ -	42,463	47,677	375,512	31,264	61,895	503,573	1,062,384
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 nine-month period ended September 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 September 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	\$84,101	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	170,174	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	4,192	10,390
<i>Singapore market listed and secured notes (1) (4)</i>	US	<i>Fixed annual rate 8.5%</i>	2027	701,417	762,500
Total Loans				959,884	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	91,034	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	38,066	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	21,558	27,680
<i>Finance leases of flight equipment</i>	US	<i>Fixed annual rate between 3.16% to 3.57%</i>	2024	3,782	10,378
<i>Finance leases of flight simulator</i>	US	<i>Fixed annual rate of 6.88%</i>	2029	7,268	7,949
Total Financial Leasing				161,708	194,372



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(In thousands of US dollars)

Thousands of US	Currency	Nominal interest rate	Year of maturity	2023	2022
Lease Liabilities (IFRS 16)				2,175,607	2,125,995
Total Lease Liabilities				2,337,315	2,320,367
Total Loans and Borrowings, including leases				3,297,199	3,457,350
Total Borrowing Costs				(5,259)	(6,413)
Total Net Loans and Borrowings, including leases				3,291,940	3,450,937
<i>Less current installments of financial debt</i>				(222,541)	(228,090)
<i>Less current installments of leases</i>				(309,405)	(285,886)
Net current installments of Loans and Borrowings, including leases				(531,946)	(513,976)
Non-current debt				2,765,253	2,943,374
Borrowing costs				(5,259)	(6,413)
Net non-current Loans and Borrowings, including leases				\$2,759,994	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 September 30, 2023, the Group is in compliance with its covenants.

- (3) At September 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 September 30, 2023, future maturities of loans and borrowings, net of borrowing costs are as follows:

<u>Year</u>	<u>Loans</u>	<u>Financial leasing</u>	<u>Leases</u>	<u>Total</u>
Current:				
September 30, 2024	\$ 183,299	39,242	309,405	531,946
Non-current:				
September 30, 2025	60,161	36,279	274,442	370,882
September 30, 2026	15,007	33,554	274,770	323,331
September 30, 2027	696,158	23,662	262,603	982,423
September 30, 2028	-	18,495	244,715	263,210
September 30, 2029 and thereafter	<u>-</u>	<u>10,476</u>	<u>809,672</u>	<u>820,148</u>
Total non-current	<u>771,326</u>	<u>122,466</u>	<u>1,866,202</u>	<u>2,759,994</u>
Total loans and borrowings	<u>\$ 954,625</u>	<u>161,708</u>	<u>2,175,607</u>	<u>3,291,940</u>

During October and as of November 6, 2023 date of issuance of these interim financial statements, the Group continued with the amortization of loans and borrowings for \$54,596.



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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		(230,740)	(225,633)	(456,373)
Effects of movements in foreign exchange rates		21,187	-	21,187
Other changes-				
New leases		-	275,245	275,245
Interest expense		78,720	134,348	213,068
Interest paid		(82,027)	(129,004)	(211,031)
Other interest accrued (reversed), net		<u>4,251</u>	<u>(5,344)</u>	<u>(1,093)</u>
Balance as of September 30, 2023	\$	<u>1,116,333</u>	<u>2,175,607</u>	<u>3,291,940</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 \$21,775 and \$18,168 during the nine-month periods ended September 30 2023 and 2022, respectively (\$7,566 and \$6,112 for the three-month periods ended September 30, 2023 and 2022, respectively).



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(In thousands of US dollars)

(15) Provisions-

		Leased aircrafts returns	Employee's restructure	Litigations	Contingent consideration	Total
Balance as of January 1, 2023	\$	235,728	-	7,075	24,000	266,803
Additions		23,924	-	1,993	-	25,917
Utilization		<u>(9,823)</u>	<u>-</u>	<u>(397)</u>	<u>-</u>	<u>(10,220)</u>
		249,829	-	8,671	24,000	282,500
Less non-current portion		<u>(190,636)</u>	<u>-</u>	<u>-</u>	<u>(24,000)</u>	<u>(214,636)</u>
Balance as of September 30, 2023	\$	<u>59,193</u>	<u>-</u>	<u>8,671</u>	<u>-</u>	<u>67,864</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 September 30, 2023 and December 31, 2022 are as follows:

		<u>2023</u>	<u>2022</u>
Suppliers	\$	1,012,635	842,227
Value added tax and other taxes		195,919	174,815
Salaries and benefits payable		<u>48,229</u>	<u>15,194</u>
Total trade and other payables	\$	<u>1,256,783</u>	<u>1,032,236</u>

(17) Share-based payment arrangements-

A. Description of share-based payment arrangements

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



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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>	
	<u>Number of shares</u>	<u>Ps. fair value per share at grant date</u>
Outstanding at January 1	2,269,985	184.78
Granted during the period	-	-
Vested during the period	(294,770)	184.78
Forfeited during the period	<u>(61,845)</u>	<u>184.78</u>
Outstanding at September 30, 2023	<u>1,913,370</u>	<u>184.78</u>



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In addition to the stocks exercised in this program during the nine-month period ended on September 30, 2023, the Group granted 54,578 shares to certain Board members.

The value of the total shares exercised / granted during the nine-month period ended on September 30, 2023 amounted to \$3,325.

(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 Aeroméxico'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 part of its obligations under that certain Registration Rights Agreement dated March 17, 2022, the Company had to cancel the registration of shares before the National Securities Registry (*Registro Nacional de Valores* "RNV") and their corresponding listing on the Mexican Stock Exchange ("BMV"). As such, and in accordance with Section II of Article 108 of the Mexican Securities Law ("LMV"), on October 11, 2022, the Company launched a public cash tender offer of shares (the "Offer") which expired on November 8, 2022, at a purchase price per share of MX\$184.78 ("Price per Share"). As established in the LMV, the Company incorporated an irrevocable management trust (the "Delisting Trust") to acquire at the Price per Share any shares that were not initially acquired by the Company during the initial Offer period. The period during which shareholders that did not participate in the Offer could sell their shares to the Delisting Trust at the Price per Share expired on July 14, 2023. Upon expiration of said period, the Company acquired, via the Delisting Trust, an additional 243,352 shares at the Price per Share. Said acquisition resulted in a neutral effect, since (i) such 243,352 shares acquired by the Delisting Trust were transferred to the Company and subsequently placed as treasury shares and (ii) an equivalent number of 243,352 shares were immediately subscribed and paid by a separate Mexican Trust managing the stock compensation plan of the Company, resulting in such 243,352 newly subscribed and paid shares being added into such Trust.



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As of September 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 earnings / losses per share at September 30, 2023 was based on the income (loss) for the nine-month period of \$179,192 (September 30, 2022: \$(234,562)) and for the three-month period ended September 30, 2023 of \$178,571 (September 30, 2022: \$(17,481)), and a weighted average number of ordinary shares outstanding (including option shares) of 136,423,959 (September 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 nine months ended September 30, 2023 was 5% (2022: 8%).

(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.

September 30, 2023 <i>In thousands US</i>	THE Interest rate swaps used for <u>hedging</u>
<i>Fair value - hedging instruments</i>	
<i>Mandatory at FVTPL</i>	<u>699</u>
Fair value	
<i>Level 1</i>	-
<i>Level 2</i>	699
<i>Level 3</i>	<u>-</u>
Total	<u>699</u> <u>==</u>



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December 31, 2022	TIE Interest rate swaps used for <u>hedging</u>			
<i>In thousands US</i>				
<i>Fair value - hedging instruments</i>				
<i>Mandatory at FVTPL</i>	<u>1,893</u>			
Fair value				
<i>Level 1</i>	-			
<i>Level 2</i>	1,893			
<i>Level 3</i>	<u>-</u>			
Total	<u>1,893</u> =====			
September 30, 2023				
<i>In thousands of US</i>	USD Loans (SOFR <u>Spread</u>)	MXN Loans (TIE - <u>Spread</u>)	USD Loans (Fixed <u>rate</u>)	USD Flight equipment financial <u>leasing</u>
<i>Loans and borrowings</i>	<u>84,101</u>	<u>170,174</u>	<u>700,350</u>	<u>161,708</u>
Fair value				
<i>Level 1</i>	-	-	-	-
<i>Level 2</i>	85,563	172,724	867,702	163,225
<i>Level 3</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>85,563</u> =====	<u>172,724</u> =====	<u>867,702</u> =====	<u>163,225</u> =====



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December 31, 2022 In thousands of US	USD Loans (SOFR Spread)	MXN Loans (TIE - Spread)	USD Loans (Fixed rate)	USD Flight equipment financial leasing
<i>Loans and borrowings</i>	<u>147,176</u>	<u>215,222</u>	<u>768,172</u>	<u>194,372</u>
Fair value				
Level 1	-	-	-	-
Level 2	145,007	169,808	908,501	197,654
Level 3	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>145,007</u>	<u>169,808</u>	<u>908,501</u>	<u>197,654</u>

B. Measurement of fair values

I. Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 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.



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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 nine-month and three-month periods ended September 30, 2023 and 2022 are presented below:

	<u>Nine-month periods</u> <u>ended September 30</u>		<u>Three -month periods</u> <u>ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Interest income on bank deposits and other investments	\$ 43,863	6,953	22,057	4,576
Derivative financial income	-	1,804	-	371
Net foreign exchange gain	-	-	14,963	-
Other financial income	<u>4,165</u>	<u>-</u>	<u>4,164</u>	<u>-</u>
Finance income	<u>48,028</u>	<u>8,757</u>	<u>41,184</u>	<u>4,947</u>
Interest expense on financial liabilities	78,720	99,297	25,193	26,368
Letters of credit commissions	63	1,892	40	407
Credit card commissions	77,028	57,005	27,317	21,460
Lease interest	134,348	105,733	44,652	44,041
Interest on employee obligation	13,503	10,467	4,708	3,497
Derivative financial loss	1,375	-	448	-
Net foreign exchange loss	56,006	53,490	-	15,024
Bank fees	4,305	3,575	1,139	1,060
Interest paid to related parties	-	1,930	-	89
Other financial costs, mainly DIP commissions	<u>5,983</u>	<u>21,091</u>	<u>2,178</u>	<u>1,745</u>
Finance costs	<u>371,331</u>	<u>354,480</u>	<u>105,675</u>	<u>113,691</u>
Net finance cost recognized in profit and loss	\$ <u>(323,303)</u>	<u>(345,723)</u>	<u>(64,491)</u>	<u>(108,744)</u>

(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 September 30, 2023 the Group has the following significant contingencies:

Contingencies:

- a) There are labor lawsuits in process for approximately \$18.3 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 \$8.7 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 September 30, 2023, there are no significant commitments in addition to those referred-to in the latest annual financial statements.

(24) Subsequent events-

As of November 6, 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 November 6, 2023, the price reached \$3.24 dollars per gallon, and at September 30, 2023 was \$3.41 dollars per gallon.

