



AEROMEXICO REPORTS 1Q23 REVIEWED CONSOLIDATED INTERIM RESULTS

Mexico City, Mexico, July 19, 2023 - Grupo Aeromexico S.A.P.I. de C.V. ("Aeromexico") today reported financial results for the first quarter 2023.

The Company has used the US Dollar as the presentation currency for these consolidated financial statements, which is also the functional currency of the Group. The company has changed the reporting from Mexican Peso to US dollar. The change in presentation currency is as of January 1, 2021 and is applied from the date of the change.

All figures are expressed in U.S. dollars unless otherwise indicated.

KEY FINANCIAL HIGHLIGHTS FOR THE FIRST QUARTER 2023

- Aeromexico's capacity, measured in available seat kilometers (ASKs), increased by 24.9% year over year, primarily driven by the sequential recovery in domestic and international markets.
- Aeromexico's 1Q23 revenue reached \$1.0 billion: a 63.3% increase as compared to the same period of 2022. During the quarter, revenue per ASK (RASK) increased by 30.8% year over year.
- EBITDAR amounted to \$202.8 million; a \$78.9 million dollar increase year over year.
- First quarter 2023 EBIT recorded \$69.3 million; a \$128.5 million improvement as compared to the same period of 2022.
- Cost per ASK (CASK) in dollars, excluding fuel, was 4.9¢. This is a 3.2% decrease as compared to the same quarter of 2022.
- During the quarter, the Company amortized more than \$40 million in financial debt. Aeromexico's cash position as of March 31, 2022, amounted to \$795.1 million.



Financial Standards

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1Q23 REVIEWED INTERIM RESULTS



All figures are expressed in millions of U.S. dollars unless otherwise indicated. Aeromexico's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Financial Reporting Standards Council ("IASB").

Financial KPIs	Three Months Ended March 31		
	1Q23	1Q22	Var. %
Total revenue	1,027.1	629.0	63.3
EBITDAR*	202.8	123.9	63.6
EBITDAR margin* (% of Revenue)	19.7%	19.7%	-
Total operating income (loss)	69.3	(59.3)	N.A.
Operating Margin (% of Revenue)	6.7%	(9.4%)	N.A.
Net Income (loss)	(27.8)	(158.2)	N.A.
Net Income (loss) Margin (% of Revenue)	(2.7%)	(25.2%)	N.A.
Key Operating Indicators	1Q23	1Q22	Var. %
Total ASKs (millions)	12,428	9,954	24.9
Total RPKs (millions)	9,869	7,408	33.2
Load factor on scheduled flights (%)	80.1%	75.6%	4.5 p.p.
Passengers ('000)	5,756	4,142	39.0
On-Time departure performance within 15 minutes (%)	81%	77%	4 p.p.
Total liters of fuel ('000)	385,515	310,491	24.2
Yield (USD cents)**	8.5	7.0	22.1
Total revenue / ASK (USD cents)	8.3	6.3	30.8
Passenger revenue / ASK (USD cents)	6.8	5.2	30.2
Total cost / ASK (USD cents)	7.7	7.5	1.7
Total cost excluding fuel / ASK (USD cents)	4.9	5.1	(3.2)

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.

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

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Market Conditions

- **Post pandemic recovery.** Recovery in the domestic and international markets continued. During the first quarter of 2023, Aeromexico ASKs were 25% above the first quarter of 2022.
- **Exchange rate.** During the first quarter the Mexican peso recorded an 8.8% appreciation year over year from a \$20.54 pesos per dollar average exchange rate in 1Q22 to \$18.74 pesos per dollar in 1Q23. The quarter-end exchange rate was \$18.11 pesos per dollar as compared to \$19.91 pesos per dollar at the end of 1Q22, a 9.1% appreciation.
- **Fuel price.** During 1Q23, fuel cost per liter in dollars increased by 12.7%, from an average of 79¢ per liter during 1Q22 to an average of 89¢ per liter during 1Q23.
- **Inflation.** Annual inflation as of March 2023 was 6.9%, a 0.6 pp decrease when compared to 2022.
- **Economic activity.** The Mexican economy continued to show a slight recovery during the first quarter of 2023. On a year over year basis, the Global Economic Activity Indicator grew 3.6% in January 2023, as compared to the same month of the previous year.

Revenue

Recovery in the domestic and international markets continued. Revenue initiatives continued delivering positive results. 1Q23 total revenue increased by 63.3%, as compared to the same period of 2022, reaching \$1.0 billion. Domestic revenue increased by 71.4%, while international revenue grew 66.9%.

Total ASKs in 1Q23 increased by 24.9% as compared to the same period of 2022, with international ASKs increasing by 20.2% and domestic ASKs by 33.4%. International ASKs accounted for 62.4% of Aeromexico's total ASKs, a 2.4 pp decrease when compared to 1Q22.

In 1Q23, total passenger revenue reached \$931.5 million; a 68.8% year over year increase. Aeromexico transported 5 million 756 thousand passengers during the quarter, a 39.0% increase as compared to 1Q22.

During 1Q23, the number of passengers on international routes increased by 29.0%, while domestic passengers increased by 43.4%.

First quarter air cargo revenue totaled \$64.8 million, a 7.9% decrease versus the same quarter of 2022, with a 5% increase in capacity levels, measured in available ton-kilometers (ATKs).

Operating Expenses

During 1Q23, total operating expenses including aircraft leases, depreciation and amortization totaled \$957.8 million, a 39.2% increase as compared to the same period of 2022. This increase was mainly explained by volume increase, higher fuel prices and inflationary pressures.

Fuel expenses amounted to \$341.5 million in 1Q23, a 39.9% increase as compared to the same quarter of 2022. The latter was mainly driven by (i) the increase in fuel price, which was 12.7% higher than the price recorded on 1Q23; and (ii) the increase in volume recorded during the quarter. Average fuel price in 1Q23 was 89¢ per liter as compared to 79¢ per liter during 1Q22. Fuel burn per ASK decreased by 0.6% as compared to 1Q22, due to a more efficient fleet mix.



Other operating costs including passenger services, travel agent commissions and selling and administrative expenses in 1Q23 increased by 39.7% as compared to 1Q22. This increase was mainly driven by higher passenger volume, given the negative impact on passenger volumes recorded in 1Q22 due to Omicron.

Aircraft rent, depreciation and amortization expenses totaled \$133.5 million in 1Q23, that is \$19.3 million below the first quarter of 2022, mainly due to the positive results in the renegotiation of lease agreements.

EBITDAR

EBITDAR amounted to \$202.8 million during 1Q23; a \$78.9 million improvement as compared to the same period of 2022.

Operating Income

Operating income during the first quarter recorded \$69.3 million, a \$128.5 million year over year improvement. Operating margin was 6.7% as compared to a negative 9.4% margin in 1Q22. This result is the highest that the company has ever delivered for a first quarter.

Net Financing Cost

During 1Q23, net financing cost decreased by 18.2%, from \$120.1 to \$98.3 million, as compared to the same period of last year. It is worth noting that according to IFRS, this financing cost includes the imputed financial cost associated to operating leases.

Net Income (loss)

Net loss totaled \$27.8 million in 1Q23, as compared to a \$158.2 million net loss recorded in 1Q22. This is a \$130.4 million year over year improvement.

Comments to the Consolidated Statements of Financial Position and Cash Flow

Aeromexico's cash position as of March 31, 2023, amounted to \$795.1 million. Excluding restricted cash, Aeromexico's cash balance amounted to \$694.8 million. The Company generated \$145.0 million in net cash from operating activities.

At the end of the first quarter, the Company's leverage, measured as adjusted net debt to EBITDAR stood at 3.1 times, as compared to 3.8 times at the end of 1Q2022, both figures computed under IFRS 16. Amortizations of financial debt during the first quarter of the year totaled \$41.0 million.



Passenger Revenue Breakdown

All figures are expressed in millions of U.S. dollars unless otherwise indicated. Aeromexico's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Financial Reporting Standards Council ("IASB").

Passenger Revenue	Three Months Ended March 31		
	1Q23	1Q22	Var. %
Domestic	389.3	227.1	71.4
International	542.2	324.9	66.9
Total passenger revenue	931.5	552.0	68.8

Figures may not sum to total due to rounding.

Fleet

During 1Q23, Grupo Aeromexico received 4 Boeing 737-MAX aircraft.

Grupo Aeromexico's operating fleet comprised 147 aircraft as of March 31, 2023, with an average age of 7.8 years.

Operating Fleet

Fleet	4Q20	4Q21	4Q22	1Q23
B-787	19	18	19	20
B-737-700	5	5	1	0
B-737-800	30	36	36	35
B-737 MAX 8	6	21	33	33
B-737 MAX 9	-	6	13	17
Aeromexico	60	86	102	105
E-190	47	47	42	42
Aeromexico Connect	47	47	42	42
Grupo Aeromexico	107	133	144	147



Grupo Aeroméxico S.A.B. de C.V. and Subsidiaries

Consolidated Statements of Profit or Loss and other Comprehensive Income

Three months ended March 31

(USD Millions)

	<u>2023</u>	<u>2022</u>	<u>Var %</u>
Revenues:			
Passenger	932	552	68.8%
Air cargo	65	70	-7.9%
Other	31	7	361.2%
Total revenue	1,027	629	63.3%
Operating expenses:			
Jet-fuel	342	244	39.9%
Wages, salaries and benefits	187	133	40.2%
Maintenance	50	40	26.9%
Aircraft, communication and traffic services	117	92	27.7%
Passenger services	25	17	42.8%
Travel agent commissions	20	13	52.2%
Selling and administrative	78	57	35.9%
Aircraft leasing	6	42	-85.2%
Depreciation and amortization	127	111	14.5%
Impairment (reversal)	-	30	NA
Restructuring expenses	-	(90)	NA
Other (income) loss, net	5	2	240.5%
Share of gain on equity accounted investees, net of tax	-	(3)	NA
Total operating expenses	958	688	39.2%
Total operating income (loss)	69	(59)	NA
Finance income (cost):			
Net finance Cost	(98)	(120)	NA
Income (loss) before income tax	(29)	(179)	NA
Income tax	(1)	(21)	NA
Net Income (loss) for the year	(28)	(158)	NA

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Grupo Aeroméxico S.A.B. de C.V. and Subsidiaries

Consolidated Statements of Financial Position

	As of 31st (USD Millions)	
	<u>Mar 2023</u>	<u>Dec 2022</u>
Assets		
Current assets:		
Cash and cash equivalents	795	842
Derivative financial instruments	2	2
Trade and other receivables	467	391
Due from related parties	1	1
Prepayments and deposits	66	45
Inventories	104	97
Total current assets	1,434	1,377
Non-current assets:		
Property and equipment, including right-of-use	2,744	2,643
Other non-current assets	1,578	1,525
Total non-current assets	4,323	4,169
Total assets	5,757	5,546
Liabilities		
Current liabilities:		
Loans and borrowings, including leases	552	514
Others	2,247	2,089
Total current liabilities	2,799	2,603
Total non-current liabilities	3,716	3,674
Total liabilities	6,515	6,277
Total equity (deficit)	(759)	(731)
Total equity and liabilities	5,757	5,546

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Grupo Aeroméxico S.A.B. de C.V. and Subsidiaries Consolidated Statements of Cash Flows

Three months ended March 31

(USD Millions)

	<u>2023</u>	<u>2022</u>	<u>Var \$</u>
Operating cash	221	(49)	270
Working capital	26	(401)	426
Cash generated from operating activities	247	(450)	697
Employees' statutory profit sharing and income tax paid	(13)	(1)	(12)
Interest paid	(68)	(79)	11
Net cash (used in) from operating activities	166	(530)	696
Net cash used in investing activities	(87)	(13)	(74)
Net cash from financing activities	(126)	971	(1,097)
Net (decrease) increase in cash and cash equivalents	(47)	428	(475)
Cash and cash equivalents:			
At beginning of year	842	979	(137)
At end of year	795	1,407	(612)

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**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 March 31, 2023 and December 31, 2022 and
for the three-month periods ended March 31, 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 statement of financial position of Grupo Aeromexico, S. A. P. I. de C. V. and subsidiaries (the Company) as of March 31, 2023 the related condensed consolidated statements of profit or loss and other comprehensive income and changes in equity for the three-month periods ended March 31, 2023 and 2022, the related condensed consolidated statements of cash flows for the three-month periods ended March 31, 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.

We have served as the Company's auditor since 2007

Mexico City
June 30, 2023



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

Condensed consolidated interim statements of financial position

As of March 31, 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		\$ 795,051	842,182
Derivative financial instruments	21	1,725	1,893
Trade and other receivables	10	466,700	391,272
Due from related parties	6	718	540
Prepayments and deposits		65,599	44,568
Inventories		104,169	96,967
Total current assets		<u>1,433,962</u>	<u>1,377,422</u>
Non-current assets:			
Property and equipment, including right-of-use	11	2,744,482	2,643,406
Intangible assets and goodwill	12	1,063,559	1,063,812
Prepayments and deposits	9	142,722	138,009
Investments in equity accounted investees		30,181	30,181
Other non-current assets		22,903	2,272
Deferred tax assets		318,988	291,064
Total non-current assets		<u>4,322,835</u>	<u>4,168,744</u>
Total assets		<u>\$ 5,756,797</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 financial position (Continued)

As of March 31, 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	\$ 552,194	513,976
Trade and other payables	16	1,076,090	1,032,236
Due to related parties	6	529	445
Provisions	15	40,412	32,281
Air traffic liability		872,143	784,248
Frequent flyer program		251,887	234,568
Income taxes payable and employee's statutory profit sharing		<u>6,099</u>	<u>5,224</u>
Total current liabilities		<u>2,799,354</u>	<u>2,602,978</u>
Non-current liabilities:			
Loans and borrowings, including leases	13	2,954,992	2,936,961
Frequent flyer program		212,774	211,443
Employee benefits	14	200,795	185,400
Provisions	15	234,522	234,522
Deferred tax liabilities		<u>113,028</u>	<u>105,694</u>
Total non-current liabilities		<u>3,716,111</u>	<u>3,674,020</u>
Total liabilities		<u>6,515,465</u>	<u>6,276,998</u>
Equity (deficit)			
Capital stock	18	4,598,016	4,598,016
Share premium		(2,182,889)	(2,182,889)
Statutory reserve		24,750	24,750
Stock repurchase reserve		29,703	29,703
Equity accounted investees share of OCI		(6,577)	(6,577)
Remeasurement of defined benefit liability		16,351	16,351
Accumulated deficit		<u>(3,239,996)</u>	<u>(3,212,155)</u>
Total equity (deficit) attributable to equity holders of the Company		<u>(760,642)</u>	<u>(732,801)</u>
Non-controlling interest		<u>1,974</u>	<u>1,969</u>
Total equity (deficit)		<u>(758,668)</u>	<u>(730,832)</u>
Total equity and liabilities		\$ <u>5,756,797</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 three-month periods ended March 31, 2023 and 2022

(In thousands of US dollars)

	Note	Three-month period	
		2023	2022
Revenues:			
Passenger	7	\$ 931,536	551,975
Air cargo		64,808	70,392
Other		30,745	6,666
Total revenue	8	<u>1,027,089</u>	<u>629,033</u>
Operating expenses:			
Jet-fuel		341,509	244,092
Wages, salaries and benefits		186,959	133,377
Maintenance		50,447	39,769
Aircraft, communication and traffic services		117,157	91,716
Passenger services		24,655	17,261
Travel agent commissions		20,254	13,311
Selling and administrative		77,910	57,321
Aircraft leasing	11	6,166	41,617
Depreciation and amortization		127,343	111,246
Impairment		-	30,306
Restructuring (income) expenses, net		-	(90,075)
Other loss (income), net		5,417	1,591
Share of gain on equity accounted investees, net of tax		-	(3,242)
Total operating expenses		<u>957,817</u>	<u>688,290</u>
Total operating income (loss)		<u>69,272</u>	<u>(59,257)</u>
Finance income (cost):			
Finance income	22	8,847	1,430
Finance cost	22	<u>(107,157)</u>	<u>(121,584)</u>
Net finance cost		<u>(98,310)</u>	<u>(120,154)</u>
Loss before income tax		(29,038)	(179,411)
Income tax (benefit)	20	<u>(1,202)</u>	<u>(21,179)</u>
Loss for the period		<u><u>\$ (27,836)</u></u>	<u><u>(158,232)</u></u>

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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, 2023 and 2022

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

	<u>Note</u>	<u>Three-month period</u>	
		<u>2023</u>	<u>2022</u>
Loss for the period		\$ <u>(27,836)</u>	<u>(158,232)</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>(129)</u>
Other comprehensive income (loss) for the period, net of income taxes		<u>-</u>	<u>(129)</u>
Total comprehensive loss for the period		\$ <u><u>(27,836)</u></u>	<u><u>(158,361)</u></u>
Income (loss) attributable to:			
Owners of the Company		\$ (27,841)	(158,231)
Non-controlling interest		<u>5</u>	<u>(1)</u>
Loss for the period		\$ <u><u>(27,836)</u></u>	<u><u>(158,232)</u></u>
Total comprehensive income (loss) attributable to:			
Owners of the Company		\$ (27,841)	(158,360)
Non-controlling interest		<u>5</u>	<u>(1)</u>
Total comprehensive loss for the period		\$ <u><u>(27,836)</u></u>	<u><u>(158,361)</u></u>
Loss per share for continuing operations			
Basic and diluted loss per share (US dollars)	18	\$ <u><u>(0.20)</u></u>	<u><u>(1.16)</u></u>

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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, 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	Retained earnings (deficit)	Total	Non-controlling interest	Total equity
Balance as of January 1, 2023	\$ 4,598,016	(2,182,889)	24,750	29,703	(6,577)	16,351	(3,212,155)	(732,801)	1,969	(730,832)
Total comprehensive 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>

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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, 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	Retained earnings (deficit)	Total	Non-controlling interest	Total equity
Balance as of January 1, 2022	\$ 373,578	77,540	24,750	29,703	(6,962)	1,719	(3,147,608)	(2,647,280)	1,946	(2,645,334)
Capital stock increase										
Cash (Note 2 (b))	720,000	-	-	-	-	-	-	720,000	-	720,000
DIP Financing commitment premium conversion to capital stock (Note 2 (b))	744,393	(72,917)	-	-	-	-	-	671,476	-	671,476
Equity commitment premium (Note 2 (b))	108,000	(108,000)	-	-	-	-	-	-	-	-
General unsecured claims conversion to capital stock (Note 2 (b))	2,694,450	(2,079,512)	-	-	-	-	-	614,938	-	614,938
Total comprehensive loss for the period:										
Loss for the period	-	-	-	-	-	-	(158,231)	(158,231)	(1)	(158,232)
Other comprehensive loss	-	-	-	-	(129)	-	-	(129)	-	(129)
Balance as of March 31, 2022	<u>\$ 4,640,421</u>	<u>(2,182,889)</u>	<u>24,750</u>	<u>29,703</u>	<u>(7,091)</u>	<u>1,719</u>	<u>(3,305,839)</u>	<u>(799,226)</u>	<u>1,945</u>	<u>(797,281)</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, 2023 and 2022

(In thousands of US dollars)

	<u>Note</u>	<u>2023</u>	<u>2022</u>
Cash flows from operating activities			
Loss before income tax	\$	(29,038)	(179,411)
Adjustments for:			
Depreciation and amortization	11	127,343	111,246
Impairment		-	30,306
Lease liability reversal		-	(90,075)
Share of gain on equity accounted investees, net of tax		-	(3,242)
Loss on sale property and equipment		696	298
Other restructuring expenses provisions,			
Provisions		17,477	11,589
Derivative financial loss (gain)		292	(392)
Employee benefits		2,453	3,019
Inventory adjustments to net realizable value		22	57
Allowance for doubtful accounts		993	1,198
Interest expense, net		61,470	81,532
Unrealized exchange loss or (gain)		18,009	(18,255)
Employees' statutory profit sharing		-	23
		<u>199,717</u>	<u>(52,107)</u>
Trade and other receivables		(37,932)	(104,036)
Due from related parties		(178)	(838)
Inventories		(5,702)	(3,831)
Prepayments and deposits		(20,431)	(411)
Trade and other payables		(25,415)	(10,493)
Due to related parties		84	(14,005)
General unsecured claims liability		-	(375,754)
Frequent flyer program		18,650	-
Air traffic liability		87,895	107,654
Interest received		<u>8,847</u>	<u>1,038</u>
Cash generated from (required by) operating activities		<u>225,535</u>	<u>(452,783)</u>
Employees' statutory profit sharing and income tax paid		(12,726)	(1,041)
Interest paid		<u>(67,914)</u>	<u>(79,312)</u>
Net cash from (used in) operating activities		<u>144,895</u>	<u>(533,136)</u>
Cash flows from investing activities			
Acquisition of properties and equipment (including major maintenance)		(64,067)	(16,596)
Proceeds from sale of properties and equipment		7	5
Dividends from equity accounted investees		-	2,455
Intangible assets		(4,916)	(2,360)
Prepayments and deposits for maintenance and acquisition of properties and equipment		<u>(18,361)</u>	<u>3,509</u>
Net cash used in investing activities		<u>(87,337)</u>	<u>(12,987)</u>
Cash flows from financing activities			
Proceeds from capital stock increases		-	720,000
Proceeds from loans	13	-	762,500
Repayments of loans	13	(51,336)	(491,465)
Payments of lease liabilities		<u>(74,336)</u>	<u>(19,804)</u>
Net cash (used in) from financing activities		<u>(125,672)</u>	<u>971,231</u>
(Decrease) increase in cash and cash equivalents		<u>(68,114)</u>	<u>425,108</u>
Effect of exchange rate fluctuations on cash held		<u>20,983</u>	<u>2,709</u>
Net (decrease) increase in cash and cash equivalents		<u>(47,131)</u>	<u>427,817</u>
Cash and cash equivalents:			
At beginning of period		<u>842,182</u>	<u>979,078</u>
At end of period	\$	<u><u>795,051</u></u>	<u><u>1,406,895</u></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, 2023 and December 31, 2022 and for the three-month periods ended March 31, 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 March 31, 2023 and December 31, 2022 and for the three-month periods ended March 31, 2023 and 2022 comprise the Company and its subsidiaries (together referred to as the “Group” or “Grupo Aeroméxico” and individually as “Group’s entities”).

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

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

(2) Basis of accounting-

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

a) Statement of compliance-

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

On June 30, 2023 the Company’s Chief Executive Officer and Chief Financial Officer, Andrés Conesa Labastida and Ricardo Sánchez Baker, respectively, authorized the issuance of the accompanying interim financial statements and related notes thereto.



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

Notes to the condensed consolidated interim financial statements

(In thousands of US dollars)

b) Financial restructuring and Chapter 11 emergence-

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

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

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

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

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

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

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

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

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



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

Notes to the condensed consolidated interim financial statements

(In thousands of US dollars)

c) Basis of measurement-

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

The Group has used the US Dollar (“\$” “dollar” of “US”) as the presentation currency for these condensed consolidated interim financial statements, which is also the functional currency of the Group. The Group has changed the reporting from Mexican Peso to US dollar. These condensed consolidated financial statements are the first set of interim financial statements that consider the US dollar as the presentation currency. All financial information presented in US Dollar has been rounded to the nearest thousand, except when otherwise indicated.

Due to rounding, numbers presented throughout this document may not add up precisely to the totals we provide and percentages may not precisely reflect the absolute figures.

d) Scope of consolidation

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

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

(3) Use of judgments and estimates-

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

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

Measurement of fair values-

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



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

Notes to the condensed consolidated interim financial statements

(In thousands of US dollars)

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

Significant valuation issues are reported to the Group Audit Committee.

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

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

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

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

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

(4) Changes in Significant accounting policies–

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

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



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

Notes to the condensed consolidated interim financial statements

(In thousands of US dollars)

Changes in significant accounting policies-

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

Standards issued but not yet effective-

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

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

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

(5) Group entities-

Significant subsidiaries-

During the three-month period ended March 31, 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 three-month periods ended March 31, 2023 and 2022, are as follows:

i. Operations

		March 31	
		<u>2023</u>	<u>2022</u>
Income:			
Tickets reward (2)	\$	-	14,138
Administrative services (2)		-	25
Marketing, net (2)		-	467
Premier lounges (2) and (4)		301	254
Freight handling (2) and (4)		28	-
Other services (1), (2) and (3)		<u>18</u>	<u>662</u>
Total income	\$	<u>347</u>	<u>15,546</u>
Expenses:			
Purchase of Aeroméxico Rewards and Sky Miles (2) and (4)	\$	1,106	12,685
Fuel (4)		25,941	8,097
Interline, net (4)		-	12,580
Ramp services, net (4)		7,812	4,166
Frequent passenger redemption cost (2)		-	598
Freight handling (2) and (4)		-	443
Personnel services (4)		94	94
Interest expense, net (1) and (2)		-	920
Other services (1)		<u>-</u>	<u>46</u>
Total expenses	\$	<u>34,953</u>	<u>39,629</u>

(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) PLM Premier, S. A. P. I. de C. V. (“PLM”). The figures reported for 2022 correspond to the period from January 1 to March 31, 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 March 31, 2023 and December 31, 2022 are as follows:

		<u>2023</u>	<u>2022</u>
Due from:			
MRO	\$	420	434
Delta		<u>298</u>	<u>106</u>
	\$	<u>718</u>	<u>540</u>
Due to:			
Aeromexpress	\$	519	436
AM BD GP JV, S. A. P. I. de C. V.		<u>10</u>	<u>9</u>
	\$	<u>529</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:

		Three-month periods ended March 31	
		<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$	3,379	2,474
Variable compensation		7,497	19,376
Share – based payments		<u>458</u>	<u>-</u>
	\$	<u>11,334</u>	<u>21,850</u>



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

Notes to the condensed consolidated interim financial statements

(In thousands of US dollars)

(7) Revenue recognition-

Passenger revenue-

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

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

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

		Three-month periods ended March 31	
		<u>2023</u>	<u>2022</u>
Passengers	\$	839,471	516,224
Ancillaries		<u>92,065</u>	<u>35,751</u>
Total passenger revenues	\$	<u>931,536</u>	<u>551,975</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 segment is total operating income (loss).



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, 2023 and 2022 are as follows:

	Three-month periods ended March 31	
	<u>2023</u>	<u>2022</u>
Domestic	\$ 419,597	250,922
International	<u>607,492</u>	<u>378,111</u>
	\$ <u>1,027,089</u>	<u>629,033</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 March 31, 2023 and December 31, 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Advances for fleet renewal (1)	\$ 7,448	7,448
Deposits:		
For the lease of aircraft and engines	38,732	35,525
With airport groups	31,371	30,819
Maintenance deposits	27,879	29,564
Other	<u>37,292</u>	<u>34,653</u>
	\$ <u>142,722</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.



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, 2023 and December 31, 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Airlines and travel agencies	\$ 21,524	9,825
Credit cards and customers (1)	195,224	167,538
Recoverable taxes	232,169	212,603
Other	<u>27,359</u>	<u>10,388</u>
	476,276	400,354
Less allowance for doubtful accounts	<u>(9,576)</u>	<u>(9,082)</u>
Total trade and other receivables	\$ <u>466,700</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 three-month periods ended March 31, 2023 and 2022, the Group acquired assets at cost, excluding associated debt, for \$64,067 and \$16,596, respectively.

For the three-month period ended March 31, 2023, the acquisitions were mainly flight equipment for an amount of \$4,156, major maintenance for \$57,006 and other assets for \$2,905 (in 2022 related to flight equipment for \$3,352, major maintenance for \$9,520 and other assets for \$3,724).

Assets with a carrying amount of \$2,628 were disposed during the three-month period ended March 31, 2023, (\$142,635 for the three-month period ended March 31, 2022), with a net loss of the sale of property and equipment of \$696 and \$298, respectively in the same periods, which are registered 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, 2023 and December 31, 2022 was \$1,223,533 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 \$1,856,859 and \$1,779,894 as of March 31, 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 three-month periods ended March 31, 2023 and 2022, are as follows:

		Three-month periods	
		<u>ended March 31</u>	
		<u>2023</u>	<u>2022</u>
Aircraft leasing	\$	6,166	41,617
Real estate		<u>1,672</u>	<u>1,092</u>
	\$	<u>7,838</u>	<u>42,709</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, 2023, the Group maintained 138 aircraft and 39 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 March 31, 2023 and December 31, 2022 the estimated costs to conclude projects and work in progress amount to \$7,982 and \$9,376, respectively.

(e) Impairment loss-

As of March 31, 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-

	Intellectual Property (1)	Software	Fiduciary Rights (2) Indefinite life	Partners' Contracts and Customer Relationships (3)		Trademark Indefinite Life	Goodwill	Total
				Indefinite Life	Finite Life			
Cost								
Balance as of January 1, 2023	\$ -	53,548	63,280	375,512	47,294	61,895	503,573	1,105,102
Additions	-	4,915	-	-	-	-	-	4,915
Disposals	-	(191)	-	-	-	-	-	(191)
Balance as of March 31, 2023	\$ -	58,272	63,280	375,512	47,294	61,895	503,573	1,109,826
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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Notes to the condensed consolidated interim financial statements

(In thousands of US dollars)

	Intellectual Property (1)	Software	Fiduciary Rights (2) Indefinite life	Partners' Contracts and Customer Relationships (3) Indefinite Life	Finite Life	Trademark Indefinite Life	Goodwill	Total
<u>Amortization</u>								
Balance as of January 1, 2023	\$ -	21,025	-	-	6,412	-	-	27,437
Amortization for the period	-	1,962	-	-	3,206	-	-	5,168
Disposals	-	(191)	-	-	-	-	-	(191)
Balance as of March 31, 2023	\$ -	22,796	-	-	9,618	-	-	32,414
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
Balance as of March 31, 2023	\$ -	-	13,853	-	-	-	-	13,853
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 March 31, 2023	\$ -	35,476	49,427	375,512	37,676	61,895	503,573	1,063,559
As of December 31, 2022	\$ -	32,523	49,427	375,512	40,882	61,895	503,573	1,063,812



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

Notes to the condensed consolidated interim financial statements

(In thousands of US dollars)

- (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.
- (3) Includes contracts with third parties attached to our "Aeroméxico Rewards" frequent flyer program, including the program member base.

(13) Loans and borrowings-

The features of the loans and borrowings (including leases) comprising this caption and guarantees as at March 31, 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>LIBOR rate plus 325 basis points</i>	2024	\$126,151	\$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	213,644	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	275	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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Notes to the condensed consolidated interim financial statements

(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	8,336	10,390
<i>Singapore market listed and secured notes (1)(4)</i>	US	<i>Fixed annual rate 8.5%</i>	2027	762,500	762,500
Total Loans				1,110,906	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	98,747	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	43,235	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	25,646	27,680
<i>Finance leases of flight equipment</i>	US	<i>Fixed annual rate between 3.16% to 3.57%</i>	2024	8,198	10,378
<i>Finance leases of flight simulator</i>	US	<i>Fixed annual rate of 6.88%</i>	2029	7,726	7,949
Total Financial Leasing				183,552	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)				2,218,756	2,125,995
Total Lease Liabilities				2,402,308	2,320,367
Total Leases and Borrowings				3,513,214	3,457,350
Total Borrowing Costs				(6,028)	(6,413)
Total Net Loans and Borrowings				3,507,186	3,450,937
<i>Less current installments of financial debt</i>				(247,196)	(228,090)
<i>Less current installments of leases</i>				(304,998)	(285,886)
Net current installments of Loans and Borrowings				(552,194)	(513,976)
Non-current debt				2,961,021	2,943,374
Borrowing costs				(6,028)	(6,413)
Net non-current Loans and Borrowings				\$2,954,992	\$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 March 31, 2023, the Group is in compliance with its covenants.

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



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(In thousands of US dollars)

- (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 March 31, 2023, future maturities of loans and borrowings, net of prepaid expenses are as follows:

<u>Year</u>	<u>Loans</u>	<u>Financial leasing</u>	<u>Leases</u>	<u>Total</u>
Current:				
2024	\$ 203,941	43,255	304,998	552,194
Non-current:				
2025	100,597	35,866	286,132	422,595
2026	43,868	36,698	271,888	352,454
2027	-	29,696	250,566	280,262
2028	756,472	18,253	243,595	1,018,320
2029 and thereafter	<u>-</u>	<u>19,784</u>	<u>861,577</u>	<u>881,361</u>
Total non-current	<u>900,937</u>	<u>140,297</u>	<u>1,913,758</u>	<u>2,954,992</u>
Total loans and borrowings	\$ <u>1,104,878</u>	<u>183,552</u>	<u>2,218,756</u>	<u>3,507,186</u>



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Notes to the condensed consolidated interim financial statements

(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, 2023	\$	1,324,942	2,125,995	3,450,937
Repayments of borrowings		(51,336)	(74,336)	(125,672)
Effects of movements in foreign exchange rates		14,382	-	14,382
Other changes-				
New leases		-	167,097	167,097
Interest expense		18,281	43,189	61,470
Interest paid		(27,670)	(40,244)	(67,914)
Other interest accrued (reversed), net		<u>9,831</u>	<u>(2,945)</u>	<u>6,886</u>
Balance as of March 31, 2023	\$	<u>1,288,430</u>	<u>2,218,756</u>	<u>3,507,186</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 \$6,915 and \$5,955 during the three-month periods ended March 31, 2023 and 2022, respectively.



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Notes to the condensed consolidated interim financial statements

(In thousands of US dollars)

(15) Provisions-

		<u>Leased aircrafts returns</u>	<u>Employee's restructure</u>	<u>Litigations</u>	<u>Contingent consideration</u>	<u>Total</u>
Balance as of January 1, 2023	\$	235,728	-	7,075	24,000	266,803
Additions		10,296	-	498	-	10,296
Utilization		<u>(2,663)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,165)</u>
		243,361	-	7,573	24,000	274,934
Less non-current portion		<u>(210,522)</u>	<u>-</u>	<u>-</u>	<u>(24,000)</u>	<u>(234,522)</u>
Balance as of March 31, 2023	\$	<u>32,839</u>	<u>-</u>	<u>7,573</u>	<u>-</u>	<u>40,412</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 March 31, 2023 and December 31, 2022 are as follow:

		<u>2023</u>	<u>2022</u>
Suppliers	\$	873,680	842,227
Value added tax and other taxes		170,378	174,815
Salaries and benefits payable		<u>32,032</u>	<u>15,194</u>
Total trade and other payables	\$	<u>1,076,090</u>	<u>1,032,236</u>

(17) Share-based payment arrangements-

A. Description of share-based payment arrangements

As of March 31, 2023 the Group had the following share-based payment arrangements.



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Notes to the condensed consolidated interim financial statements

(In thousands of US dollars)

i. Restricted shares programs-

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

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

Grant date / employees entitled	Number of instruments	Vesting conditions
Shares granted to key management personnel and senior employees-		
December 22, 2022	907,994	6 months to 3 years' service from grant date.
December 22, 2022	1,361,991	2-3 years' service from 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:

	2023	
	Number of options	Ps. fair value per share at grant date
Outstanding at January 1	2,269,985	184.78
Granted during the period	-	-
Exercised during the period	-	-
Forfeited during the period	-	-
Outstanding at March 31, 2023	2,269,985	184.78



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Notes to the condensed consolidated interim financial statements

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(18) Stockholders' equity-

Structure of capital stock-

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

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

(19) Earnings / losses per share-

The calculation of the basic losses per share at March 31, 2023 was based on the income (loss) for the three-month period of \$(27,836) (March 31, 2022: \$(158,232)), and a weighted average number of ordinary shares outstanding (including option shares) of 136,423,959 (March 31, 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 three months ended March 31, 2023 was 4% (2022: 12%).



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Notes to the condensed consolidated interim financial statements

(In thousands of US dollars)

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

A. Accounting classifications and fair values

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

March 31, 2023 <i>In thousands US</i>	TIE Interest rate swaps used for hedging
<i>Fair value - hedging instruments</i>	
<i>Mandatory at FVTPL</i>	1,725
Total	1,725
Fair value	
<i>Level 1</i>	-
<i>Level 2</i>	1,725
<i>Level 3</i>	-
Total	1,725

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



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(In thousands of US dollars)

March 31, 2023 <i>In thousands of US</i>	USD Loans (Libor - Spread)	MXN Loans (TIIE - Spread)	USD Loans (Fixed rate)	MXN Flight equipment financial leasing	USD Flight equipment financial leasing
Financial liabilities not measured at fair value					
<i>Loans and borrowings</i>	126,151	213,644	765,083	-	183,552
Total	126,151	213,644	765,083	-	183,552
Fair value					
<i>Level 1</i>	-	-	-	-	-
<i>Level 2</i>	122,789	217,609	907,717	-	188,012
<i>Level 3</i>	-	-	-	-	-
Total	122,789	217,609	907,717	-	188,012

December 31, 2022 <i>In thousands of US</i>	USD Loans (Libor - Spread)	MXN Loans (TIIE - Spread)	USD Loans (Fixed rate)	MXN Flight equipment financial leasing	USD Flight equipment financial leasing
Financial liabilities not measured at fair value					
<i>Loans and borrowings</i>	147,176	215,223	768,172	-	194,371
Total	147,176	215,223	768,172	-	194,371
Fair value					
<i>Level 1</i>	-	-	-	-	-
<i>Level 2</i>	145,007	169,808	908,501	-	197,654
<i>Level 3</i>	-	-	-	-	-
Total	145,007	169,808	908,501	-	197,654



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Notes to the condensed consolidated interim financial statements

(In thousands of US dollars)

B. Measurement of fair values

I. Valuation techniques and significant unobservable Inputs

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

Financial instruments measured at fair value:

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

Financial instruments not measured at fair value:

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

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

II. Transfers between Levels 1 and 2

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

III. Level 3 fair values

There were no financial instruments presented within Level 3.

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(In thousands of US dollars)

(22) Finance income and finance costs-

The Group's finance income and finance costs for the three-month periods ended March 31, 2023 and 2022 are presented below:

		Three-month periods ended March 31	
		<u>2023</u>	<u>2022</u>
Interest income on bank deposits and other investments	\$	8,847	1,038
Derivative financial income		<u>-</u>	<u>392</u>
Finance income		<u>8,847</u>	<u>1,430</u>
Interest expense on financial liabilities		26,742	46,208
Letters of credit commissions		-	778
Credit card commissions		22,411	14,492
Lease interest		43,189	27,526
Interest on employee obligation		4,264	3,455
Derivative financial loss		292	-
Net foreign exchange loss		7,007	9,801
Bank fees		1,321	974
Interest paid to related parties		-	911
Other financial costs, mainly DIP commissions		<u>1,931</u>	<u>17,439</u>
Finance costs		<u>107,157</u>	<u>121,584</u>
Net finance cost recognized in profit and loss	\$	<u>(98,310)</u>	<u>(120,154)</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, 2023 the Group has the following significant contingencies:

Contingencies:

- a) There are labor lawsuits in process for approximately \$19.9 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 \$7.6 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 March 31, 2023, there are no significant commitments in addition to those referred-to in the latest annual financial statements.

(24) Subsequent events-

As of June 30, 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 June 30, 2023, the price reached 2.59 dollars per gallon, and at March 31, 2023 was 2.82 dollars per gallon.



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- b)** On April 10, 2023 the Group's frequent flyer program changed its name to "Aeroméxico Rewards", formerly known as "Club Premier".

