

AEROMEXICO REPORTS 1Q24 RESULTS

- *Passenger Traffic Increased 3.9%*
- *Total Revenue Increased 26.9%*
- *Adjusted EBITDAR Increased 80.0%*

Mexico City, May 21, 2024 - Grupo Aeromexico S.A.P.I. de C.V. ("Aeromexico") today reported unaudited financial results for the three months ended March 31, 2024 (1Q24).

The Company has used the US dollar as the presentation currency for these consolidated financial statements, which is also its functional currency. All figures are expressed in millions of U.S. dollars unless otherwise indicated.

Andres Conesa, Chief Executive Officer stated "We are excited to report record profitability levels. Despite the headwinds surrounding the MAX9 groundings in January, we soared to new heights of success, breaking our previous records. These good results are due to the commitment and hard work of our employees and partners, as well as our continued focus on our customers".

"During the first quarter, we recorded the highest EBIT and Adjusted EBITDAR amounts for a first quarter in Aeromexico's history. We delivered a \$365 million-dollar EBITDAR and a \$202 million-dollar EBIT".

KEY FINANCIAL AND OPERATING HIGHLIGHTS FOR THE FIRST QUARTER 2024

Key Financial KPIs	Three Months Ended March 31		
	1Q24	1Q23	Var. %
Total revenue (USD millions)	1,303	1,027	26.9
Adjusted EBITDAR* (USD millions)	365	203	80.0
Adjusted EBITDAR margin* (% of Revenue)	28.0%	19.7%	8.3 p.p.
Total operating income (loss) (USD millions)	202	69	192.2
Operating Margin (% of Revenue)	15.5%	6.7%	8.8 p.p.
Key Operating Indicators	1Q24	1Q23	Var. %
Total ASKs (millions)	13,675	12,428	10.0
Total ASMs (millions)	8,497	7,722	10.0
Passengers ('000)	5,979	5,756	3.9
Total revenue / ASK (USD cents)	9.5	8.3	15.3
Total revenue / ASM (USD cents)	15.3	13.3	15.3
Total cost / ASK (USD cents)	8.0	7.7	4.2
Total cost / ASM (USD cents)	12.9	12.3	4.2
Total cost excluding fuel / ASK (USD cents)	5.6	4.9	14.3
Total cost excluding fuel / ASM (USD cents)	9.0	7.9	14.3

Figures may not sum to total due to rounding.

* This metric is not defined under IFRS but has been included for reference given its relevance to the Company's performance. EBITDAR is defined as earnings before interest, taxes, depreciation, amortization, and rental costs.

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MACRO CONDITIONS

- **Economic activity.** The Mexican economy continued to show signs of recovery during the beginning of 2024. On a year over year basis, the Global Economic Activity Indicator grew 1.1% in January 2024, with respect to the same month of the previous year.
- **Exchange rate.** During the first quarter, the Mexican peso recorded a 9.3% appreciation year over year, from a \$18.74 pesos per dollar average exchange rate in 1Q23 to an average exchange rate of \$16.99 pesos per dollar in 1Q24. The quarter-end exchange rate was \$16.68 pesos per dollar as compared to \$18.11 pesos per dollar at the end of 1Q23, a 7.9% appreciation.
- **Fuel price.** During 1Q24, fuel cost per liter in dollars decreased by 12.1%, from an average of 89¢ per liter during 1Q23 to an average of 78¢ per liter during 1Q24.
- **Inflation.** Annual inflation as of March 2024 was 4.4%, a 2.4 percentage points (p.p.) decrease when compared to 2023¹.

OPERATING & FINANCIAL HIGHLIGHTS

- Aeromexico's capacity, measured in available seat miles (ASMs), increased by 10.0% as compared to 1Q23.
- Aeromexico's 1Q24 total revenue reached \$1.3 billion, a 26.9% increase as compared to the same period of 2023. During the quarter, revenue per ASM (RASM) increased by 15.3% year over year.
- Adjusted EBITDAR reached a historical first quarter record high of \$365.1 million, with a margin of 28.0%. This represents a \$162.3 million increase and an 8.3 p.p. improvement as compared to 1Q23.
- First quarter 2024 EBIT totaled \$202.4 million with a 15.5% margin, both figures also represented a the highest first-quarter performance in Aeromexico's history. EBIT and EBIT margin increased by \$133.1 million and 8.8 p.p., respectively, as compared to 1Q23.
- Cost per ASM (CASM) in dollars, excluding fuel, was 9.0¢. This is a 14.3% increase as compared to the same quarter of 2023, primarily driven by the Mexican peso appreciation against the US dollar, and inflationary pressures.
- During the quarter, the Company amortized \$66.8 million of financial debt. As a result, the total adjusted net debt to EBITDAR ratio improved to 1.5x, compared to 1.7x at year-end 2023. Aeromexico's cash position as of March 31, 2024, amounted to \$955.0 million.

¹ Source: Banxico

INCOME STATEMENT DISCUSSION

1Q 2024 Revenue

First quarter 2024 **total revenue** was \$1.3 billion, a 26.9% increase as compared to the same period of 2023, primarily driven by capacity growth and higher unit revenue. Total revenue per ASM (RASM) in dollars was 15.3¢, a 15.3% increase as compared to 1Q23.

1Q24 **total ASMs** increased by 10.0% as compared to 2023. International ASMs increased by 21.7% while domestic ASMs decreased by 9.4%. International ASMs accounted for 69.0% of Aeromexico's total ASMs, a 6.6 p.p. increase when compared to 2023.

Load factor in 1Q24 was 85.4% as compared to 80.1% in 1Q23, an increase of 5.3 percentage points. This increase was mainly driven by a 17.3% increase in RPMs as well as the grounding of our MAX-9 fleet in January, which resulted in most of the passengers being reallocated to a lower number of flights.

In 1Q24, **total passenger revenue** including ancillaries increased by 27.8%, from \$931.5 million to \$1,190.3 million, reflecting capacity growth. Domestic passenger revenue was \$489.2 million and international passenger revenue amounted to \$701.1 million.

Passenger Revenue (USD million)	Three Months Ended March 31		
	1Q24	1Q23	Var. %
Domestic	489	389	25.7
International	701	542	29.3
Total passenger revenue	1,190	932	27.8

Figures may not sum to total due to rounding.

Aeromexico transported 5 million 979 thousand **passengers** in 1Q24, a 3.9% increase as compared to 1Q23. In 1Q24, the number of passengers on international routes increased by 21.5% with respect to 1Q23, while domestic passengers decreased by 3.1% as compared to the same quarter of 2023.

First quarter **air cargo revenue** totaled \$68.6 million, a 5.9% increase versus the same quarter of 2023, primarily driven by capacity growth.

1Q 2024 Operating Expenses

During 1Q24, **total operating expenses** including aircraft leases, depreciation and amortization totaled \$1.1 billion. This represents a 14.9% increase as compared to the same period of 2023. The increase was mainly explained by volume increase, global inflationary pressures, and the 9.3% foreign exchange rate appreciation. Peso denominated expenses, including wages and salaries, as well as airport and passenger services in Mexico, translated into higher US dollar figures due to the strength of the Mexican Peso.

Fuel expenses amounted to \$323.5 million in 1Q24, a 5.3% decrease as compared to the same quarter of 2023. Fuel cost per liter decreased by 12.2% as compared to 1Q23. Average fuel price in 1Q24 was 78¢ per liter as compared to 89¢ per liter during 1Q23. Fuel consumption increased by 7.9% as compared to 1Q23 while fuel burn per ASM decreased by 2.0% when compared to the same period of 2023, mainly due to a more efficient fleet mix.

Other operating costs, including selling and administrative expenses, increased by 21.7% as compared to 1Q23. This increase was mainly driven by higher passenger volume and higher passenger revenues, which generated higher sales commissions.

Aircraft rent, depreciation and amortization expenses totaled \$162.6 million in 1Q24, 21.8% higher than the first quarter of 2023, mainly due to (i) increased depreciation because of new aircraft (three 737-MAX over the past 12 months) being incorporated into the fleet, and (ii) increased amortization driven by engine and airframe maintenance performed in line with the maintenance plan.

Cost per ASM (CASM) in dollars, excluding fuel, was 9.0¢, a 14.3% increase as compared to 1Q23. This was primarily the result of higher labor costs driven by the Mexican peso appreciation against the US dollar, inflationary pressures, and changes in Mexican labor laws. Additionally, CASM was impacted by higher commissions driven by increased passenger revenue, growth of international operations, and higher depreciation and amortization costs.

1Q 2024 Operating Income (EBIT) and Adjusted EBITDAR

First quarter **operating income** totaled \$202.4 million with a 15.5% margin, setting a historic record high for a first quarter. This represented a \$133.1 million improvement as compared to 1Q23, and an 8.8 p.p. operating margin improvement.

Adjusted EBITDAR for the first quarter amounted to \$365.1 million, a \$162.3 million increase on a year over year basis. EBITDAR margin improved by 8.3 p.p. as compared to 1Q23, reaching 28.0%; the highest EBITDAR margin recorded in a first quarter.

Adjusted EBITDAR Reconciliation	Three Months Ended March 31		
	1Q24	1Q23	Var. %
Profit (loss) for the period	104	(28)	NA
(+) Income tax expense (benefit)	6	(1)	NA
(+) Depreciation and amortization ⁽¹⁾	157	127	22.9
(+) Net finance cost	93	98	(5.8)
(+) Impairment (reversal)	-	-	-
(+) Aircraft leasing ⁽²⁾	6	6	0
Adjusted EBITDAR ⁽³⁾	365	203	80.0

Figures may not sum to total due to rounding.

(1) Depreciation and amortization expense as presented in our profit or loss.

(2) Aircraft leasing is comprised of short-term rentals of flight equipment, including subject to PBH period.

(3) We define Adjusted EBITDAR as Adjusted EBITDA plus aircraft leasing expense. We consider Adjusted EBITDAR to be solely a valuation metric, not a performance metric. Adjusted EBITDAR has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under IFRS. Because the adjustments to Adjusted EBITDAR are not determined in accordance with IFRS, this measure may be calculated differently by other companies. As a result, Adjusted EBITDAR as presented may not be directly comparable to similarly named measures presented by other companies.

1Q 2024 Net Financing Cost

During 1Q24, **net financing cost** decreased by 5.8% as compared to the same period of 2023, mainly driven by higher interest income related to increased cash levels, and lower interest expenses due to debt repayments and the repurchase and cancellation of senior secured notes in 2023.

1Q 2024 Net Income (Loss)

Net income in 1Q24 totaled \$104.2 million, compared to a \$27.8 million net loss in 1Q23. This is a \$132.1 million year over year improvement.

Balance Sheet and Cash Flow

Aeromexico's **cash, cash equivalents and financial assets** as of March 31, 2024, amounted to \$955.0 million, equivalent to 18.4% of last twelve-month revenues. During 1Q24, the Company generated \$276.8 million in net cash from operating activities, which allowed the Company to continue with its investment and deleveraging programs.

Strong cash flow generation has enabled the Company to reduce leverage, reinvest in product improvements and strengthen its financial position. During the first quarter, the Company amortized more than \$66.8 million of financial debt.

At the end of 1Q24, the Company's leverage, measured as **adjusted net debt to EBITDAR** stood at 1.5x, compared to 1.7x at year-end 2023, both figures include loans, borrowings, and leases in accordance with IFRS 16. Amortization of financial debt since emergence from Chapter 11 in March 2022, totaled \$659.5 million as of March 31, 2024.

FLEET

During 1Q24, Grupo Aeromexico received 2 Boeing 737-MAX aircraft.

Aeromexico's operating fleet was comprised of 144 aircraft as of March 31, 2024, with an average age of 8.3 years.

OPERATING FLEET

Fleet	4Q21	4Q22	4Q23	1Q24
B-737-700	5	1	0	0
B-737-800	36	36	35	34
B-737 MAX 8	21	33	33	34
B-737 MAX 9	6	13	18	19
B-787	18	19	20	20
Aeromexico	86	102	106	107
E-190	47	42	40	37
Aeromexico Connect	47	42	40	37
Grupo Aeromexico	133	144	146	144

1Q24 EARNINGS CALL INFORMATION

Date: Wednesday, May 22, 2024

Time: 12:00 p.m. ET (NY) / 10:00 a.m. CT (CDMX)

Dial-In Number: 1-877-407-9208 / 1-201-493-6784 / From Mexico: 01 800 522 0034

Webcast Link: https://viaavid.webcasts.com/starthere.jsp?ei=1669458&tp_key=816071656c

Call me: <https://callme.viaavid.com/viaavid/?callme=true&passcode=13737909&h=true&info=company&r=true&B=6>

About Grupo Aeromexico

Grupo Aeromexico, S.A.B. de C.V. is a holding company whose subsidiaries are engaged in commercial aviation in Mexico and the promotion of passenger loyalty programs. Aeroméxico, Mexico's global airline, has its main operations center in Terminal 2 of the Mexico City International Airport. Its destination network has reach in Mexico, the United States, Canada, Central America, South America, Asia and Europe. The

Group's current operating fleet includes Boeing 787 and 737 aircraft, as well as the latest generation Embraer 190. Aeroméxico is a founding partner of SkyTeam, an alliance that celebrates 20 years and offers connectivity in more than 170 countries, through the 19 partner airlines. Aeroméxico created and implemented a Health and Hygiene Management System (SGSH) to protect its clients and collaborators at all stages of its operation.

www.aeromexico.com

www.skyteam.com

Grupo Aeroméxico, S.A.P.I. de C.V. and Subsidiaries
**Consolidated Statements of Profit or Loss and other Comprehensive Income
(Unaudited)**
Three months ended March 31
(USD Millions)

	<u>2024</u>	<u>2023</u>	<u>Var %</u>
Revenues:			
Passenger	1,190	932	27.8%
Air cargo	69	65	5.9%
Other	44	31	43.3%
Total revenue	1,303	1,027	26.9%
Operating expenses:			
Jet-fuel	324	342	-5.3%
Wages, salaries and benefits	259	187	38.4%
Maintenance	55	50	9.0%
Aircraft, communication and traffic services	136	117	15.8%
Passenger services	33	25	33.5%
Travel agent commissions	29	20	44.4%
Selling and administrative	94	78	20.8%
Aircraft leasing	6	6	-0.4%
Depreciation and amortization	157	127	22.9%
Impairment (reversal)	-	-	NA
Restructuring income, net	9	5	58.7%
Other (income) loss, net	0	-	NA
Share of gain on equity accounted investees, net of tax	-	-	NA
Total operating expenses	1,101	958	14.9%
Total operating income (loss)	202	69	192.2%
Finance income (cost):			
Net finance Cost	(93)	(98)	-5.8%
Income (loss) before income tax	110	(29)	NA
Income tax	6	(1)	NA
Net Income (loss) for the period	104	(28)	NA

The Company has used the US dollar as the presentation currency for these consolidated financial statements, which is also its functional currency.

Grupo Aeroméxico, S.A.P.I. de C.V. and Subsidiaries
Consolidated Statements of Financial Position (Unaudited)

	(USD Millions)	
	<u>March 31, 2024</u>	<u>December 31, 2023</u>
Assets		
Current assets:		
Cash and cash equivalents	955	938
Financial assets	-	-
Derivative financial instruments	0	0
Trade and other receivables	694	618
Due from related parties	1	1
Prepayments and deposits	59	49
Inventories	117	108
Total current assets	1,826	1,715
Non-current assets:		
Property and equipment, including right-of-use	2,793	2,788
Other non-current assets	1,601	1,590
Total non-current assets	4,394	4,377
Total assets	6,220	6,092
Liabilities		
Current liabilities:		
Loans and borrowings, including leases	484	523
Others	2,826	2,746
Total current liabilities	3,310	3,269
Non-current liabilities:		
Loans and borrowings, including leases	2,659	2,711
Others	863	844
Total non-current liabilities	3,522	3,555
Total liabilities	6,832	6,825
Total equity (deficit)	(612)	(733)
Total equity and liabilities	6,220	6,092

The Company has used the US dollar as the presentation currency for these consolidated financial statements, which is also its functional currency.

Grupo Aeroméxico, S.A.P.I. de C.V. and Subsidiaries
Consolidated Statements of Cash Flows (Unaudited)

Three months ended March 31

(USD Millions)

	<u>2024</u>	<u>2023</u>	<u>Var \$</u>
Operating cash	382	200	183
Working capital	-40	26	(65)
Cash generated from (required by) operating activities	343	226	117
Employees' statutory profit sharing and income tax paid	-1	-13	12
Interest paid	-65	-68	3
Net cash from (used in) operating activities	277	145	132
Net cash used in investing activities	-113	-87	(25)
Net cash from (used in) financing activities	-140	-126	(14)
Net increase (decrease) in cash and cash equivalents	17	-47	64
Effect of exchange rate fluctuations on cash held	-7	21	(28)
Cash and cash equivalents:			
At beginning of the period	938	842	96
At end of the period	955	795	160

The Company has used the US dollar as the presentation currency for these consolidated financial statements, which is also its functional currency.

FINANCIAL AND OPERATIONAL INDICATORS

Financial KPIs	Three Months Ended March 31		
	1Q24	1Q23	Var. %
Total revenue	1,303	1,027	26.9
EBITDAR*	365	203	80.0
EBITDAR margin* (% of Revenue)	28.0%	19.7%	8.3 p.p.
Total operating income (loss)	202	69	192.2
Operating Margin (% of Revenue)	15.5%	6.7%	8.8 p.p.
Net Income (loss)	104	(28)	NA
Net Income (loss) Margin (% of Revenue)	8.0%	(2.7%)	10.7 p.p.
Operating Indicators	1Q24	1Q23	Var. %
Total ASKs (millions)	13,675	12,428	10.0
Total ASMs (millions)	8,497	7,722	10.0
Total RPKs (millions)	11,676	9,951	17.3
Total RPMs (millions)	7,255	6,183	17.3
Load factor on scheduled flights (%)	85.4%	80.1%	5.3 p.p.
Passengers ('000)	5,979	5,756	3.9
On-Time departure performance within 15 minutes (%)	86.4%	81.4%	5.0 p.p.
Total liters of fuel ('000)	415,823	385,515	7.9
Yield (USD cents)**	9.3	8.5	8.8
Total revenue / ASK (USD cents)	9.5	8.3	15.3
Total revenue / ASM (USD cents)	15.3	13.3	15.3
Passenger revenue / ASK (USD cents)	7.8	6.8	15.9
Passenger revenue / ASM (USD cents)	12.6	10.9	15.9
Total cost / ASK (USD cents)	8.0	7.7	4.2
Total cost / ASM (USD cents)	12.9	12.3	4.2
Total cost excluding fuel / ASK (USD cents)	5.6	4.9	14.3
Total cost excluding fuel / ASM (USD cents)	9.0	7.9	14.3

Figures may not sum to total due to rounding.

* This metric is not defined under IFRS but has been included for reference given its relevance to the Company's performance. EBITDA is defined as profit or loss for the period before income tax expense (benefit), depreciation and amortization, net finance cost and impairment (reversal), and EBITDAR is defined as EBITDA before aircraft leasing expense, in light of the non-recurring nature of this item.

** Estimated as passenger revenues (excluding ancillaries) divided by RPKs of itinerary flights.

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

Condensed Consolidated Interim
Financial Statements (Unaudited)

As of March 31, 2024 and December 31, 2023 and
for the three-month periods ended March 31,
2024 and 2023





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 March 31, 2024 the related condensed consolidated interim statements of profit or loss and other comprehensive income and changes in equity for the three-month periods ended March 31, 2024 and 2023, the related condensed consolidated interim statements of cash flows for the three-month periods ended March 31, 2024 and 2023, 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 IAS 34 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, 2023, 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 2, 2024, 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, 2023, 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
May 6, 2024



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

Condensed consolidated interim statements of financial position

As of March 31, 2024 and December 31, 2023

(In thousands of US dollars)

	<u>Note</u>	<u>2024</u>	<u>2023</u>
Assets			
Current assets:			
Cash and cash equivalents		\$ 954,958	937,698
Derivative financial instruments	21	97	334
Trade and other receivables	10	694,376	618,212
Due from related parties	6	716	1,146
Prepayments and deposits		58,926	48,721
Inventories		116,587	108,458
Total current assets		<u>1,825,660</u>	<u>1,714,569</u>
Non-current assets:			
Property and equipment, including right-of-use	11	2,793,190	2,787,595
Intangible assets and goodwill	12	1,071,896	1,071,824
Prepayments and deposits	9	155,062	148,929
Investments in equity accounted investees		27,038	27,120
Other non-current assets		5,401	6,705
Deferred tax assets		341,866	335,020
Total non-current assets		<u>4,394,453</u>	<u>4,377,193</u>
Total assets		\$ <u>6,220,113</u>	<u>6,091,762</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 financial position (continued)

As of March 31, 2024 and December 31, 2023

(In thousands of US dollars)

	<u>Note</u>	<u>2024</u>	<u>2023</u>
Liabilities			
Current liabilities:			
Loans and borrowings, including leases	13	\$ 484,124	523,159
Trade and other payables	16	1,528,671	1,533,586
Due to related parties	6	15,021	14,420
Provisions	15	70,575	85,850
Air traffic liability		919,804	836,433
Frequent flyer program		257,995	247,226
Income taxes payable and employee's statutory profit sharing		33,836	28,751
Total current liabilities		<u>3,310,026</u>	<u>3,269,425</u>
Non-current liabilities:			
Loans and borrowings, including leases	13	2,659,017	2,711,147
Frequent flyer program		269,863	268,247
Provisions	15	227,239	218,890
Employee benefits	14	243,624	235,841
Deferred tax liabilities		122,700	121,137
Total non-current liabilities		<u>3,522,443</u>	<u>3,555,262</u>
Total liabilities		<u>6,832,469</u>	<u>6,824,687</u>
Equity (deficit)			
Capital stock	18	4,343,237	4,326,906
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		13,100	13,100
Accumulated deficit		(2,835,695)	(2,939,921)
Total equity (deficit) attributable to equity holders of the Company		<u>(614,371)</u>	<u>(734,928)</u>
Non-controlling interest		<u>2,015</u>	<u>2,003</u>
Total equity (deficit)		<u>(612,356)</u>	<u>(732,925)</u>
Total equity (deficit) and liabilities		\$ <u>6,220,113</u>	<u>6,091,762</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 three-month periods ended March 31, 2024 and 2023

(In thousands of US dollars)

	<u>Note</u>	<u>2024</u>	<u>2023</u>
Revenues:			
Passenger	7	\$ 1,190,323	931,536
Air cargo		68,644	64,808
Other		44,057	30,745
Total revenue	8	<u>1,303,024</u>	<u>1,027,089</u>
Operating expenses:			
Jet-fuel		323,535	341,509
Wages, salaries and benefits		258,827	186,959
Maintenance		54,978	50,447
Aircraft, communication and traffic services		135,688	117,157
Passenger services		32,914	24,655
Travel agent commissions		29,249	20,254
Selling and administrative		94,099	77,910
Aircraft leasing	11	6,142	6,166
Depreciation and amortization		156,503	127,343
Other loss (income), net		8,598	5,417
Share of loss (gain) on equity accounted investees, net of tax		82	-
Total operating expenses		<u>1,100,615</u>	<u>957,817</u>
Total operating income		<u>202,409</u>	<u>69,272</u>
Finance income (cost):			
Finance income	22	15,841	8,847
Finance cost	22	<u>(108,432)</u>	<u>(107,157)</u>
Net finance cost		<u>(92,591)</u>	<u>(98,310)</u>
Income (loss) before income tax		109,818	(29,038)
Income tax expense (benefit)	20	<u>5,580</u>	<u>(1,202)</u>
Income (loss) for the period		<u>\$ 104,238</u>	<u>(27,836)</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 three-month periods ended March 31, 2024 and 2023

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

	<u>Note</u>	<u>2024</u>	<u>2023</u>
Income (loss) for the period		\$ <u>104,238</u>	<u>(27,836)</u>
Other comprehensive income (OCI), net of income taxes		<u>-</u>	<u>-</u>
Total comprehensive income (loss) for the period		\$ <u>104,238</u>	<u>(27,836)</u>
Income (loss) attributable to:			
Owners of the Company		\$ 104,226	(27,841)
Non-controlling interest		<u>12</u>	<u>5</u>
Income (loss) for the period		\$ <u>104,238</u>	<u>(27,836)</u>
Total comprehensive income (loss) attributable to:			
Owners of the Company		\$ 104,226	(27,841)
Non-controlling interest		<u>12</u>	<u>5</u>
Total comprehensive income (loss) for the period		\$ <u>104,238</u>	<u>(27,836)</u>
Income (loss) per share for continuing operations			
Basic income (loss) per share (US dollars)	19	\$ <u>0.78</u>	<u>(0.20)</u>
Diluted income (loss) per share (US dollars)	19	\$ <u>0.76</u>	<u>(0.20)</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 three-month periods ended March 31, 2024 and 2023

(In thousands of US dollars)

	Attributable to equity holders of the Company									Total equity (deficit)
	<u>Capital stock</u>	<u>Share premium</u>	<u>Statutory reserve</u>	<u>Stock repurchase reserve</u>	Equity accounted investees share of <u>OCI</u>	Remeasurement of defined benefit <u>liability</u>	<u>Accumulated deficit</u>	<u>Total</u>	<u>Non-controlling interest</u>	
Balance as of January 1, 2024	\$ 4,326,906	(2,182,889)	24,750	29,703	(6,577)	13,100	(2,939,921)	(734,928)	2,003	(732,925)
Capital stock increase (Note 17)	16,331	-	-	-	-	-	-	16,331	-	16,331
Total comprehensive income for the period:										
Income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,226</u>	<u>104,226</u>	<u>12</u>	<u>104,238</u>
Balance as of March 31, 2024	\$ <u>4,343,237</u>	<u>(2,182,889)</u>	<u>24,750</u>	<u>29,703</u>	<u>(6,577)</u>	<u>13,100</u>	<u>(2,835,695)</u>	<u>(614,371)</u>	<u>2,015</u>	<u>(612,356)</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

Condensed consolidated interim statements of changes in equity

For the three-month periods ended March 31, 2024 and 2023

(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)
Total comprehensive loss for the period:										
Loss for the period	-	-	-	-	-	-	(27,841)	(27,841)	5	(27,836)
Balance as of March 31, 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>(3,239,996)</u>	<u>(760,642)</u>	<u>1,974</u>	<u>(758,668)</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 three-month periods ended March 31, 2024 and 2023

(In thousands of US dollars)

	<u>Note</u>	<u>2024</u>	<u>2023</u>
Cash flows from operating activities			
Income (loss) for the period		\$ 104,238	(27,836)
Adjustments for:			
Income tax expense (benefit)		5,580	(1,202)
Depreciation and amortization		156,503	127,343
Share of loss (gain) on equity accounted investees, net of tax		82	-
Loss on sale property and equipment	11	1,403	696
Provisions, net		29,523	17,477
Derivative financial loss		237	292
Employee benefits		4,647	2,453
Inventory adjustments to net realizable value		10	22
Allowance for doubtful accounts		1,095	993
Interest expense, net		48,372	61,470
Unrealized exchange loss		10,619	18,009
Employees' statutory profit sharing		3,769	-
Equity-settled share-based payment transactions	17	16,331	-
		<u>382,409</u>	<u>199,717</u>
Trade and other receivables		(76,049)	(37,932)
Due from related parties		430	(178)
Inventories		(7,795)	(5,702)
Prepayments and deposits		(9,639)	(20,431)
Trade and other payables		(58,695)	(25,415)
Due to related parties		601	84
Air traffic liability		83,371	87,895
Frequent flyer program		12,385	18,650
Interest received		<u>15,841</u>	<u>8,847</u>
Cash generated from operating activities		<u>342,859</u>	<u>225,535</u>
Employees' statutory profit sharing and income tax paid		(1,210)	(12,726)
Interest paid		<u>(64,812)</u>	<u>(67,914)</u>
Net cash from operating activities		<u>276,837</u>	<u>144,895</u>
Cash flows from investing activities			
Acquisition of properties and equipment (including major maintenance)	11	(102,782)	(64,067)
Proceeds from sale of properties and equipment		8	7
Intangible assets additions	12	(5,151)	(4,916)
Prepayments and deposits for maintenance and acquisition of properties and equipment		<u>(4,907)</u>	<u>(18,361)</u>
Net cash used in investing activities		<u>(112,832)</u>	<u>(87,337)</u>
Cash flows from financing activities			
Repayments of loans	13	(66,763)	(51,336)
Payments of lease liabilities	13	<u>(73,347)</u>	<u>(74,336)</u>
Net cash used in financing activities		<u>(140,110)</u>	<u>(125,672)</u>
Increase (decrease) in cash and cash equivalents		23,895	(68,114)
Effect of exchange rate fluctuations on cash held		<u>(6,635)</u>	<u>20,983</u>
Net increase (decrease) in cash and cash equivalents		17,260	(47,131)
Cash and cash equivalents:			
At beginning of period		<u>937,698</u>	<u>842,182</u>
At end of period		<u>\$ 954,958</u>	<u>795,051</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 March 31, 2024 and December 31, 2023 and for the three-month periods ended March 31, 2024 and 2023

(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 March 31, 2024 and December 31, 2023 and for the three-month periods ended March 31, 2024 and 2023 comprise the Company and its subsidiaries (together referred to as the “Group” or “Grupo Aeroméxico” and individually as “Group’s entities”).

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 and loyalty program, inside and outside of Mexico, training and management services, franchise systems commercialization and management of investment in shares.

(2) Basis of preparation-

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, 2023, 2022 and 2021 and for the years in the three-year period ended December 31, 2023 (“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 May 6, 2024 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) Basis of measurement-

These condensed consolidated interim financial statements are presented in US Dollar (“\$” “dollar” of “US”), which is the Group’s functional currency. All amounts have been rounded to the nearest thousand, unless 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.

c) 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 estimates and judgments-

In preparing these condensed consolidated interim financial statements, Management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, 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.

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

(4) Changes in material 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, 2023, except for changes as disclosed in these 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 material accounting policies-

The Group has adopted *Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants* – Amendments to IAS 1, as issued in 2020 and 2022, for the first time in its 2024 condensed interim financial statements. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024. They clarify certain requirements for determining whether a liability should be classified as current or non-current and require new disclosures for non-current liabilities that are subject to covenants within 12 months after the reporting period. The Group's liabilities were not impacted by the amendments.

The Group does not have any transactions that are affected by the other newly effective accounting standards and amendments.

Standards issued but not yet effective-

A number of new accounting standards and amendments to accounting standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended accounting standards in preparing these condensed consolidated interim financial statements.

(5) Group entities-

Significant subsidiaries-

During the three-month period ended March 31, 2024, 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.

(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 three-month periods ended March 31, 2024 and 2023, are as follows:

i. Operations

	Three-month periods ended	
	March 31	
Income:	<u>2024</u>	<u>2023</u>
Leases (2)	40	-
Interline (3)	23,942	1,027
Purchase of Sky Miles, net (3)	11	-
Premier lounges (3)	345	301
Freight handling, net (3)	-	28
Other services (1) and (2)	<u>8</u>	<u>18</u>
Total income	\$ 24,346	1,374
	=====	=====
Expenses:		
Purchase of Sky Miles, net (3)	\$ -	1,106
Fuel (3)	19,554	25,941
Ramp services, net (1) and (3)	7,856	7,812
Freight handling, net (3)	420	-
Personnel services (3)	440	94
Interest expense, net (2)	<u>206</u>	<u>-</u>
Total expenses	\$ 28,476	34,953
	=====	=====

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



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

Notes to the condensed consolidated interim financial statements

(In thousands of US dollars)

- (2) AM DL MRO JV, S. A. P. I. de C. V. (“MRO”)
- (3) Delta Air Lines, Inc. (“Delta”)

ii. Outstanding balance

Balances due from and due to related parties as of March 31, 2024 and December 31, 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Due from:		
Delta	\$ <u>716</u>	<u>1,146</u>
	\$ <u>716</u>	<u>1,146</u>
	=====	=====
Due to:		
MRO (1)	\$ 14,230	13,695
Aeromexpress	780	714
AM BD GP JV, S. A. P. I. de C. V.	<u>11</u>	<u>11</u>
	\$ <u>15,021</u>	<u>14,420</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.

- (1) Within this balance one transaction stipulates an annual interest of 5.82%.

Key management personnel compensation comprised:

	Three-month periods ended March 31	
	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 3,799	3,379
Variable compensation	20,674	7,497
Share – based payments	<u>3,364</u>	<u>458</u>
	\$ <u>27,837</u>	<u>11,334</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 with 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".

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.

	Three-month periods ended March 31	
	<u>2024</u>	<u>2023</u>
Passengers	\$ 1,070,954	839,471
Ancillaries	<u>119,369</u>	<u>92,065</u>
Total passenger revenues	\$ <u>1,190,323</u>	<u>931,536</u>

(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 the segment is total operating income.



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

Notes to the condensed consolidated interim financial statements

(In thousands of US dollars)

Geographical revenue segment information for the three-month periods ended March 31, 2024 and 2023 are as follows:

		Three-month periods ended March 31	
		<u>2024</u>	<u>2023</u>
Domestic	\$	537,229	419,597
International		<u>765,795</u>	<u>607,492</u>
	\$	<u>1,303,024</u>	<u>1,027,089</u>

Substantially all assets are located in Mexico.

(9) Prepayments and deposits-

Current prepayments consist mainly of prepaid advertising, IT software licenses and fuel prepayments.

Non-current prepayments and security deposits as of March 31, 2024 and December 31, 2023 consist of the following:

		<u>2024</u>	<u>2023</u>
Advances for fleet renewal, including engines and interiors' standardization	\$	11,543	9,108
Deposits:			
For the lease of aircraft and engines		40,743	40,229
With airport groups		42,208	43,073
Maintenance deposits		35,866	32,416
Other		<u>24,702</u>	<u>24,103</u>
	\$	<u>155,062</u>	<u>148,929</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)

(10) Trade and other receivables, net-

Trade and other receivables as of March 31, 2024 and December 31, 2023 consist of the following:

	<u>2024</u>	<u>2023</u>
Airlines and travel agencies	\$ 7,730	7,272
Credit cards and customers (1)	305,682	271,005
Recoverable taxes	370,404	333,032
Other	<u>17,958</u>	<u>14,871</u>
	701,774	626,180
Less allowance for doubtful accounts	<u>(7,398)</u>	<u>(7,968)</u>
Net trade and other receivables	\$ <u>694,376</u>	<u>618,212</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 three-month periods ended March 31, 2024 and 2023, the Group acquired assets at cost, excluding associated debt, for \$102,782 and \$64,067, respectively.

For the three-month period ended March 31, 2024, the acquisitions were mainly flight equipment for an amount of \$9,134, major maintenance for \$90,257 and other assets for \$3,391 (in 2023 related to flight equipment for \$4,156, major maintenance for \$57,006 and other assets for \$2,905).

Assets with a carrying amount of \$779 were disposed during the three-month period ended March 31, 2024, (\$2,628 for the three-month period ended March 31, 2023), with a net loss of the sale of property and equipment of \$1,403 and \$696, respectively in the same periods, which are recorded in other loss (income) line.



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) Depreciation, amortization and impairment-

The accumulated depreciation of property and equipment as of March 31, 2024 and December 31, 2023 was \$1,717,656 and \$1,645,139, 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 \$2,106,164 and \$2,164,582, as of March 31, 2024 and December 31, 2023, 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 and loss-

Total rental expenses related to short-term leases or low-value assets during the three-month periods ended March 31, 2024 and 2023, are as follows:

		Three-month periods	
		<u>ended March 31</u>	
		<u>2024</u>	<u>2023</u>
Aircraft leasing	\$	6,142	6,166
Real estate		<u>1,689</u>	<u>1,672</u>
	\$	<u>7,831</u>	<u>7,838</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)

iii. Leases conditions-

Main operating leases are as follows:

For the three-month period ended March 31, 2024, the Group maintained 139 aircraft and 39 engines (December 31, 2023: 139 aircraft and 40 engines) with different terms, with the last expiring in 2035.

(d) Property and equipment under construction-

As of March 31, 2024 and December 31, 2023 the estimated costs to conclude projects and work in progress amount to \$9,824 and \$11,340, respectively.

(e) Impairment loss-

As of March 31, 2024 and December 31, 2023, 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-

		Partners' Contracts and Customer Relationships (2)		Trademark		Goodwill	Total	
Software	Fiduciary Rights (1) Indefinite life	Indefinite Life	Finite Life	Indefinite Life				
<u>Cost</u>								
Balance as of January 1, 2024	\$	86,594	63,280	375,512	47,294	61,895	503,573	1,138,148
Additions		5,151	-	-	-	-	-	5,151
Disposals		(25,312)	-	-	-	-	-	(25,312)
Balance as of March 31, 2024	\$	66,433	63,280	375,512	47,294	61,895	503,573	1,117,987
Balance as of January 1, 2023	\$	53,548	63,280	375,512	47,294	61,895	503,573	1,105,102
Additions		33,237	-	-	-	-	-	33,237
Disposals		(191)	-	-	-	-	-	(191)
Balance as of December 31, 2023	\$	86,594	63,280	375,512	47,294	61,895	503,573	1,138,148



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

Notes to the condensed consolidated interim financial statements

(In thousands of US dollars)

		Fiduciary Rights (1)		Partners' Contracts and Customer Relationships (2)		Trademark		
		Software	Indefinite life	Indefinite Life	Finite Life	Indefinite Life	Goodwill	Total
<u>Amortization</u>								
Balance as of January 1, 2024	\$	29,808	-	-	19,236	-	-	49,044
Amortization for the period		1,873	-	-	3,206	-	-	5,079
Disposals		(25,312)	-	-	-	-	-	(25,312)
Balance as of March 31, 2024	\$	6,369	-	-	22,442	-	-	28,811
Balance as of January 1, 2023	\$	21,025	-	-	6,412	-	-	27,437
Amortization for the period		8,974	-	-	12,824	-	-	21,798
Disposals		(191)	-	-	-	-	-	(191)
Balance as of December 31, 2023	\$	29,808	-	-	19,236	-	-	49,044
<u>Impairment</u>								
Balance as of January 1, 2024	\$	-	17,280	-	-	-	-	17,280
Impairment for the period		-	-	-	-	-	-	-
Balance as of March 31, 2024	\$	-	17,280	-	-	-	-	17,280
Balance as of January 1, 2023	\$	-	13,853	-	-	-	-	13,853
Impairment for the year		-	3,427	-	-	-	-	3,427
Balance as of December 31, 2023	\$	-	17,280	-	-	-	-	17,280
<u>Carrying amounts</u>								
As of March 31, 2024	\$	60,064	46,000	375,512	24,852	61,895	503,573	1,071,896
As of December 31, 2023	\$	56,786	46,000	375,512	28,058	61,895	503,573	1,071,824



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- (1) 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.
- (2) 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 of March 31, 2024 and December 31, 2023 are described as follows:

Description	Currency	Nominal interest rate	Year of maturity	2024	2023
<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	\$42,050	63,076
<i>Senior Trust Bonds ("CEBURES") issued in Mexico, securitized by the collection of credit card sales in Mexico (2) (3)</i>	Ps.	<i>TIIE rate plus 138 to 168 basis points</i>	2025	111,715	143,930
<i>Loans secured by the Ex-Im Bank in the USA</i>	US	<i>Fixed annual rate 2.33%</i>	2024	-	2,102
<i>Singapore market listed and secured notes (1)(4)</i>	US	<i>Fixed annual rate 8.5%</i>	2027	662,530	662,530
Total Loans				816,295	871,638



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(In thousands of US dollars)

Description	Currency	Nominal interest rate	Year of maturity	2024	2023
<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	83,230	87,143
<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	32,833	35,458
<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	17,441	19,503
<i>Finance leases of flight equipment</i>	US	<i>Fixed annual rate between 3.16% to 3.57%</i>	2024	-	1,547
<i>Finance leases of flight simulator</i>	US	<i>Fixed annual rate of 6.88%</i>	2029	6,793	7,032
Total Financial Leasing				140,297	150,683



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Description	Currency	Nominal interest rate	Year of maturity	2024	2023
Lease Liabilities (IFRS 16)				2,191,038	2,216,859
Total Lease Liabilities				2,331,335	2,367,542
Total Leases and Borrowings, including Leases				3,147,630	3,239,180
Total Borrowing Costs				(4,489)	(4,874)
Total Net Loans and Borrowings, including Leases				3,143,141	3,234,306
<i>Less current installments of financial debt</i>				(144,264)	(183,572)
<i>Less current installments of leases</i>				(339,860)	(339,587)
Net current installments of Loans and Borrowings, including Leases				484,124	523,159
Non-current debt				2,663,506	2,716,021
Borrowing costs				(4,489)	(4,874)
Net non-current Loans and Borrowings, including Leases				\$2,659,017	2,711,147

- (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 as concerns to payment of documented commitments; as well as restrictions for the Group for selling or transferring all or a significant portion of its assets.

As of March 31, 2024, the Group is in compliance with its covenants.

- (2) This loan establishes a financial covenant related to collections coverage ratio which represented the payment guarantee.
- (3) At March 31, 2024 and December 31, 2023, the Group contracted interest rate Swaps, allowing to pay fixed rate.



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- (4) Senior Unsecured Notes 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 March 31, 2024, 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:				
March 31, 2025	\$ <u>106,100</u>	<u>35,867</u>	<u>342,157</u>	<u>484,124</u>
Non-current:				
March 31, 2026	47,665	36,698	286,462	370,825
March 31, 2027	658,041	29,695	276,509	964,245
March 31, 2028	-	18,253	265,658	283,911
March 31, 2029	-	18,740	251,486	270,226
March 31, 2030 and thereafter	<u>-</u>	<u>1,044</u>	<u>768,766</u>	<u>769,810</u>
Total non-current	<u>705,706</u>	<u>104,430</u>	<u>1,848,881</u>	<u>2,659,017</u>
Total loans and borrowings	\$ <u>811,806</u>	<u>140,297</u>	<u>2,191,038</u>	<u>3,143,141</u>



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(In thousands of US dollars)

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, 2024	\$	1,017,447	2,216,859	3,234,306
Repayments of borrowings		(66,763)	(73,347)	(140,110)
Effects of movements in foreign exchange rates		1,231	-	1,231
Other changes-				
New leases		-	47,526	47,526
Interest expense		20,713	43,500	64,213
Interest paid		(21,280)	(43,532)	(64,812)
Other interest accrued, net		<u>755</u>	<u>32</u>	<u>787</u>
Balance as of March 31, 2024	\$	<u>952,103</u>	<u>2,191,038</u>	<u>3,143,141</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 \$8,375 and \$6,915 during the three-month periods ended March 31, 2024 and 2023, respectively.



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(15) Provisions-

		Leased aircrafts returns	<u>Litigations</u>	Contingent consideration	<u>Total</u>
Balance as of January 1, 2024	\$	270,989	9,751	24,000	304,740
Additions		15,000	396	-	15,396
Utilization		<u>(22,322)</u>	<u>-</u>	<u>-</u>	<u>(22,322)</u>
		263,667	10,147	24,000	297,814
Less non-current portion		<u>(227,239)</u>	<u>-</u>	<u>-</u>	<u>(227,239)</u>
Balance as of March 31, 2024	\$	<u>36,428</u>	<u>10,147</u>	<u>24,000</u>	<u>70,575</u>
Balance as of January 1, 2023	\$	235,728	7,075	24,000	266,803
Additions		50,000	3,090	-	53,090
Utilization		<u>(14,739)</u>	<u>(414)</u>	<u>-</u>	<u>(15,153)</u>
		270,989	9,751	24,000	304,740
Less non-current portion		<u>(218,890)</u>	<u>-</u>	<u>-</u>	<u>(218,890)</u>
Balance as of December 31, 2023	\$	<u>52,099</u>	<u>9,751</u>	<u>24,000</u>	<u>85,850</u>

(16) Trade and other payables-

Group trade and other payables as of March 31, 2024 and December 31, 2023 are as follow:

	<u>2024</u>	<u>2023</u>
Suppliers	\$ 1,220,540	1,262,092
Other taxes	264,538	244,680
Salaries and benefits payable	<u>43,593</u>	<u>26,814</u>
Total trade and other payables	<u>\$ 1,528,671</u>	<u>1,533,586</u>

(17) Share-based payment arrangements-

A. Description of share-based payment arrangements

As of March 31, 2024 the Group had the following share-based payment arrangements.



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i. Restricted shares programs-

On December 22, 2022, the Group granted 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.

On February 28, 2023, the Group established a new plan to grant restricted shares to certain key management personnel and senior employees subject to certain service and non-market performance conditions with vesting up to 4 years.

The key terms and conditions related to the grants under these programs as of March 31, 2024 are 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	909,090	6 months to 3 years' service form grant date.
December 22, 2022	2,721,790	2-3 years' service form grant date, subject to the achievement of certain non-market performance goals.
February 28, 2023	354,850	6 months to 4 years' service form grant date.
	(2,205,596)	Accumulated number of exercised or forfeited shares.
Total restricted shares	1,780,134	

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.



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C. Reconciliation of outstanding restricted shares –

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

	March 31, 2024	
	<u>Number of shares</u>	<u>Ps. fair value per share at grant date</u>
Outstanding at January 1	3,490,208	184.78
Granted during the period	-	-
Exercised during the period	(1,710,074)	184.78
Forfeited during the period	<u>-</u>	<u>-</u>
Outstanding at March 31, 2024	<u>1,780,134</u>	<u>184.78</u>

The value of the total shares delivered during the three-month period ended on March 31, 2024 amounted to \$16,331.

	December 31, 2023	
	<u>Number of shares</u>	<u>Ps. fair value per share at grant date</u>
Outstanding at January 1	2,269,985	184.78
Increase due to the change in estimate	1,360,895	184.78
Granted during the year	354,850	184.78
Exercised during the year	(345,502)	184.78
Forfeited during the period	<u>(150,020)</u>	<u>184.78</u>
Outstanding at December 31, 2023	<u>3,490,208</u>	<u>184.78</u>

In addition to the stocks exercised in this program during the year ended on December 31, 2023, the Group granted 80,289 shares to certain Board members.



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(18) Stockholders' equity-

Structure of capital stock-

As of March 31, 2024 and December 31, 2023 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 March 31, 2024 was based on the income for the three-month period of \$104,238 (March 31, 2023: \$(27,836)), and a weighted average number of ordinary shares outstanding of 136,423,959 (March 31, 2023: 136,423,959). The Company has 2,858,742 dilutive potential ordinary shares as of March 31, 2024.

(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 three months ended March 31, 2024 was 5% (2023: 4%).



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(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.

March 31, 2024	Interest rate swaps
<i>Fair value for trading instruments</i>	
<i>Mandatory at FVTPL</i>	97
Total	97
Fair value	
<i>Level 1</i>	-
<i>Level 2</i>	97
<i>Level 3</i>	-
Total	97

December 31, 2023	Interest rate swaps
<i>Fair value - trading instruments</i>	
<i>Mandatory at FVTPL</i>	334
Total	334
Fair value	
<i>Level 1</i>	-
<i>Level 2</i>	334
<i>Level 3</i>	-
Total	334



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March 31, 2024	Loans in US (SOFR - Spread)	Loans in Ps. (THE - Spread)	Loans in US (Fixed rate)	Financial leasing of flight equipment in Ps.	Financial leasing of flight equipment in US
Loans and borrowings not carried out at fair value					
<i>Book value</i>	42,050	111,715	662,530	-	140,297
Fair value					
<i>Level 1</i>	-	-	-	-	-
<i>Level 2</i>	41,407	101,509	585,873	-	128,645
<i>Level 3</i>	-	-	-	-	-
Total	41,407	101,509	585,873	-	128,645

December 31, 2023	Loans in US (SOFR - Spread)	Loans in Ps. (THE - Spread)	Loans in US (Fixed rate)	Financial leasing of flight equipment in Ps.	Financial leasing of flight equipment in US
Loans and borrowings not carried out at fair value					
<i>Book value</i>	63,076	143,930	666,791	-	143,650
Fair value					
<i>Level 1</i>	-	-	-	-	-
<i>Level 2</i>	61,748	130,674	597,059	-	132,575
<i>Level 3</i>	-	-	-	-	-
Total	61,748	130,674	597,059	-	132,575



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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 between Level 2 to Level 1 (nor Level 1 to 2).

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 three-month periods ended March 31, 2024 and 2023 are presented below:

		Three-month periods ended March 31	
		<u>2024</u>	<u>2023</u>
Interest income on bank deposits and other investments	\$	<u>15,841</u>	<u>8,847</u>
Finance income		<u>15,841</u>	<u>8,847</u>
Interest expense on financial liabilities		20,241	26,742
Letters of credit commissions		20	-
Credit card commissions		26,529	22,411
Lease interest		43,500	43,189
Interest on employee obligation		5,084	4,264
Derivative financial loss		237	292
Net foreign exchange loss		9,593	7,007
Bank fees		1,209	1,321
Interest paid to related parties		206	-
Other financial costs		<u>1,813</u>	<u>1,931</u>
Finance costs		<u>108,432</u>	<u>107,157</u>
Net finance cost recognized in profit and loss	\$	<u>(92,591)</u>	<u>(98,310)</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 March 31, 2024 the Group has the following significant contingencies:

Contingencies:

- a) There are labor lawsuits in process for approximately \$22.1 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 \$10.1 million, which is considered sufficient to cover possible outflows.
- b) In June 2023, the Aviation Pilots Union of Mexico (*Asociación Sindical de Pilotos Aviadores de México* or "ASPA") filed a claim against Aerovías de México, S. A. de C. V. ("Aeroméxico") arguing that certain provisions in the corresponding collective bargaining agreements ("CBA") executed with them for the period between 2020 and 2024 should be null and void, because they establish a differentiated treatment with respect to certain labor conditions applicable to Aeromexico's pilots according to their hiring date, which could be deemed as discriminatory. The CBA provides two regimes, one applicable to pilots hired prior to 2010 and the other one, applicable to pilots hired after 2010. As such, ASPA argued that having two regimes based on the pilots' hiring date is discriminatory. In October 2023, the labor court rejected ASPA's claim and declared that the provisions of the CBA challenged by ASPA are applicable and not arbitrary. The court also declared that the provisions in the CBA are reasonable and follow the terms agreed at the time of their negotiations. As of the date of the issuance of these consolidated financial statements, ASPA has appealed this decision, and the case remains pending. We did not establish a contingency reserve in connection with this case.
- c) 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 April 11, 2022, COFECE presented an appeal (*recurso de revisión*) challenging the district court's decision. On March 7, 2023, COFECE requested that the Mexican Supreme Court ("SCJN") exercise jurisdiction under the argument that it was necessary for the SCJN to establish conclusive case law on the matter. On April 3, 2023, the SCJN agreed to exercise jurisdiction over the case and, on May 18, 2023, the SCJN acknowledged receipt of the case files. As of the date of the issuance of these consolidated financial statements, the case is pending before the SCJN.



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- d) On January 26, 2024, the US Department of Transportation (“DOT”) issued a tentative Order to Show Cause (the “Order”) to Delta Air Lines, Inc. (“Delta”) and Aeroméxico, tentatively terminating the antitrust immunity (“ATI”) granted to their Joint Cooperation Agreement (“JCA”) by October 26, 2024. Rather than evaluating potential consumer and competitive benefits of renewing the ATI and balancing them against potential harms, the Order alleges that the Mexican Government has taken certain actions in violation of the USA - Mexico Air Transport Agreement (i.e. relocation of all-cargo operations to the Aeropuerto Internacional Felipe Angeles or “AIFA” and capacity reductions at the Aeropuerto Internacional de la Ciudad de México or “AICM”) that – in DOT’s opinion – precludes them from granting antitrust immunity to the JCA. Delta and Aeroméxico timely filed joint objections to the Order on February 23, 2024. The Order will cease to be tentative and become final once the DOT issues the corresponding final order.
- e) 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 March 31, 2024, there are no significant commitments in addition to those referred to in the latest annual financial statements.

(24) Subsequent events-

As of May 6, 2024, 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 May 6, 2024, the price reached 2.88 dollars per gallon, and at March 31, 2024 was 2.96 dollars per gallon.
- b) On April 26, 2024, the upper court in charge of resolving the appeal filed by ASPA against the judicial declaration that the provisions of the CBA are applicable and not arbitrarily ruled in favor of Aeroméxico, upholding the lower courts’ decision.
- c) On April 30, 2024, the transformation of the Company and adoption of the new corporate regime of “Sociedad Anónima Bursátil de Capital Variable” (S. A. B. de C.V. or publicly traded corporation) was authorized through an Ordinary and Extraordinary General Stockholders’ Meeting carried out on such date. This amended transformation was previously authorized by the Mexican Foreign Investment Regulator (“Dirección General de Inversión Extranjera”). Once the Mexican Securities Regulator (Comisión Nacional Bancaria y de Valores) approves the bylaw amendment and authorize the registration of the Company’s shares in the National Share Registry (Registro Nacional de Valores), the transformation of the company as a “Sociedad Anónima Bursátil de Capital Variable” (S. A. B. de C.V. or publicly traded corporation) will be formalized. The Company’s expect this to occur on or before May 31, 2024.

