



AVIANCA GROUP INTERNATIONAL LIMITED

Consolidated Financial Statements

As of and for the year ended December 31, 2025 and 2024



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

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Independent Auditor's Report

To the Shareholders and the Board of Directors of Avianca Group International Limited (AGIL)

Opinion on the Financial Statements

We have audited the consolidated financial statements of Avianca Group International Limited (AGIL) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as of December 31, 2025 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a material accounting policy information. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (IASB).

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



**Shape the future
with confidence**

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

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

/s/ Ernst & Young Audit S.A.S.

Ernst & Young Audit S. A. S.

Bogotá, D.C., Colombia
March 31, 2026

AVIANCA GROUP INTERNATIONAL LIMITED AND SUBSIDIARIES

(England, United Kingdom)

Consolidated Statement of Financial Position

(In USD thousands)

	Notes	December 31, 2025	December 31, 2024
Assets			
Current assets:			
Cash and cash equivalents	7	\$ 943,686	\$ 873,717
Short-term investments	7	218,072	178,481
Trade and other receivables	8	287,221	239,473
Accounts receivable from related parties	9	39,723	7,118
Current tax assets	21	254,751	254,451
Inventories	10	118,233	106,770
Prepayments	11	11,310	13,082
Deposits and other assets	11	42,908	40,703
Total current assets other than assets held for sale		1,915,904	1,713,795
Assets held for sale		2,211	3,546
Total current assets		1,918,115	1,717,341
Non-current assets:			
Deposits and other assets	11	169,978	131,633
Accounts receivable from related parties	9	138,776	126,177
Intangible assets	14	1,293,271	1,334,779
Goodwill	14	1,616,217	1,598,210
Deferred tax assets	21	70,652	56,643
Right of use assets	13	2,927,080	3,024,984
Property and equipment	12	1,645,943	1,208,489
Total non-current assets		7,861,917	7,480,915
Total assets		\$ 9,780,032	\$ 9,198,256

AVIANCA GROUP INTERNATIONAL LIMITED AND SUBSIDIARIES

(England, United Kingdom)

Consolidated Statements of Financial Position

(In USD thousands)

	Notes	December 31, 2025	December 31, 2024
Liabilities and equity			
Current liabilities:			
Short-term borrowings and current portion of long-term debt	15	\$ 115,220	\$ 294,867
Current portion of lease liability	13	382,194	361,715
Accounts payable	16	695,141	754,169
Accounts payable to related parties	9	2,353	1,185
Accrued expenses	16	152,889	88,540
Current tax liabilities	21	62,386	39,906
Provisions for legal claims	22	32,626	34,009
Provisions for return conditions	13	28,122	14,520
Employee benefits	17	136,128	112,399
Air traffic liability	18	645,348	576,061
Deferred revenue	18	22,847	20,322
Frequent flyer deferred revenue	18	201,009	186,822
Other liabilities		5,794	67
Total current liabilities		2,482,057	2,484,582
Non-current liabilities:			
Long-term debt	15	2,427,090	2,132,760
Long-term lease liability	13	2,453,910	2,440,083
Accounts payable	16	—	3,926
Provisions for return conditions	13	588,315	606,123
Employee benefits	17	56,906	66,559
Deferred tax liabilities	21	138,361	147,146
Frequent flyer deferred revenue	18	282,468	246,081
Other liabilities		200	152
Total non-current liabilities		5,947,250	5,642,830
Total liabilities		8,429,307	8,127,412
Equity			
Share capital	19	\$ 4	\$ 4
Additional paid-in capital		1,150,094	1,145,962
Retained earnings (losses)		188,742	(87,487)
Other comprehensive income	19	(5,438)	(3,463)
Equity attributable to owners of the Group		1,333,402	1,055,016
Non-controlling interest		17,323	15,828
Total equity		1,350,725	1,070,844
Total liabilities and equity		\$ 9,780,032	\$ 9,198,256

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

See accompanying notes to consolidated financial statements.

AVIANCA GROUP INTERNATIONAL LIMITED AND SUBSIDIARIES

(England, United Kingdom)

Consolidated Statement of Comprehensive Income

(In USD thousands)

	Notes	For the Year ended December 31, 2025	For the Year ended December 31, 2024
Operating revenue:			
Passenger		\$ 4,529,029	\$ 4,342,064
Cargo and other		1,214,934	824,036
Total operating revenue	24	5,743,963	5,166,100
Operating expenses:			
Aircraft fuel		1,378,676	1,410,285
Salaries, wages, and benefits		788,896	681,284
Ground operations		606,741	531,850
Air traffic		285,415	257,527
Flight operations		120,696	96,348
Passenger services		142,648	107,202
Maintenance and repairs		291,449	215,426
Selling expenses		287,193	273,855
Fees and other expenses		317,830	332,821
Rentals	13	73,245	70,610
Depreciation of right of use asset	13	448,035	408,163
Other depreciation and amortization		200,391	135,983
Total operating expenses		4,941,215	4,521,354
Operating income		802,748	644,746
Interest expense		(558,573)	(534,892)
Interest income and other financial income		61,633	62,033
Net interest expense		(496,940)	(472,859)
Net change in fair value of assets		(10,476)	—
Foreign exchange, net	5.b	(5,644)	(5,861)
Equity method income		769	802
Income before tax		290,457	166,828
Income tax expense - current		(58,075)	(31,518)
Income tax benefit - deferred		45,516	(7,110)
Total income tax expense	21	(12,559)	(38,628)
Net income for the year		\$ 277,898	\$ 128,200

AVIANCA GROUP INTERNATIONAL LIMITED AND SUBSIDIARIES

(England, United Kingdom)

Consolidated Statement of Comprehensive Income

(In USD thousands)

	Notes	For the Year ended December 31, 2025	For the Year ended December 31, 2024
Net income for the year		\$ 277,898	\$ 128,200
Other comprehensive income (loss):			
Items that will not be reclassified to income or loss in future periods:			
Revaluation (Devaluation) of administrative property		17,687	(11,393)
Remeasurements of defined benefit	17	6,104	(2,469)
Income tax	21	(20,285)	(789)
		3,506	(14,651)
Items that will be reclassified to Income in future periods:			
Net change in fair value of financial assets with changes in OCI		425	402
Foreign operations — foreign currency translation differences		(6,080)	(3,477)
		(5,655)	(3,075)
Other comprehensive loss, net of income tax		(2,149)	(17,726)
Total comprehensive income, net of income tax		275,749	110,474
Income attributable to:			
Equity holders of the parent		276,229	128,719
Non–controlling interest		1,669	(519)
Net income		277,898	128,200
Total comprehensive income attributable to:			
Equity holders of the parent		274,254	110,881
Non–controlling interest		1,495	(407)
Total comprehensive income		\$ 275,749	\$ 110,474

See accompanying notes to consolidated financial statements.

AVIANCA GROUP INTERNATIONAL LIMITED AND SUBSIDIARIES

(England, United Kingdom)

Consolidated Statement of Changes in Equity

(In USD thousands)

	Notes	Share capital	Additional paid-in capital	Other comprehensive Income <u>OCI Reserves</u>	Retained earnings (losses)	Equity attributable to owners of the Group	Non- controlling interest	Total equity
Balance at December 31, 2023		\$ 4	\$ 1,145,962	\$ (72,567)	\$ (129,264)	\$ 944,135	\$ 16,235	\$ 960,370
Net income for the year		—	—	—	128,719	128,719	(519)	128,200
Reclassification of the net defined benefit from OCI		—	—	86,942	(86,942)	—	—	—
Other comprehensive income		—	—	(17,838)	—	(17,838)	112	(17,726)
Balance at December 31, 2024		\$ 4	\$ 1,145,962	\$ (3,463)	\$ (87,487)	\$ 1,055,016	\$ 15,828	\$ 1,070,844
Net income for the year		—	—	—	276,229	276,229	1,669	277,898
Share-based payments		—	4,132	—	—	4,132	—	4,132
Other comprehensive income	19	—	—	(1,975)	—	(1,975)	(174)	(2,149)
Balance at December 31, 2025		\$ 4	\$ 1,150,094	\$ (5,438)	\$ 188,742	\$ 1,333,402	\$ 17,323	\$ 1,350,725

See accompanying notes to consolidated financial statements.

AVIANCA GROUP INTERNATIONAL LIMITED AND SUBSIDIARIES

(England, United Kingdom)

Consolidated Statement of Cash Flows

(In USD thousands)

	Notes	For the Year ended December 31, 2025	For the Year ended December 31, 2024
Cash flows from operating activities:			
Net income for the year		\$ 277,898	\$ 128,200
Adjustments for:			
Provision for expected credit losses	8	10,658	4,882
(Recovery) provisions for legal claims	22	(4,081)	9,856
Deferred income		(6,042)	(114,017)
Depreciation of right of use asset	13	448,035	408,163
Other depreciation, amortization and impairment		200,391	135,983
Net change in fair value of assets		10,476	—
Compensations received from suppliers		(54,138)	—
(Gain) loss on disposal of assets		(17,022)	8,180
Interest income		(61,633)	(62,033)
Interest expense		558,573	534,892
Deferred tax	21	(45,516)	7,110
Current tax expense	21	58,075	31,518
Derivative instruments		7,299	24,526
Share-based payment		4,132	—
Unrealized foreign currency (gain) loss		(11,407)	20,061
Changes in:			
Trade and other receivables		(35,519)	27,050
Accounts receivable from related parties		(32,656)	(2,241)
Inventories		(26,108)	(5,026)
Prepayments		2,035	5,611
Net current tax		91,237	(29,225)
Deposits and other assets		(36,519)	(3,462)
Accounts payable and accrued expenses		17,796	91,850
Accounts payable to related parties		(916)	1,117
Air traffic liability		72,881	38,217
Frequent flyer deferred revenue		48,571	(5,604)
Provisions for return conditions		(4,410)	(7,139)
Provisions for legal claims		(1,918)	(3,213)
Employee benefits		1,068	(28,219)
Fuel hedging paid, net		(6,781)	(24,526)
Income tax paid		(97,328)	(85,417)
Net cash provided by operating activities		1,367,131	1,107,094

AVIANCA GROUP INTERNATIONAL LIMITED AND SUBSIDIARIES

(England, United Kingdom)

Consolidated Statement of Cash Flows

(In USD thousands)

	Notes	For the Year ended December 31, 2025	For the Year ended December 31, 2024
Cash flows from investing activities:			
Acquisition of property and equipment		(572,974)	(433,653)
Acquisition of property and equipment through PDP*	15	(74,525)	—
Reimbursement of equipment acquisition		40,716	53,777
Interest received		43,100	46,527
Acquisition and Maturity of financial instruments		(37,532)	79,242
Acquisition of intangible assets		(24,311)	(20,648)
Proceeds from sale of property and equipment		36,583	2,600
Proceeds from sale and lease back	15	43,295	—
Acquisition of subsidiary, net of cash acquired		—	(99,673)
Net cash used in investing activities		(545,648)	(371,828)
Cash flows from financing activities:			
Financing of PDP*	15	101,917	48,436
Proceeds from loans and borrowings	15	1,048,732	300,000
Transaction cost related to loans and borrowing	15	(54,318)	(11,466)
Interest paid	15	(204,880)	(216,037)
Payment of loans and borrowings	15	(987,695)	(205,558)
Payment of PDP financing*	15	(43,295)	—
Lease interest paid	13	(299,652)	(282,400)
Payment of leases	13	(317,632)	(261,941)
Prepaid debt call premiums		(5,839)	—
Net cash used in financing activities		(762,662)	(628,966)
Net increase in cash and cash equivalents		58,821	106,300
Exchange rate effect on cash and cash equivalents		11,148	(130)
Cash and cash equivalents at the beginning of the year		873,717	767,547
Cash and cash equivalents at the end of the year		\$ 943,686	\$ 873,717

See accompanying notes to consolidated financial statements.

(*) PDPs (Pre-delivery Payments of Aircraft)

AVIANCA GROUP INTERNATIONAL LIMITED AND SUBSIDIARIES

(England, United Kingdom)

Notes to Consolidated Financial Statements**(In USD thousands, unless otherwise noted)****(1) Reporting entity**

Avianca Group International Limited ("AGIL" or the "Company") was incorporated and existing under the laws of England and Wales as of September 27, 2021, with its registered office at 3rd Floor 1 Ashley Road, Altrincham, Cheshire, United Kingdom, WA14 2DT. AGIL, together with its subsidiaries, will be referred to as the "Group" for the purposes of this document.

AGIL is a controlled entity of Abra Group Limited ("Abra") since April 3, 2023. AGIL is the parent entity of a group of leading providers of air travel and cargo services in Latin America and around the globe.

Significant subsidiaries

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

Name Subsidiary	Country of incorporation	Ownership interest December 31,	
		2025	2024
Avianca Midco 2 PLC	United Kingdom	100%	100%
Avianca Ecuador S.A.	Ecuador	99.62%	99.62%
Aerovías del Continente Americano S.A. (Avianca)	Colombia	99.98%	99.98%
Grupo Taca Holdings Limited.	Bahamas	100%	100%
LifeMiles Ltd.	Bermuda	100%	100%
Avianca Costa Rica S.A.	Costa Rica	92.42%	92.42%
Taca International Airlines, S.A.	El Salvador	96.83%	96.83%
Tampa Cargo S.A.S.	Colombia	100%	100%
Wamos Air, S.A.U	Spain	(*)	(*)
Avianca Group UK Limited	United Kingdom	100%	100%
Avianca Midco 1 Limited	United Kingdom	100%	100%

(*) Indirectly the Group owns 49.97% voting rights and 99% of the economic rights of Wamos Air S.A.U.

AVIANCA GROUP INTERNATIONAL LIMITED AND SUBSIDIARIES

(England, United Kingdom)

Notes to Consolidated Financial Statements

(In USD thousands, unless otherwise noted)

(2) Basis of presentation of the Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as established by the International Accounting Standards Board and on a going concern basis. Management is confident that the Group has, and is expected to continue to have, adequate resources to sustain its operations in both the immediate and long-term.

The Group's consolidated financial statements for the year ended December 31, 2025 and 2024, were prepared, and presented by Management and authorized for issuance by the Board of Directors on March 31, 2026.

(3) Material accounting policies

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

(a) Basis of measurement

The consolidated financial statements have been prepared under the historic-cost criterion, although modified by the valuation at fair value of certain assets and liabilities.

(b) Functional and presentation currency

The Group's consolidated financial statements are presented in US dollars, which is the Group's presentation currency. Items included in the financial statements of each of the Group's entities are measured using the functional currency, defined as the currency of the primary economic environment in which the entity operates. In particular, Wamos has a functional currency of Euros (EUR). In accordance with IAS 21, the financial statements of entities with a functional currency different from the Group's presentation currency are translated into USD, and the resulting foreign exchange differences are recognized in Other Comprehensive Income as currency translation adjustments.

(c) Use of judgements and estimates

The preparation of these consolidated financial statements requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results in the future may differ from judgments and estimates upon which financial information has been prepared. These underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

In preparing these consolidated financial statements, significant judgments were made by Management when applying the Group's accounting policies and the key sources of estimation uncertainty.

(i) Judgements

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

- Note 2(b): Going concern. Whether there are material uncertainties driven by a challenging macroeconomic environment in terms of inflationary pressures, fuel price volatility, currency fluctuations, and geopolitical developments affecting its regions of operation, Management believes the

AVIANCA GROUP INTERNATIONAL LIMITED AND SUBSIDIARIES

(England, United Kingdom)

Notes to Consolidated Financial Statements

(In USD thousands, unless otherwise noted)

Group is adequately positioned to continue as a going concern. This conclusion is supported by the continued execution of the business plan, resilient demand trends, disciplined revenue management, ongoing cost-optimization initiatives, and the strength of profitable standalone business units, which collectively underpin positive margin generation and the maintenance of a sound liquidity position.

- Note 6: Acquisition of subsidiary: On October 15, 2024, the Group acquired 49.97% of the share capital and voting rights of WAV Air Holdings S.L. (Wamos), along with 99% of the economic rights. Wamos continues to operate independently, subject to a shareholders' agreement that includes the Group's right to designate another qualified third party to purchase shares of WAMEU Co S.L., in accordance with the ownership and control requirements under Regulation (EC) No. 1008/2008 of the European Parliament and the Council of September 24, 2008, on common rules for the operation of air services. Management has concluded that it controls and therefore consolidates Wamos based on the principles established by IFRS 10 – Consolidated Financial Statements.

(ii) Assumptions and estimation uncertainties

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

- Note 3(f.iii): Loyalty revenue recognition. The Group recognizes revenue from the sale of miles that are expected to expire unused (“breakage”) in proportion to the pattern of rights exercised by the customer. In defining expected breakage, Management relies on a third-party predictive statistical model that measures behavior patterns of members segmented into statistically homogenous groups considering the source of the miles accrued and elite status. Under this model, the member base is segmented into homogeneous cohorts based on characteristics that materially influence redemption and expiration patterns. Redemption behavior is analyzed using development triangles by earn period. Because redemptions extend beyond the latest observed periods, the model applies statistical curve-fitting techniques to extrapolate redemptions to ultimate levels. Based on the results of these methods, the model displays a point estimate of the Ultimate Redemption Rate (URR) for each earn period. For future earn periods with limited or no observed redemption activity, the model fits trend curves to the selected URRs to forecast ultimate redemption behavior. In addition, expiration data is analyzed independently using similar techniques. Implied expiration rates and redemption-to-expiration relationships are reviewed as a reasonableness check on the selected ultimate redemption rates. The model provides both the URR and the Inforce Redemption Rate (IRR) which represents the percentage of miles that members currently have in their accounts (in-force miles) expected to be redeemed. The Group's estimate of the expected breakage of miles requires Management judgment. Changes to breakage assumptions, or to program rules and program redemption opportunities, may result in material changes to the deferred revenue balance as well as recognized revenues from the program. The Group recognizes breakage proportionally as the remaining miles are redeemed.

AVIANCA GROUP INTERNATIONAL LIMITED AND SUBSIDIARIES

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(In USD thousands, unless otherwise noted)

- Note 3(k) and Note 14: Assessment of impairment of indefinite-lived intangible assets. The Group evaluates the carrying value of goodwill and indefinite-lived intangible assets for impairment. For purposes of evaluating impairment losses, assets are grouped at the lowest level for which there are largely independent cash inflows from Air transportation and Wamos. An Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 14.
- Note 3(q.ii) and note 13: Return conditions. Aircraft lease contracts may establish certain conditions requiring aircraft to be returned to the lessor at the contracts' end. To comply with return conditions, the Group incurs costs such as the payment to the lessor of a rate in accordance with the use of components through the term of the lease contract and payment of maintenance deposits to the lessor. Under certain contracts, if the asset is delivered in a better maintenance condition than the condition at which the asset was originally received, the Group is entitled to receive compensation from the lessor. For the application of this policy at the beginning of the contract the projected amount of the obligation for return conditions discounted at present value is recognized as a part of the right-of-use asset and amortized over the term of the contract. The recognition of return conditions require Management to make estimates of the costs with third parties of return conditions, discount rate and use inputs such as estimated hours, or cycles at redelivery of major components, overhaul dates of major components and costs of cabin scheduled checks at redelivery. The Group's estimate of the expected provision for return conditions requires Management judgment. Changes to the return conditions assumptions, such as utilization, rate, among others, may result in material changes to the return conditions provision balance as well as recognized expenses for depreciation and interest.
- Note 6: The Group accounts for its business combinations under IFRS 3, applying the acquisition method and recognizing acquired goodwill on the acquisition date. The identifiable assets acquired, and the liabilities assumed are measured at fair value at the acquisition date. Furthermore, the consideration transferred (including contingent consideration) is measured at fair value.
- Note 22 and note 2 (q.i): Provisions for legal claims. The assessment of probability of loss includes assessing the available evidence, the hierarchy of laws, available case law, the most recent court decisions, and their relevance within the legal system, as well as legal counsel's assessment of the recognition and measurement of the provision.
- Note 20: Fair value measurements and valuation processes. When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the market and income approaches. The inputs to these models are taken from observable markets whenever possible, but whenever this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

AVIANCA GROUP INTERNATIONAL LIMITED AND SUBSIDIARIES

(England, United Kingdom)

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- Note 3(i) and Note 13: Leases - Estimating the incremental borrowing rate. The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available. The Group estimates the IBR using observable inputs (such as market interest rates) whenever available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).
- Note 17: Employee benefits. The cost of the defined benefit pension plan and other post-employment benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(iii) Change in accounting estimates:

Loyalty program revenue

1. Fair value of loyalty miles

During the year ended December 31, 2025, the Group revised the methodology used to estimate the fair value of miles accrued under its frequent flyer program.

Previously, the fair value of miles was determined using a Redemption Value approach. Under the revised approach, the Group now estimates the fair value of miles using the Equivalent Ticket Value (hereinafter ETV) methodology, which reflects the average stand-alone selling price of equivalent tickets redeemed by customers, adjusted for expected breakage.

This change refines the estimation technique used in determining the stand-alone selling price (SSP) of loyalty miles under IFRS 15 "Revenue from Contracts with Customers" and incorporates market-observable data in line with IFRS 13 "Fair Value Measurement".

Management concluded that the Equivalent Ticket Value approach provides a more representative and current estimate of the fair value of loyalty miles, as it better reflects the value perceived by customers and aligns with market-based measures of ticket prices.

The change improves the accuracy of revenue allocation between transportation services and loyalty performance obligations, resulting in enhanced comparability with industry peers and greater consistency with recent redemption patterns and partner pricing structures.

In accordance with IAS 8, this revision constitutes a change in accounting estimate, as it updates the inputs and assumptions used in applying the existing accounting policy. Therefore, it has been applied prospectively from January 1, 2025.

The effect of the change increased frequent flyer deferred revenue and reduced revenue for the year ended December 31, 2025 and it was not material.

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2. Breakage estimation

During the year ended December 31, 2025, the Group updated the methodology used to estimate the breakage rate applied to the deferred revenue balance related to the loyalty program, in accordance with IFRS 15. The new methodology is described in section (ii) Assumptions and estimation uncertainties above.

Under the previous approach, a third-party actuary estimated the Ultimate Redemption Rate (URR) — representing the percentage of miles expected to be ultimately redeemed by members — and the breakage rate was determined as its inverse ($1 - \text{URR}$).

This revision represents a change in accounting estimate under IAS 8 and has been applied prospectively from January 1, 2025.

The effect of the change increased frequent flyer deferred revenue and reduced revenue for the year ended December 31, 2025 and it was not material.

(d) Basis of consolidation

The financial statements of subsidiaries are included within the consolidated financial statements from the date that control commences until the date that control ceases, in accordance with IFRS 10. Subsidiaries are entities controlled by AGIL. Control is established after assessing the Group's ability to direct the relevant activities of the investee, its exposure and rights to variable returns, and its ability to use its power to affect the amount of the investee's returns. The accounting policies of subsidiaries have been aligned, when necessary, with the policies adopted by the Group. Furthermore, the consolidated financial statements include the subsidiaries on the same basis of consolidation as described above, ensuring consistency in presentation and comparability of financial information between the periods.

(i) Non-controlling interest-NCI

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

Subsequent to initial recognition, NCI is adjusted to reflect its share of the subsidiary's profit or loss and other comprehensive income and is reduced by dividends distributed.

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

(ii) Transactions eliminated on consolidation

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

(iii) Business combinations

The Group accounts for business combinations using the acquisition method in accordance with IFRS 3 - Business Combinations, when the acquired set of activities and assets meets the definition of a business and

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control is transferred to the Group. The consideration transferred in the acquisition is generally measured at acquisition date fair value including the amount of any non-controlling interests in the acquiree, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a discounted purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred and included within administrative expenses except if related to the issue of debt or equity securities.

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

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

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

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

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

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

(e) Foreign currency

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

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

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(f) Revenue recognition

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

(i) Passenger revenue

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

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

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

The majority of the ancillaries’ services sold in the bundled fare, such as seats and upgrades, baggage, changes and fees, other air ancillaries and non-air ancillaries, are performed during the flight and cannot be separated from the travel component since the customer cannot benefit from them separately from the initial trip; these transactions are understood as the same performance obligation covered by IFRS 15- Revenue from Contracts with Customers and are recognized in combination with the ticket fare as the ticket price.

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

(ii) Cargo and other operating revenue

Cargo revenues are recognized when the performance obligation is satisfied according with the terms with the customers. Other operating income is recognized as the related performance obligations are met.

(iii) Loyalty program

The Group has a loyalty program, “LifeMiles”, which objective is to reward customer loyalty. Members in this program earn miles for travel on Group’s Airlines, Star Alliance partners’ airlines and non- star alliance partner airlines, as well as through purchases made with Company’s network of non-airline partners, and co-branded credit cards. Members may also purchase miles directly or transfer them from other loyalty programs. The

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miles or points earned can be exchanged for flights on Group's Airlines or any of other Star Alliance partners' airlines, Non-Star Alliance airline partners, or with participating non-airline partners.

Passenger revenue includes flights redeemed under our frequent flyer program, including estimated breakage. When a passenger elects to receive Avianca's frequent flyer miles in connection with a flight, the Company recognizes a portion of the ticket's sale as revenue when the air transportation is provided and recognizes a deferred liability (frequent flyer deferred revenue) for the portion of the ticket sale representing the value of the related miles as a separate performance obligation. To determine the amount of revenue to be deferred, the Company estimates and allocates the fair value of the miles that were essentially sold along with the airfare, based on the equivalent ticket value of the incorporating factors such as redemption pattern, cabin class and geographic region, among others.

A statistical model that estimates the percentages of points that will not be redeemed before expiration is used to estimate breakage. The breakage and the fair value of the miles are reviewed at least annually, and any adjustments are reflected on a prospective basis to passenger.

The Group calculates the short and long-term portion of the frequent flyer deferred revenue, using a model that includes estimates based on the members' redemption rates projected by Management due to clients' behavior.

To value the miles or points earned through financial partners, the performance obligations with the client are estimated separately. To calculate these performance obligations, different components that add value in the commercial contract must be considered, such as marketing, advertising, brand value and other benefits, and finally the value of the points awarded to customers based on our ETV. The value of each of these components is finally allocated in proportion to their relative prices. The performance obligations associated with the valuation of the miles earned become part of the Deferred Revenue, and the remaining performance obligations are recorded as revenue when the miles or points are delivered to the client.

(g) Income tax

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

(i) Current income tax

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

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

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

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(ii) Deferred income tax

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

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

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

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

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

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

(h) Property and equipment

(i) Recognition and measurement

At recognition flight equipment, capitalized maintenance, rotatable spare parts, administrative property and other equipment are measured at cost. Working in progress, including pre-delivery payments (“PdP’s”) made under aircraft purchase agreements, are recognized at cost and remains classified as such until the related aircraft are delivered and ready for their intended use.

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

(ii) Subsequent costs

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

(iii) Measurement after recognition

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After initial recognition flight equipment, capitalized maintenance, rotatable spare parts, and other equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Administrative property is measured under the revaluation model and is carried at fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

(iv) Depreciation

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

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

Capitalized maintenance are depreciated over the period until the next scheduled maintenance event or the aircraft delivery/redelivery date, whichever occurs first.

Rotable spare parts for flight equipment are depreciated on the straight-line method using rates that allocate the cost of these assets over the estimated useful life of the related aircraft. Land is not depreciated. Residual values, amortization methods and useful lives of the assets are reviewed and adjusted, if appropriate, at each reporting period.

Estimated useful lives are as follows:

Asset	Estimated useful life (years)
Flight equipment	The useful lives of the flight equipment depend on the use of the fleet and technical specifications.
	Minimum of 8 and maximum of 37
Capitalized maintenance	The useful lives of the major overhaul repairs depend on next maintenance and delivery date, whichever is lower.
	Minimum of 3 to maximum of 7
Rotable spare parts	The useful lives of rotatable spare parts aligns with the useful life of associated fleet.
Administrative property	Minimum of 20 to maximum of 50
Other equipment	Minimum of 2 to maximum of 15

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

(v) Revaluation and other reserves

Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. A revaluation reserve is recorded in other comprehensive income and

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credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in profit or loss, the increase is recognized in profit and loss. A revaluation deficit is recognized in the other comprehensive income, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

(i) Leased assets

(i) Leases

At inception date of the contract, the Group assesses whether a contract is or contains a lease. A contract is, or contains, a lease if the contract transfers the right to control the use of an asset for a period in exchange for compensation.

(ii) Right - of - use assets

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

Asset	Estimated useful life (years)
Aircraft	Minimum of 1 to maximum of 27
Real Estate	Minimum of 1 to maximum of 19

The right-of-use assets are subject to impairment.

(iii) Lease liabilities

At the commencement date of the lease, the Group recognizes the lease liabilities measured at the present value of the lease payments that will be made over the term of the lease. Lease payments include fixed payments, less any lease incentives receivable, variable lease payments that depend on an index or a rate, and the price of a purchase option that the Group can reasonably exercise and penalty payments for terminating a lease. The Group has chosen not to separate the non-lease component, and to account the lease and non-lease component as a single lease component.

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

In calculating the present value of lease payments, the Group uses its incremental borrowing rate, as described in Note 4(c)(ii), at the lease commencement date because the implicit interest rate is not readily determinable. After the commencement date, the amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. In, addition, the carrying amount of the lease liability is remeasured if

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there is a modification, a change in the lease term, a change in the lease payment or a change in the assessment of an option to purchase the underlying asset.

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

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases that have a lease term of 12 months or less, including variable payment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(j) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period to get ready for its intended use or sale are capitalized as part of the cost of the respective assets in accordance with IAS 23 - Borrowing Costs. Borrowing costs are comprised of interest and other costs that an entity incurs in connection with the borrowing of funds.

(k) Intangible assets

Acquired intangible assets are initially measured at cost. The cost of intangible assets acquired in a business combination is their fair value as of the date of acquisition. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the consolidated statements of comprehensive income (loss) in the year in which the expenditure is incurred. Following, initial recognition, intangible assets are carried at cost less any accumulated amortization and impairment loss.

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

	Estimated useful life (years)
Trademarks	Indefinite
Slots	Indefinite
Customer Relationships	Minimum of 5 to maximum of 20
Routes	Indefinite
Agreements	10
Software and webpages	Minimum of 1 to maximum of 4

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

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

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

The Group's intangible assets include the following:

(i) Software, websites and Cloud Computing Agreements

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

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

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

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

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

(iii) Goodwill

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

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

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

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

(l) Financial instruments

A financial instrument is any contract that gives rise a financial asset of one entity or a financial liability or equity instrument of another entity.

(i) Financial assets

(1) Initial recognition and classification

Financial assets are classified in the initial recognition as subsequently measured at amortized cost, fair value through changes in other comprehensive income ("FVOCI"); or fair value through profit or loss ("FVTPL").

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

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

(2) Subsequent measurement

Financial assets at amortized cost

The Group measures financial assets at amortized cost if the following conditions have been met:

- The financial asset is held within a business model for which the objective is to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of the principal and interest on the principal amount outstanding.

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

Financial assets at fair value through other comprehensive income

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

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

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Financial assets at fair value through profit or loss

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

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

Impairment of financial assets

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

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

(3) Derecognition

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

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

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

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

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(ii) Financial liabilities

(1) Initial recognition and classification

Financial liabilities are classified, upon initial recognition, as financial liabilities at FVTPL, in the case of loans and debt and accounts payable, net of directly attributable transaction costs. The Group has not designated any financial liability at FVTPL, except for derivative financial liabilities discussed below.

(2) Subsequent measurement

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

Financial liabilities at FVTPL

The Group has not designated any financial liability at FVTPL, except for derivative financial liabilities discussed below.

Borrowings and debts

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

The amortized cost is calculated considering any discount or premium on the acquisition and the fees or costs that are an integral part of the EIM. The amortization of the EIM is included as financial costs in the Consolidated Statements of Comprehensive Income (loss).

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

(3) Derecognition of financial instruments

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

Offsetting of assets and financial liabilities

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

(iii) Fair value of financial instruments

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

In the case of financial instruments that are not traded in active markets, fair value is determined using valuation techniques. These techniques may include recent purchase and sale transactions at arm's length prices, reference

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to the fair value of other basically identical financial instruments, an analysis of the discounted cash flow, or recourse to other valuation models.

Note 20 includes an analysis of the fair values of financial instruments and more details on how they are valued.

(iv) Derivative financial instruments and hedge accounting

The Group manages commodity price risk through the use of derivative financial instruments, including call options, swaps, and collars, entered into within commodity contracts. These instruments are used to hedge exposure to fluctuations in Jet Fuel prices, Crack Spreads, and WTI. These derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered. Subsequent to initial recognition, derivatives are carried at fair value as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The effective portion of the gain or loss on the hedging instrument is recognized directly as other comprehensive income within equity, while any ineffective portion of cash flow hedge related to operating and financing activities is recognized immediately within the consolidated statement of comprehensive income.

Amounts recognized as other comprehensive income are transferred to the consolidated statement of comprehensive income when the hedged transaction affects earnings, such as when the hedged financial income or financial expense is recognized or when an expected sale occurs. In the instance where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

(m) Inventories

Aeronautical and non-aeronautical stock are shown at the lower of their cost and replacement cost. The cost is determined based on the weighted average cost method. The replacement cost is the estimated purchase price in the ordinary course of business. The Group made a provision for obsolescence for inventories that were slow-moving or unused.

(n) Cash and Cash equivalents

Cash and cash equivalents in the consolidated financial statements position are comprised of cash at banks and on hand and short-term deposits with original maturity of three months or less, which are readily convertible to known amounts of cash, subject to an insignificant risk of changes in value, and held for the purpose of meeting short-term cash commitments. Cash and cash equivalent balances that have usage constraints due to contractual agreements are classified as a restricted cash.

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

(o) Impairments of non-financial assets

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

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

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

(p) Deposits for aircraft and engines

(i) Security Deposits

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

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

Security deposits are refundable at the end of the lease term, subject to compliance with contractual terms.

(ii) Maintenance Deposits

Refer to payments made to lessors for the future maintenance of aircraft and engines. The realization of these assets occurs substantially in the use of the deposit for payment to the workshop when the maintenance is carried out or through the receipt of financial resources, according to the negotiations carried out with the lessors. Management regularly assesses the impairment of these deposits based on the eligibility of the application of such amounts in future maintenance events and believes that the figures reflected in the consolidated statement of financial position are realizable.

Some of the agreements foresee that, if there are no maintenance events with the possibility of using the deposits, the deposits for this operation are not refundable. Such amounts are retained by the lessor and represent payments made according to the use of the components until the return date. Thus, the figures in this category are recognized directly in the income (expense), considering the regular impairment test or when the asset is returned.

(iii) Guarantee and collateral deposits

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

(q) Provisions

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

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(i) Provision for legal claims

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

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

(ii) Provision for return condition

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

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

The recognition of return conditions require Management to make estimates of the costs with third parties of return conditions, discount rate and use inputs such as estimated hours, or cycles at redelivery of major components, overhaul dates of major components and costs of cabin scheduled checks at redelivery. The provision is reviewed at each reporting date and adjusted for changes in estimates in accordance with IAS 37.

(r) Employee benefits

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

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

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

(i) Other defined benefits

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

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

Additionally, the Group offers the following employee benefits:

(1) Defined contribution plans

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

(2) Termination benefits

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

(s) Share-based payments arrangements

Executives share-based compensation plans to be settled with Company shares (or their cash equivalent if and when determined by the Company), according to which the Company receives services as consideration.

The cost of the instruments is measured based on the fair value at the date they were granted. To determine the fair value, the Company used the Black-Scholes option pricing model for the non-qualified shares options and for restricted shares unit a combination between the income and market approach.

The grant-date fair value of equity-settled share-based payments arrangements granted to employees is generally recognized as an expense with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service at the vesting date.

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(4) New and amended accounting standards

The only amendment applied for first time in 2025 was Lack of Exchangeability (Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates").

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

This amendment is effective for annual reporting periods beginning on or after January 1, 2025. When applying the amendment, an entity cannot restate comparative information.

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

b. New and revised International Financial Reporting Standards issued but not yet adopted.

Management is assessing the impact of following new and amended accounting standards on the Group's consolidated financial statements:

- Classification and measurement of financial instruments (Amendments to IFRS 9 and IFRS7), this amendment is effective as of January 1, 2026.
- Annual improvements to IFRS Accounting Standards – Volume 11, this amendment is effective as of January 1, 2026.
- Presentation and Disclosure in Financial Statements (IFRS 18), this amendment is effective as of January 1, 2027.
- Subsidiaries without public accountability - Disclosures (IFRS 19), this amendment is effective as of January 1, 2027.
- Translation to a Hyperinflationary Presentation Currency - Amendments to IAS 21, this amendment is effective as of January 1, 2027.
- Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37. The examples do not have an effective date or transition requirements. Entities are entitled to sufficient time to implement any changes as a result of illustrative examples.
- Sale or contribution of assets between and investor and its associate or joint venture- amendments to IFRS 10 and IAS 28, this amendment is available for optional adoption and its effective date is deferred indefinitely.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The Company's management is evaluating the impacts of the application of these new and revised International Financial Reporting Standards issued but not yet adopted.

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(5) Financial risk management

In the normal course of its operations, the Group is exposed to different financial risks: liquidity risk, market risk (fuel price risk, foreign currency risk, and interest rate risk), credit risk and capital risk management.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established mechanisms for developing and monitoring the Group's risk management policies.

(a) Liquidity risk

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

Historically, the Group has been able to fund its short-term capital needs with cash generated from its operations.

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

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	Carrying amount	Contractual cash flows	One	Two	Three	Four	Five and thereafter
Loans and borrowings	\$ 2,542,310	\$ 3,357,677	\$ 308,774	\$ 393,289	\$ 1,410,943	\$ 165,920	\$ 1,078,751
Lease liability	2,836,104	4,079,529	662,759	659,602	581,465	530,253	1,645,450
	\$ 5,378,414	\$ 7,437,206	\$ 971,533	\$ 1,052,891	\$ 1,992,408	\$ 696,173	\$ 2,724,201
Accounts payable and accrued expenses	848,030	848,030	848,030	—	—	—	—
	\$ 6,226,444	\$ 8,285,236	\$ 1,819,563	\$ 1,052,891	\$ 1,992,408	\$ 696,173	\$ 2,724,201

December 31, 2024

	Carrying amount	Contractual cash flows	One	Two	Three	Four	Five and thereafter
Loans and borrowings	\$ 2,427,627	\$ 3,137,839	\$ 477,918	\$ 522,585	\$ 226,306	\$ 1,872,006	\$ 39,024
Lease liability	2,801,798	4,136,726	600,673	593,330	575,305	512,913	1,854,505
	\$ 5,229,425	\$ 7,274,565	\$ 1,078,591	\$ 1,115,915	\$ 801,611	\$ 2,384,919	\$ 1,893,529
Accounts payable and accrued expenses	846,635	846,635	842,709	3,926	—	—	—
	\$ 6,076,060	\$ 8,121,200	\$ 1,921,300	\$ 1,119,841	\$ 801,611	\$ 2,384,919	\$ 1,893,529

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(b) Market risk

(i) Fuel price risk

The Group has risks that are common in its industry, related to the price level of aircraft fuel, which can significantly affect its operations, financial position and liquidity.

The Group has entered into financial derivative contracts in an effort to mitigate this risk. The Group has adopted a strategy of hedging during a period of the year, while regularly reviewing its policies based on market conditions and other factors. As of December 31, 2025 and 2024, the Group did not have any outstanding fuel hedge contracts.

Fuel price is estimated as a hypothetical 10% increase (decrease) of the average cost per gallon for fuel during 2025. Based on the actual 2025 fuel consumption, such an increase (decrease) would result in an increase to aircraft fuel expense of approximately \$137 million (\$137 million) in 2025.

(ii) Foreign currency risk

The functional currency of the financial statements of the parent company is the US dollars, so that foreign currency risk arises when the Group carries out transactions and maintains monetary assets and liabilities in currencies other than its functional currency. The subsidiaries of AGIL are also exposed to foreign exchange risks whose impact affects the Group's Consolidated Income. Gains and losses deriving from exchange rates are included within "Foreign exchange, net" in the consolidated statement of profit or loss.

The largest operational exposure to AGIL's exchange rates comes from the concentration of business in Colombia, which are mostly denominated in Colombian peso, and are actively managed by the Group. The Group is also exposed to foreign currency risk through Wamos, whose functional currency is the euro, primarily due to monetary assets and liabilities denominated in US dollars.

At a lower concentration, the Group is also exposed to the fluctuation of other currencies such as Brazilian real, against the US Dollar. As of December 31, 2025, the Group recognized a net loss of \$(5,644). (December 31, 2024: \$(5,861)).

Mitigation

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

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Sensitivity analysis

The following summarizes the Company's foreign currency risk exposure:

	As of December 31, 2025		As of December 31, 2024	
	Subsidiaries with functional currency		Subsidiaries with functional currency	
	US Dollar*	EUR	US Dollar*	EUR
Net position	\$ 121,830	\$ (124,119)	\$ (9,008)	\$ (169,892)

* Corresponds to the net monetary position denominated in currencies other than the US dollar, translated to US Dollar at the rate in effect on December 31, 2025 and 2024.

A reasonably possible strengthening (weakening) of Colombian pesos, Euros, and Brazilian Reals against US dollars and Euro on December 31, 2025, would have affected the measurement of monetary assets and liabilities denominated in a foreign currency and affected profit or loss by the amount shown below.

This analysis assumes that all other variables remain constant and considers the effect of changes in the exchange rate, which is the rate that could materially affect the Group's consolidated statement of comprehensive income. Brazilian Reals.

	Functional Currency (1)	Change forecast in exchange rate	Effect of profit or loss before tax December 31, 2025	Effect of profit or loss before tax December 31, 2024
Brazilian Reals Strengthening	USD	10%	2,186	(137)
Brazilian Reals Weakening	USD	(10%)	(2,186)	137
Colombian pesos Strengthening	USD	10%	(6,344)	(15,834)
Colombian pesos Weakening	USD	(10%)	6,344	15,834
Euros Strengthening	USD	10%	14,358	13,306
Euros Weakening	USD	(10%)	(14,358)	(13,306)
US dollar Strengthening	EUR	10%	12,381	16,990
US dollar Weakening	EUR	(10%)	(12,381)	(16,990)

(1) The sensitivity analysis is calculated based on each subsidiary's functional currency. Accordingly, the impact of exchange rate fluctuations is measured using the respective functional currency of each entity.

(iii) Interest rate risk

The Group has exposure to fluctuations in interest rates affecting the future cash flows of the assets, and current and future financial liabilities. The Group is mainly exposed to Secured Overnight Financing Rate ("SOFR"). Of the Group's financial debt subject to variable rates, the contracts maintain exposure to the SOFR reference rate.

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The Group assesses interest rate risk by continuously monitoring and identifying changes in interest rate exposures that could negatively impact future cash flows. Additionally, the Group maintains and oversees interest rate risk associated with both outstanding and forecasted debt obligations.

Sensitivity analysis

The following table shows the sensitivity of changes in financial obligations that are not hedged against interest-rate variations. These changes are considered reasonably possible, based on current market conditions each date.

		Effect in profit or loss			
		December 31, 2025		December 31, 2024	
		Increase	Decrease	Increase	Decrease
+/-100 basis points	\$	5,351	\$ (5,351)	\$ 1,509	\$ (1,509)

The calculations were made by vertically increasing (decreasing) 100 basis points of the interest rate curve, both scenarios being reasonably possible according to historical market conditions.

(c) Credit Risk

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

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

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

(i) Cash, cash equivalents and deposits with banks and financial institutions

Cash surpluses that remain after the financing of assets necessary for the operation are invested according to credit limits approved by the Group's Board, mainly in time deposits with different financial institutions, private investment funds and short-term mutual funds. These investments are booked as Cash and cash equivalents and other assets.

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

(ii) Trade receivables and contract assets

The Group's exposure to credit risk is mainly influenced by the characteristics of corporate and individual customers. The Group has established a credit policy under which the customer is analyzed by group if it is a natural or legal person to determine its solvency before payment and the terms and conditions of the service

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offered. The evaluation includes external qualifications and validation in restrictive lists and considers that the main corporate customers are companies to which cargo and courier services are provided since the Passenger and cargo processes handled with the International Air Transport Association (“IATA”) have established payment terms and schedules of less than one month.

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

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

(d) Capital risk management

The Group defines the capital that it manages as the Group’s long-term debt and equity. The Group’s capital management policy is to maintain a sound capital base in order to safeguard the Group’s ability to continue as a going concern, and in doing so, face its current and long-term obligations, provide returns for its shareholders, and maintain an optimal capital structure to reduce the cost of capital and monitors its financial covenants attached to leverage ratios in the Wamos Air S.A.U. subsidiary (see Note 15).

The Board periodically reviews the capital structure of the Group, considering the cost of capital and the risks associated with each class of capital. The Board approves any material adjustments to the capital structure in terms of the relative proportions of debt and equity.

The Group monitors capital on the basis of Net Debt to EBITDAR ratio. For the year ended December 31, 2025, the Net Debt to EBITDAR was 2.74 times (December 31, 2024, 3.29 times).

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(6) Business combination

On October 15, 2024, the Group acquired 49.97% of the voting rights and 99% of the economic rights of Wamos Air, S.A, is a leading Spanish airline that provides charter services and Aircraft Crew Maintenance and Insurance (ACMI) services with a fleet of 13 A330 aircraft. Although we acquired 49.97% of the voting rights in compliance with EU foreign ownership regulations, Wamos Air is consolidated as a subsidiary under IFRS Accounting Standards. This acquisition is anticipated to enhance the Group's connectivity between Latin America and Europe, capitalizing on the increased coverage and operation of its wide-body fleet.

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

	Note	As of October 15, 2024
Cash		\$ 20,926
Account receivables		21,168
Financial assets		13,014
Expendable spare parts and supplies, net		3,177
Right of use assets and Property and equipment	12, 13	185,507
Identifiable intangible assets	14	54,146
Assets held for sale		1,090
Lease liabilities	13	(139,104)
Accounts payables		(74,349)
Return conditions	13	(10,014)
Deferred revenue		(15,894)
Deferred tax assets, net		6,702
Current tax liabilities		(5,809)
Contingencies	22	(3,983)
Total identifiable assets acquired, and liabilities assumed		56,577
Goodwill	14	73,572
Total consideration		130,149
Satisfied by:		
Cash		120,599
Contingent consideration liability		9,550
Total consideration transferred		\$ 130,149

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

As part of the agreement with the previous owner of WAMOS AIR, S.A., a contingent consideration has been established. This consideration is contingent upon achieving the Target EBITDA in 2024 and 2025, with a maximum aggregate amount of €21 million. The fair value of the contingent consideration arrangement at the date of acquisition is \$9,550. This value was estimated using Montecarlo Model to simulate possible scenarios, and the average of these scenarios was discounted considering a free risk rate.

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

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

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

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

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

	December 31, 2025	December 31, 2024
Cash on hand	\$ 479	\$ 450
Bank balances (1)	930,616	857,289
Total cash	\$ 931,095	\$ 857,739
Cash equivalents	12,591	15,978
Total cash and cash equivalents	\$ 943,686	\$ 873,717
Short - term investments (2)	156,748	\$ 141,876
Time deposits (3)	61,324	36,605
Total short - term investments	\$ 218,072	\$ 178,481

(1) As of December 31, 2025 and 2024, the majority of the bank accounts pay interests to the group for the daily or monthly balances.

(2) The short-term classification corresponds to fixed income instruments with terms of less than one year and bonds available for sale.

(3) Time deposits are made for varying periods of less than twelve months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

As of December 31, 2025 and 2024, the Group's cash and cash equivalents are free of restriction or charges that could limit its availability. The Group has pledged a part of its short-term deposits to fulfil collateral requirements. See Note 11.6.

As of December 31, 2025, the Group maintains a Revolving Credit Facility with a total commitment up to \$200 million, which was fully undrawn and available as of that date. The same balance was undrawn and available as of December 31, 2024.

Cash and cash equivalents are denominated in the following currencies:

	December 31, 2025	December 31, 2024
US Dollar	\$ 697,551	\$ 773,456
Colombian peso	143,753	47,244
Euro	90,611	40,079
Pound Sterling	2,485	1,247
Other currencies	9,286	11,691
Total	\$ 943,686	\$ 873,717

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(8) Trade and other receivables

	December 31, 2025	December 31, 2024
Trade accounts receivable	\$ 244,007	\$ 214,329
Other accounts receivable	53,798	33,986
	297,805	248,315
Less estimate for expected credit loss	(10,584)	(8,842)
Total	\$ 287,221	\$ 239,473

The fair value of trade and other accounts receivable does not differ significantly from the book value.

To determine the expected credit losses, the Group adds accounts receivable for passenger and cargo transportation depending on the characteristics of shared credit risk and maturity

Portfolio maturity	December 31, 2025			December 31, 2024		
	Expected loss rate (1)	Gross book value (2)	Impairment loss provision	Expected loss rate (1)	Gross book value (2)	Impairment loss provision
Current	0.04%	\$ 155,438	\$ 533	0.05%	\$ 142,419	\$ 589
Past due 1-30 days	0.09%	48,495	11	1.51%	36,962	91
Past due 31-90 days	0.64%	17,029	1,298	2.54%	8,621	6
Past due 91-180 days	10.00%	8,527	945	5.67%	7,293	102
Past due more than 181 days	55.1% to 100%	\$ 14,518	\$ 7,797	43.86% to 100%	\$ 19,034	\$ 8,054
Total		\$ 244,007	\$ 10,584		\$ 214,329	\$ 8,842

(1) Corresponds to the consolidated expected loss rate of trade accounts receivable.

(2) The gross book value represents the maximum credit risk value of trade accounts receivable.

Currency balances composition of Trade and other accounts receivable are as follows:

	December 31, 2025	December 31, 2024
US Dollar	\$ 138,755	\$ 109,157
Colombian peso	69,767	58,169
Euro	25,664	21,352
Brazilian real	23,209	18,329
Other currencies	29,826	32,466
Total	\$ 287,221	\$ 239,473

The movements of the expected credit losses of the trade accounts receivable are as follows:

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	December 31, 2025	December 31, 2024
Opening balance	\$ 8,842	\$ 12,699
Write-offs	(9,765)	(11,664)
Impairment estimate	10,658	4,882
Foreign exchange movement and other	849	2,925
Total	\$ 10,584	\$ 8,842

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(9) Balances and transactions with related parties

December 31, 2025													December 31, 2024			
Company	Country	Nature of relationship with related parties	Nature of related parties transactions	Currency	Receivables	Payables	Revenue	Expenses	Receivables	Payables	Revenue	Expense				
Investment Vehicle 1 Limited (1)	Cayman Islands	Shareholder	Loans provided	USD	\$ 138,776	\$ —	\$ 12,599	\$ —	\$ 126,177	\$ —	\$ 13,451	\$ —				
			Payment on Behalf and Fees	USD	31,204	1,650	—	1,068	3,010	1,011	—	—				
Abra Group Limited	United Kingdom	Indirect Shareholder	Services received	USD	—	—	—	27,744	—	—	—	11,800				
			Payment on Behalf	USD	6,810	—	—	—	4,108	—	—	—				
Others	—	—	—	USD	1,709	703	1,206	1,652	—	174	—	4,584				
Total					\$ 178,499	\$ 2,353	\$ 13,805	\$ 30,464	\$ 133,295	\$ 1,185	\$ 13,451	\$ 16,384				

		December 31, 2025		December 31, 2024	
		Account Receivables	Account Payables	Account Receivables	Account Payables
Short term	\$	39,723	\$ 2,353	\$ 7,118	\$ 1,185
Long term (1)		138,776	—	126,177	—
Total related parties	\$	178,499	\$ 2,353	\$ 133,295	\$ 1,185

(1) Avianca Group International Limited entered into an intercompany agreement with Investment Vehicle 1 Limited in April 2022 for a total amount of \$138,776 (\$97,800 initial loan and \$40,976 for amortization and interest capitalization). This intercompany loan has a term of five years and bears interest at a rate of 9,5% per annum, which will be capitalized and added to the outstanding balance and paid at maturity.

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Notes to Consolidated Financial Statements**(In USD thousands, unless otherwise noted)****Key management personnel compensation**

The Group has defined for these purposes that key management personnel are the executives who define the Group policies and macro guidelines and who directly affect the results of the business, considering the levels of Chief Executives, Vice-Presidents and Senior Directors or its equivalents.

	December 31, 2025	December 31, 2024
Salaries and bonuses	\$ 37,931	\$ 39,610
Benefits and social charges	4,636	4,152
Share-based payments	4,132	—
Total	\$ 46,699	\$ 43,762

(10) Inventories

	December 31, 2025	December 31, 2024
Aeronautical stock (1)	\$ 107,489	\$ 101,040
Non-Aeronautical stock (2)	10,744	5,730
Total	\$ 118,233	\$ 106,770

(1) Correspond to spare parts and materials that will be used in maintenance services.

(2) Consumption of on-board services, uniforms and other indirect materials.

For the year ended December 31, 2025, inventories in the amount of \$87,963 (December 31, 2024: \$83,957) were recognized as maintenance expense.

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(11) Prepayments and Deposits and other assets

	Short Term		Long Term		Total	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Prepayments						
Insurance	\$ 6,799	\$ 5,610	\$ —	\$ —	\$ 6,799	\$ 5,610
Other	4,511	7,472	—	—	4,511	7,472
Total Prepayments	\$ 11,310	\$ 13,082	\$ —	\$ —	\$ 11,310	\$ 13,082
Deposits and other assets						
Deposits with lessors (1)	\$ 6,283	\$ 3,578	\$ 97,689	\$ 71,564	\$ 103,972	\$ 75,142
Guarantee deposits (2)	8,846	9,767	15,237	10,220	24,083	19,987
Travel agency commissions	11,294	12,469	—	—	11,294	12,469
Labor lawsuits (3)	—	—	24,395	22,098	24,395	22,098
Long-term investments (4)	—	—	8,527	7,831	8,527	7,831
Other assets (5)	16,485	14,889	24,130	19,920	40,615	34,809
Total Deposits and other assets	\$ 42,908	\$ 40,703	\$ 169,978	\$ 131,633	\$ 212,886	\$ 172,336

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

(2) Corresponds to amounts paid to suppliers in relation to airport facilities and other services.

(3) Corresponds to judicial deposits related to labor lawsuits, which remain with the judicial authorities until the resolution of the related disputes.

(4) Corresponds to a non-controlling participation in associates.

(5) As of December 31, 2025, the Group maintain \$40,250 of restricted cash, pledged from its checking and saving accounts to fulfill collateral requirements classified as deposits and other assets according to the definition of demand deposit - IAS 7 (December 31, 2024: \$34,592).

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Currency balances composition of Prepayments, deposits and other assets are as follows:

	December 31, 2025	December 31, 2024
US Dollar	\$ 138,750	\$ 103,012
Colombian pesos	40,400	34,979
Brazilian real	24,834	30,118
Euro	6,226	3,253
Other currencies	13,986	14,056
Total	\$ 224,196	\$ 185,418

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(12) Property and equipment

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

	Flight Equipment	Capitalized Maintenance	Rotable Spare parts	Predelivery payments	Administrative Property	Other equipment	Total
Cost							
January 1, 2024	\$ 171,811	\$ 240,539	\$ 222,343	\$ 106,986	\$ 114,995	\$ 125,059	\$ 981,733
Additions	132,928	212,874	48,375	61,421	124	6,804	462,526
Disposals	(3,409)	(1,814)	(13,248)	—	(345)	(15,886)	(34,702)
Devaluation	—	—	—	—	(4,606)	—	(4,606)
Transfers	(15,224)	(469)	(349)	14,783	—	1,259	—
Transfers from assets held for sale	10,000	—	—	—	—	—	10,000
Transfers to assets held for sale	(13,298)	—	(6,621)	—	—	(795)	(20,714)
Reclassification to right of use assets	(57,227)	—	(29,409)	—	—	(1,301)	(87,937)
Acquisition of Wamos (Note 2)	14,625	—	—	—	623	1,299	16,547
Foreign currency translation	—	—	—	—	249	91	340
December 31, 2024	\$ 240,206	\$ 451,130	\$ 221,091	\$ 183,190	\$ 111,040	\$ 116,530	\$ 1,323,187
Additions	105,533	385,080	35,691	137,857	—	13,466	677,627
Disposals	(12,958)	(6,733)	(9,207)	(43,372)	—	(11,527)	(83,797)
Revaluation	—	—	—	—	8,158	—	8,158
Transfers	8,503	(3,946)	(5,031)	—	(658)	1,132	—
Transfers to assets held for sale	(9,020)	—	—	—	—	—	(9,020)
Reclassification to right of use assets	(43,823)	—	(2,895)	(7,529)	—	—	(54,247)
Foreign currency translation	2,618	2,275	—	—	—	540	5,433
December 31, 2025	\$ 291,059	\$ 827,806	\$ 239,649	\$ 270,146	\$ 118,540	\$ 120,141	\$ 1,867,341

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	Flight Equipment	Capitalized Maintenance	Rotable Spare parts	Predelivery payments	Administrative Property	Other equipment	Total
Accumulated depreciation:							
January 1, 2024	\$ 15,358	\$ 5,991	\$ 16,127	\$ —	\$ 3,046	\$ 41,696	\$ 82,218
Additions	10,996	33,639	14,206	—	2,251	13,013	74,105
Disposals	(3,080)	(421)	(6,606)	—	(337)	(11,652)	(22,096)
Transfers	(259)	—	259	—	—	—	—
Transfers from assets held for sale	(11,209)	—	(4,600)	—	—	(752)	(16,561)
Reclassification to right of use assets	(5,354)	—	(625)	—	—	1,675	(4,304)
Foreign currency translation	1,336	—	—	—	44	(44)	1,336
December 31, 2024	\$ 7,788	\$ 39,209	\$ 18,761	\$ —	\$ 5,004	\$ 43,936	\$ 114,698
Additions	15,165	76,781	13,873	—	3,091	20,023	128,933
Disposals	(270)	(6,733)	(3,198)	—	—	(10,584)	(20,785)
Transfers	2,123	(1,869)	(250)	—	—	(4)	—
Transfers to assets held for sale	(2,272)	—	—	—	—	—	(2,272)
Reclassification to right of use assets	—	—	(57)	—	—	—	(57)
Foreign currency translation	444	9	(17)	—	265	180	881
December 31, 2025	\$ 22,978	\$ 107,397	\$ 29,112	\$ —	\$ 8,360	\$ 53,551	\$ 221,398
Net balances:							
December 31, 2024	\$ 232,418	\$ 411,921	\$ 202,330	\$ 183,190	\$ 106,036	\$ 72,594	\$ 1,208,489
December 31, 2025	\$ 268,081	\$ 720,409	\$ 210,537	\$ 270,146	\$ 110,180	\$ 66,590	\$ 1,645,943

Non- cash transactions

The Group had non-cash additions of property and equipment that were settled with accounts payables, capitalized interests and others of \$60,077 in 2025 (2024: \$39,338).

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Notes to Consolidated Financial Statements**(In USD thousands)****(13) Leases**

The Group leases certain aircraft under long-term lease agreements with an average duration of 8 years. Certain of the Group's aircraft operating leases contain renewal clauses that may be exercised based on the Group's business plan. Renewal clauses are considered in determining the lease term only when it is reasonably certain to be exercised.

Other leased assets include real estate, airport and terminal facilities, and general offices. Most other lease agreements include renewal options, and some include escalation clauses, but none include purchase options.

Under IFRS 16, A right-of-use asset is recognized when a contract gives control over an identified asset for a period of time in exchange for payment, and it's measured at the initial lease liability plus any direct or restoration costs minus incentives. Right of use assets includes provisions for costs associated to the return of aircrafts to the lessors.

The value of payments related to variable lease payment that were recognized as expenses during the period ended on December 31, 2025 was \$73,245 (December 31, 2024: \$70,610).

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

Right of use assets

	Aircraft and engines	Real estate	Total
Balance January 1, 2024	\$ 2,620,292	\$ 81,541	\$ 2,701,833
Additions (1)	487,565	11,596	499,161
Depreciation expense	(408,718)	(12,871)	(421,589)
Acquisition of Wamos	168,960	—	168,960
Foreign currency translation	(7,014)	—	(7,014)
Reclassification from Property and Equipment	83,633	—	83,633
Balance December 31, 2024	\$ 2,944,718	\$ 80,266	\$ 3,024,984
Additions (1)	271,464	8,436	279,900
Depreciation expense	(435,564)	(12,471)	(448,035)
Foreign currency translation	16,043	(2)	16,041
Reclassification from Property and Equipment	54,190	—	54,190
Balance As of December 31, 2025	\$ 2,850,851	\$ 76,229	\$ 2,927,080

(1) During the period starting on December 31, 2024, to December 31, 2025, additions of the right-of-use assets of \$279,900 includes: new leases of two A330F aircraft, three A320NEO aircraft, seven engines, as well as amendments, incremental rent leases, extensions, and other aeronautical and non-aeronautical lease agreements (December 31, 2024: \$499,161).

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Lease liabilities

	December 31, 2025	December 31, 2024
Current portion of lease liability		
Aircraft and engines	\$ 374,407	\$ 354,063
Real estate	7,787	7,652
	382,194	361,715
Long-term lease liability		
Aircraft and engines	2,393,787	2,384,069
Real estate	60,123	56,014
	2,453,910	2,440,083
Total lease liabilities	\$ 2,836,104	\$ 2,801,798

Non- cash transactions

The Group had non-cash additions to right-of-use assets of \$329,819 (2024: \$582,794) and lease liabilities of \$339,256 in 2025 (2024: \$404,442).

Changes in liabilities derived from lease financing activities

	Aircraft and engines rentals – lease liabilities	Other rentals – lease liabilities	Total lease liabilities from financing activities
Balance January 1, 2024	\$ 2,412,290	\$ 71,662	\$ 2,483,952
Additions (1)	394,477	9,965	404,442
Acquisition of Wamos	139,104	—	139,104
Financial cost	278,153	5,790	283,943
Payments	(250,733)	(11,208)	(261,941)
Interest Payments	(277,240)	(5,160)	(282,400)
FX and others	47,924	(7,383)	40,541
Foreign currency translation	(5,843)	—	(5,843)
Balance December 31, 2024	\$ 2,738,132	\$ 63,666	\$ 2,801,798
Additions (1)	330,286	8,970	339,256
Financial cost	295,738	3,914	299,652
Payments	(307,063)	(10,569)	(317,632)
Interest Payments	(295,738)	(3,914)	(299,652)
FX and others	1,654	5,844	7,498
Foreign currency translation	5,185	(1)	5,184
Balance As of December 31, 2025	\$ 2,768,194	\$ 67,910	\$ 2,836,104

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(1) The additions in aircraft and engine rentals for the period ended December 31, 2025, of \$339,256 include new leases of two A330F aircraft, three A320NEO aircraft, seven engines, as well as amendments, incremental leases, extensions, and other aeronautical and non-aeronautical lease agreements. (December 31, 2024: \$404,442).

Provisions for return conditions

For certain operating leases, the Group is obligated to return aircraft in a contractually predefined condition. The Group records a provision to account for the cost to be incurred to return said leased aircraft to the lessor in the agreed-upon condition, which is capitalized within the right-of-use asset and recognized as a liability for return condition.

Provisions for return conditions are as follows:

	December 31, 2025	December 31, 2024
Current	\$ 28,122	\$ 14,520
Non-current	588,315	606,123
Total	\$ 616,437	\$ 620,643

Changes in provisions for return conditions are as follows:

	December 31, 2025	December 31, 2024
Opening balance	\$ 620,643	\$ 502,479
Recognition and remeasurement of provisions (1)	(22,052)	128,940
Lease modifications (2)	—	(40,183)
Present value adjustment	19,706	27,967
Provision used	(586)	(8,098)
Acquisition of Wamos (Note 6)	—	10,013
Foreign currency translation	(1,274)	(475)
Total	\$ 616,437	\$ 620,643

(1) As of December 31, 2025 the return-conditions additions include provisions for new leases and contract extensions of \$49,771 (December 31 2024: \$23,205), as well as the remeasurement and updating of inputs resulting in a decrease of the provision (\$71,823) (December 31 2024: \$105,735).

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

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Notes to Consolidated Financial Statements**(In USD thousands)****Future payments**

The following future payments include interest accrued on lease liabilities for the periods presented. All amounts are gross and undiscounted.

	Aircraft and engines lease liabilities		Real estate lease liabilities	
	Principal & Interest		Principal & Interest	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
One	\$ 643,658	\$ 587,153	\$ 19,101	\$ 13,520
Two	649,227	580,399	10,375	12,931
Three	572,066	568,491	9,399	6,814
Four	521,702	507,002	8,551	5,911
Five	406,279	461,944	7,916	5,482
Six and later	1,193,056	1,350,862	38,199	36,217
	\$ 3,985,988	\$ 4,055,851	\$ 93,541	\$ 80,875

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Notes to Consolidated Financial Statements**(In USD thousands, unless otherwise noted)****(14) Intangible assets and goodwill**

	December 31, 2025	December 31, 2024
Trademarks	\$ 664,979	\$ 662,753
Customer Relationships	407,495	438,180
Routes	94,949	94,949
Software and Websites	73,075	78,822
Agreements (Code-share and Star Alliance)	43,267	50,569
Slots	9,506	9,506
Total intangible assets	\$ 1,293,271	\$ 1,334,779
Goodwill	1,616,217	1,598,210
Total	\$ 2,909,488	\$ 2,932,989

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The following provides detail on intangible assets and goodwill:

	Goodwill (1)	Routes	Customer Relationships	Agreements (Codeshare and Star Alliance)	Trademarks	Software and Websites	Slots	Total
Cost:								
January 1, 2024	\$1,524,638	\$ 106,792	\$ 485,218	\$ 73,025	\$ 644,141	\$ 157,259	\$ 9,506	\$ 3,000,579
Additions	—	—	—	—	—	22,200	—	22,200
Acquisition of Wamos	73,572	—	34,424	—	19,316	406	—	127,718
Foreign currency translation	—	—	—	—	(704)	164	—	(540)
December 31, 2024	\$1,598,210	\$ 106,792	\$ 519,642	\$ 73,025	\$ 662,753	\$ 180,029	\$ 9,506	\$ 3,149,957
Additions (1)	—	—	—	—	—	25,757	—	25,757
Foreign currency translation and others (2)	18,007	—	2,460	—	2,226	544	—	23,237
December 31, 2025	\$1,616,217	\$106,792	\$ 522,102	\$ 73,025	\$ 664,979	\$ 206,330	\$ 9,506	\$ 3,198,951
Accumulated Amortization:								
January 1, 2024	\$ —	\$ 11,843	\$ 54,063	\$ 15,154	\$ —	\$ 67,406	\$ —	\$ 148,466
Amortization of the period	—	—	27,399	7,302	—	33,801	—	68,502
December 31, 2024	\$ —	\$ 11,843	\$ 81,462	\$ 22,456	\$ —	\$ 101,207	\$ —	\$ 216,968
Amortization of the period	—	—	32,968	7,302	—	32,048	—	72,318
Foreign currency translation	—	—	177	—	—	—	—	177
December 31, 2025	\$ —	\$ 11,843	\$ 114,607	\$ 29,758	\$ —	\$ 133,255	\$ —	\$ 289,463
Carrying Amounts:								
December 31, 2024	\$1,598,210	\$94,949	\$ 438,180	\$ 50,569	\$ 662,753	\$ 78,822	\$ 9,506	\$ 2,932,989
December 31, 2025	\$1,616,217	\$94,949	\$ 407,495	\$ 43,267	\$ 664,979	\$ 73,075	\$ 9,506	\$ 2,909,488

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- (1) The difference between additions and acquisitions in the consolidated statement of cash flows corresponds to account payable and capitalized interest for \$1,446.
- (2) As of December 31, 2025, others classification includes \$10,793 related to the remeasurement of amounts associated with the acquisition of Wamos.

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Notes to Consolidated Financial Statements**(In USD thousands, unless otherwise noted)****Goodwill and intangible assets with indefinite useful life**

As of December 31, 2025 and 2024 the Group maintains the CGUs of Air Transportation and Wamos.

The CGU Air Transportation considers the transportation of passengers and cargo, both in the domestic markets of Chile, Peru, Argentina, Colombia, Ecuador and Brazil, as well as in a series of regional and international routes in America and Europe.

For the purpose of impairment testing, goodwill acquired through business combinations is allocated to the operating and reporting segments.

The carrying amount of goodwill and intangible assets with indefinite useful life allocated to Air Transportation and Wamos are as follows:

	December 31, 2025		December 31, 2024	
	Air Transportation	Wamos	Air Transportation	Wamos
Goodwill	1,524,639	91,578	1,524,639	73,571
Trademarks	644,141	20,838	644,141	18,612
Routes	94,949	—	94,949	—
Slots	9,506	—	9,506	—

As of December 31, 2025, the Group reassessed the identification of its CGUs to align with its actual internal organizational structure. As a result, Wamos was identified as a separate CGU and Loyalty was integrated into the Air Transportation CGU due to cash flow interdependence. This change reflects an updated assessment, and comparative information has been presented consistently.

As of December 31, 2025, and 2024, the Group did not identify potential goodwill, intangible assets or property and equipment with impairment losses.

Basis for calculating recoverable amount

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

In 2025 and 2024, value-in-use was calculated using a discounted cash flow model. Cash flow projections are based on the latest forecasted annual business plan, which is updated for CGU specific compounded annual growth (CAGR) assumptions for revenues and operating expenses as well as reflect current macroeconomic conditions. Macroeconomic assumptions are based on market data extracted from different world-class sources for both the expected jet fuel price and the expected foreign exchange rates, which have a direct impact on our cost projections, all costs are affected by inflation. Cash flows beyond the five-year period are projected to increase based on long-term growth rates. Cash flow projections are discounted using the CGU's weighted average cost of capital (WACC).

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

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

	December 31, 2025	
	Air Transportation	Wamos (*)
Period of projected cash flows (years)	5	5
Discount rate	13.70%	11.90%
Terminal growth rate	3.95%	3.95%

(*) The discount rate represents the WACC determined in euros, consistent with the currency of the underlying cash flows.

The result of the impairment test, which includes a sensitivity analysis of its main variables, showed that the recoverable amount exceeded the book value of the cash-generating unit, and therefore no impairment was identified.

(15) Debt

	December 31, 2025	December 31, 2024
Notes	35,996	—
Other debt	79,224	294,867
Total short term	\$ 115,220	\$ 294,867
Notes	2,080,286	1,702,433
Other debt	346,804	430,327
Total long Term	\$ 2,427,090	\$ 2,132,760
Total	\$ 2,542,310	\$ 2,427,627

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

	Covenants	Issuer	Issuer country	Currency	Nominal Value	Carrying Value		Issuance date	Maturity Date	Annual		Amortization
						2025	2024			Effective rate	Nominal rate	
Notes												
Tranche A-1 Senior Exchange Notes	*	Avianca Midco 2 PLC	United Kingdom	USD	\$ 1,109,157	\$1,105,436	\$ —	2025	2028	9.65%	9.00%	Maturity
Tranche A-1 Exit Notes		Avianca Midco 2 PLC	United Kingdom	USD	1,111,937	—	1,116,280	2021	2028	9.31%	9.00%	Maturity
Tranche A-1 Senior unsecured Notes	*	Avianca Midco 2 PLC	United Kingdom	USD	2,774	2,794	—	2025	2028	9.21%	9.00%	Maturity
Tranche A-2 Senior Exit Notes (2)		Avianca Midco 2 PLC	United Kingdom	USD	583,871	—	586,151	2021	2028	9.31%	9.00%	Maturity
New Notes Senior Notes	*	Avianca Midco 2 PLC	United Kingdom	USD	1,000,000	1,008,052	—	2025	2030	10.76%	9.63%	Maturity
Other Debt												
USAVFlow II Facility	*	Avianca S.A and Taca International S.A	Colombia El Salvador	USD	187,500	183,975	193,805	2024	2029	12.54%	10.47%	Monthly
Taca Credit Card Flow Limited	*	Taca International S.A	El Salvador	USD	96,139	92,685	117,930	2022	2030	9.01%	6.37%	Monthly
Predelivery Payments Financing (1)	*	Avianca S.A	Colombia	USD	107,059	102,839	48,486	2024	2028	6.78%	6.78%	Maturity
CAV Facility	*	Avianca S.A	Colombia	USD	25,800	25,800	—	2025	2030	8.25%	8.25%	Monthly
Term Loan (2)		Lifemiles	Bermudas	USD	365,000	—	358,669	2024	2026	11.81%	10.02%	Quarterly
Wamos Loans	*	Wamos Air S.A.U	Spain	USD	21,973	19,217	—	2025	2030	15.59%	8.53%	Quarterly
Other debts	*	Avianca S.A	El Salvador	USD	1,509	1,512	6,306	2023	2026	13.80%	13.00%	Monthly
Total						\$2,542,310	\$2,427,627					

(1) The nominal value for 2024 was \$48,437. During 2025, the Group increases its nominal value financing by \$58,622.

(2) These obligations were prepaid in full during 2025.

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(*) Existing Covenants as of December 31, 2025

The Group's debt facilities contain certain covenants limiting our ability to, among other things, make certain types of restricted payments and incur in debt beyond specific thresholds, grant liens, merge or consolidate with others, dispose of assets, enter into certain transactions with affiliates, engage in certain business activities or make certain investments, in all cases subject to customary baskets and exclusions. In terms of financial covenants, the Group is required to maintain a consolidated cash balance of no less than \$400 million and Wamos Air S.A. a leverage ratio below 2.02:1.00 and liquidity of no less than €10 million. Furthermore, certain debt facilities require the delivery of interim and annual financial statements within specific timeframes, as stipulated.

As of December 31, 2025, the Group complied with all financial and non-financial covenants associated with its debt contracts. Accordingly, the associated debt facilities are classified as non-current because the Group has an existing right to defer settlement of them for at least 12 months after the reporting period.

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

Bank guarantees

In order to comply with certain contractual or operating obligations, as of December 31, 2025, the Group has a total of \$26,262 (December 31, 2024: \$23,790), in guarantees issued through financial entities. These guarantees are issued in favor of third parties.

Abra's Pledge of IV1L Shares

As of the date of these consolidated financial statements, IV1L, AGIL's sole shareholder, is a subsidiary of Abra. Abra has pledged all of its ordinary shares of IV1L as collateral securing, Abra Senior Secured Notes due 2029, Abra Term Loan and ABRA senior secured exchangeable notes due 2028. Certain of the debt instruments and aircraft leases of IV1L's subsidiaries, including, among others, the Tranche A-1 Senior Exchange Notes, the Tranche A-1 Senior Unsecured Notes and the New Notes Senior Notes (together, the "Notes") issued by Avianca Midco 2 PLC ("Midco 2"), contain change of control provisions that may be triggered if the pledged IV1L shares were foreclosed upon by Abra's noteholders. In the event of a change of control (as defined in the indentures with respect to the Notes) that results in a specified decline in the ratings of the Notes, Midco 2 would be required to offer to repurchase the Notes at a price of 101% of the outstanding principal amount.

Debt Collaterals

Group obligations under short-term loans and long-term debt for \$2,542,310 (December 31, 2024: \$2,427,627) were secured by a substantial portion of our assets, including, (i) shares of substantially all of our operating subsidiaries, (ii) security over certain aircraft, engines and spare parts, (iii) a lien on the Avianca administrative building located in Bogotá, Colombia, (iv) security over slots at certain airports, (v) certain credit card and cargo receivables, (vi) cash and cash equivalents pledged in deposit or security accounts and (vii) certain intellectual property rights, and (viii) and all tangible and intangible assets of LifeMiles Ltd. and its subsidiaries and (ix) 100% of WAMOS Air S.A.'s shares, which are owned by WAV Air Holdings.

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Changes in liabilities derived from financing activities

	Current and non- current debt activities
Balance January 1, 2024	\$ 2,287,658
New Loans	300,000
Predelivery Payments Financing (1)	48,436
Financial cost	226,832
Payments (2)	(207,561)
Interest Payments	(216,037)
Transaction cost (3)	(11,466)
FX and others	(235)
Balance December 31, 2024	\$ 2,427,627
New Loans	1,048,732
Predelivery Payments Financing (1)	58,622
Financial cost	253,881
Payments (2)	(989,698)
Interest Payments	(204,880)
Transaction cost (3)	(54,318)
FX and others	(410)
Foreign currency translation	2,754
Balance December 31, 2025	\$ 2,542,310

(1) The Group received \$27,392 in cash related to Predelivery Payments Financing (December 31, 2024: \$48,436), and recognized an additional \$74,525 in PDPs financing during the period ended on December 31, 2025. Additionally, \$43,295 in payments were settled during 2025.

(2) On February 14, 2025, the Group made payments of \$365,000 and \$583,871 on behalf of LifeMiles Term Loan B and Midco 2 PLC: Tranche A-2 Senior Exit Notes, respectively, both in connection with the refinancing of existing obligations. Also, miscellaneous loans payments for \$40,827 and the difference between these payments and the payments in the consolidated statement of cash flows corresponds to non-cash payments in Miles (Loyalty program) for \$2,003. (December 31, 2024: \$2,003).

(3) The Group recognized transaction costs related to the new and refinanced loans for \$(54,318). These transaction costs are adjusted to the carrying amount of the debt and will be amortized under the effective interest method.

Future payments of long-term debt

The following future payments including interests in long-term debt for the period ended December 31, 2025. All amounts are gross and undiscounted and include contractual interest payments while excluding the impact of netting agreements

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	Principal & Interest	
	December 31, 2025	December 31, 2024
Within one year	\$ 308,774	\$ 477,918
Between 1 and 2	393,289	522,585
Between 2 and 3	1,410,943	226,306
Between 3 and 4	165,920	1,872,006
Between 4 and 5	1,078,751	39,024
Total	\$ 3,357,677	\$ 3,137,839

(16) Accounts payable and accrued expenses

	Current		Non-current		Total	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Accrued expenses						
Maintenance	\$ 44,521	\$ 10,545	\$ —	\$ —	\$ 44,521	\$ 10,545
Airport operation and rentals	40,756	13,753	—	—	40,756	13,753
Partner airlines redemption	28,470	30,931	—	—	28,470	30,931
Others	39,142	33,311	—	—	39,142	33,311
Total accrued expenses	\$ 152,889	\$ 88,540	\$ —	\$ —	\$ 152,889	\$ 88,540
Accounts payable						
Airport fees	\$ 237,939	\$ 213,667	\$ —	\$ —	\$ 237,939	\$ 213,667
Non-income taxes	153,541	170,202	—	—	153,541	170,202
Trade payables	112,973	136,679	—	—	112,973	136,679
Airport operation	78,559	70,118	—	—	78,559	70,118
Maintenance and technical purchases payables	45,350	100,234	—	—	45,350	100,234
Fuel	36,508	36,485	—	—	36,508	36,485
Others	30,271	26,784	—	3,926	30,271	30,710
Total accounts payable	\$ 695,141	\$ 754,169	\$ —	\$ 3,926	\$ 695,141	\$ 758,095

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The Group sponsors defined contribution plans which require contributions to be made to separately administered funds. The Group also provides defined benefit pension plans and post-employment health-care benefit plans. These benefits are primarily unfunded as of December 31, 2025, and 2024. The cost of providing benefits under the defined benefit pension plans and post-employment health-care benefit plans are determined separately for each plan using the projected unit credit cost method.

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

	December 31, 2025	December 31, 2024
Defined benefit plan	\$ 79,797	\$ 70,364
Other benefits (1)	113,237	108,594
Total	\$ 193,034	\$ 178,958
Current	136,128	112,399
Non-current	56,906	66,559
Total	\$ 193,034	\$ 178,958

(1) Corresponds mainly to employee benefits related to accrued payroll obligations and performance-based incentives.

Defined benefit plan - Pension plan

As of December 31, 2025, and 2024 there were 33 and 32 beneficiaries, respectively, of the pension plans for ground personnel which have not been commuted. Consequently, the Group estimates the pension liability of these beneficiaries through an actuarial calculation.

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

	December 31, 2025	December 31, 2024
Fair value of plan assets (1)	\$ (9,388)	\$ (244)
Present value of the obligation	89,185	70,608
Total	\$ 79,797	\$ 70,364

(1) The Group has recognized a reimbursement right associated with the Valorem ground personnel pension plan. Under this plan, there is a contractual reimbursement right with Valorem S.A. that covers all plan obligations.

Post-employment benefit - Health-care plans

The Group offers its employees' health-care plans which, generate post-employment benefits liabilities. The Group estimates the related health-care plan obligation for eligible beneficiaries through an actuarial calculation.

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Changes in Actuarial Valuation of Employee Benefits

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

	December 31, 2025		December 31, 2024	
	Defined benefit plan	Other benefits	Defined benefit plan	Other benefits
Net benefit expense - in wages, salaries and benefits				
Current cost of the service	\$ 811	\$ 6,438	\$ 2,844	\$ 1,812
Cost of interest on obligations for benefits, net	1,955	4,722	2,368	4,286
Subtotal	2,766	11,160	5,212	6,098
Asset plan interest income	(29)	—	(471)	—
Net benefit expense	\$ 2,737	\$ 11,160	\$ 4,741	\$ 6,098

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

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	December 31, 2025			December 31, 2024		
	Defined benefit obligations	Other benefits	Total	Defined benefit obligations	Other benefits	Total
Benefit obligations as of the beginning of the period	\$ 29,975	\$ 40,633	\$ 70,608	\$ 37,294	\$ 48,362	\$ 85,656
Cost of interest and cost of service	2,766	11,160	13,926	5,212	6,098	11,310
Employer-paid benefits	(1,607)	(5,983)	(7,590)	(4,712)	(7,176)	(11,888)
Actuarial losses arising from changes in financial assumptions	138	8,110	8,248	1,516	625	2,141
Actuarial gains and losses arising from changes in demographic assumptions	616	(6,254)	(5,638)	—	—	—
Gains arising from the liquidation of the plan	—	—	—	(296)	—	(296)
Reclassification to other benefits	(2,354)	2,354	—	—	—	—
Foreign currency translation	3,104	6,527	9,631	(2,419)	(7,276)	(9,695)
Integration with asset plan	—	—	—	(6,620)	—	(6,620)
Benefit obligations as of the ending of the period	\$ 32,638	\$ 56,547	\$ 89,185	\$ 29,975	\$ 40,633	\$ 70,608
Plan assets	(9,388)	—	(9,388)	(244)	—	(244)
Total employee benefits	\$ 23,250	\$ 56,547	\$ 79,797	\$ 29,731	\$ 40,633	\$ 70,364
Liabilities:						
Current	\$ 8,453	\$ 14,438	\$ 22,891	13,793	4,186	\$ 17,979
Non-current	14,797	42,109	56,906	15,938	36,447	52,385
Total	\$ 23,250	\$ 56,547	\$ 79,797	\$ 29,731	\$ 40,633	\$ 70,364

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

	December 31, 2025	December 31, 2024
Fair value of plan assets as of the beginning of the period	\$ 244	\$ 7,575
Interest income on plan assets	29	471
Return on plan assets higher than projected	8,714	328
Employee contributions	—	371
Benefits paid	—	(196)
Foreign currency translation	401	(1,685)
Integration with asset plan	—	(6,620)
Fair value of plan assets as of the ending of the period	\$ 9,388	\$ 244

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For the year ended December 31, 2025, actuarial Gain/(loss) of \$6,104 (December 31, 2024: \$(2,469)), were recognized in other comprehensive income.

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

	December 31, 2025	December 31, 2024
Others (Discount rate)	11.59%	10.27%
Pension Plan (Discount rate)	9.80%	9.52%
Long-term Price inflation rate	3.52%	4.13%

The average duration of the benefit plan obligation as of December 31, 2025, is 7,8 years.

Sensitivity analysis

The following table summarizes the potential increases (decreases) arising from changes in the assumptions used to measure the defined benefit obligations at the end of the period:

	December 31, 2025		December 31, 2024	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Discount rate	(2,360)	2,532	(2,205)	2,392
Salary increases rate	1,148	(1,102)	1,040	(949)
Mortality rate	29	(29)	21	(21)
Health-care cost	1,292	(1,191)	1,264	(1,146)

(18) Air traffic liability, frequent flyer and deferred revenue

The significant contract liabilities include air ticket that have not yet been flown, recorded as “Air traffic liability” and outstanding loyalty program miles that may be redeemed for future travel, recorded as “Frequent flyer deferred revenue”.

	December 31, 2025	December 31, 2024
Air traffic liability (1)	\$ 645,348	\$ 576,061
Deferred revenue	22,847	20,322
Frequent flyer deferred revenue (2)	201,009	186,822
Total current	\$ 869,204	\$ 783,205
Frequent flyer deferred revenue	\$ 282,468	\$ 246,081
Total non-current	\$ 282,468	\$ 246,081

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- (1) During the year ended December 31, 2025, the Group recognized \$336,863 (December 31, 2024: \$346,897) of passenger revenue related to tickets included in the air traffic liability balance at the beginning of such periods, the remaining balance corresponds to service operated by third parties.
- (2) During the year ended December 31, 2025, the Group recognized \$153,670 (December 31, 2024: \$144,303) of passenger and cargo and other revenue, included in the Frequent Flyer deferred revenue balance at the beginning of those periods.

The table below presents the changes in air traffic liability:

	December 31, 2025	December 31, 2024
Balances at the beginning of the period	\$ 576,061	\$ 656,290
Sales	4,130,331	3,827,828
Revenue recognition	(3,649,430)	(3,381,758)
Refunds	(148,327)	(154,540)
Expiration of tickets	(132,401)	(188,428)
Interline tickets (*)	(54,537)	(43,144)
Other	(76,349)	(140,187)
Balances at the end of the period	\$ 645,348	\$ 576,061

(*) Corresponds to Avianca tickets flown by other airlines.

(19) Equity and Other Comprehensive Income (“OCI”) Reserves

	December 31, 2025	December 31, 2024
Ordinary shares issued and paid	39,611,023	39,611,023
Share capital (in US thousands)	4	4

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

Ordinary shares

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

Dividends

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

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Other Comprehensive Income (“OCI”) Reserves

The movement of other comprehensive income from December 31, 2025, is as follows:

	Fair value reserves (1)	Actuarial gains and losses reserve (2)	Income tax on other comprehens ive income (3)	Revaluation and other reserves (4)	Currency translation effect (5)	Total	Non- controlling interest	Total OCI
January 1, 2024	\$ (1,230)	\$ (95,192)	\$ (438)	\$ 24,091	\$ 202	\$ (72,567)	\$ (2,210)	\$ (74,777)
Other results comprehensive (loss)	402	(2,581)	(789)	(11,393)	(3,477)	(17,838)	112	(17,726)
Reclassification of the net defined benefit Note 20	—	\$ 86,942	—	—	—	\$ 86,942	—	\$ 86,942
December 31, 2024	(828)	(10,831)	(1,227)	12,698	(3,275)	(3,463)	(2,098)	(5,561)
Other results comprehensive (loss)	425	6,278	(20,285)	17,687	(6,080)	(1,975)	(174)	(2,149)
December 31, 2025	\$ (403)	\$ (4,553)	\$ (21,512)	\$ 30,385	\$ (9,355)	\$ (5,438)	\$ (2,272)	\$ (7,710)

(1) Fair value reserves

The fair value reserve is comprised of the cumulative net change in the fair value through OCI financial assets.

(2) Actuarial gains and losses reserve

Comprised of actuarial gains or losses on defined benefit plans and post-retirement medical benefits recognized in other comprehensive income.

(3) Income tax on other comprehensive income

Whenever an item of other comprehensive income gives rise to a temporary difference, a deferred income tax asset or liability is recognized directly in other comprehensive income. Relates to income tax to actuarial gains and losses on defined benefit plans and property revaluation.

(4) Revaluation and other reserves

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

(5) Currency translation effect

Represents the effect of the translation from the functional currency.

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(20) Fair value measurements

At December 31, 2025 and 2024, the Group maintained financial instruments that should be recorded at fair value.

The Group has classified the fair value measurement using a hierarchy that reflects the level of information used in the assessment. This hierarchy consists of 3 levels (i) fair value based on quoted prices in active markets for identical assets or liabilities, (ii) fair value calculated through valuation methods based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) and (iii) fair value based on inputs for the asset or liability that are not based on observable market data.

The fair value of financial instruments traded in active markets, such as investments acquired for trading, is based on quoted market prices at the close of the period using the current price of the buyer. The fair value of assets and liabilities not traded in active markets (revalued administrative property and contingent consideration liability) is determined using valuation techniques that maximize use of available market information. Valuation techniques generally used by the Group are quoted market prices of similar instruments and / or estimating the present value of future cash flows using forward price curves of the market at period end.

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

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		Note	2025			2024		
Valuation technique	Fair value measurement using			Fair value measurement using				
	Quoted prices in active markets		Significant observable inputs	Significant unobservabl e inputs	Quoted prices in active markets	Significant observable inputs	Significant unobservabl e inputs	
	Level 1		Level 2	Level 3	Level 1	Level 2	Level 3	
Assets measured at fair value								
Assets held for sale	Market approach		—	2,211	—	—	3,546	—
Short-term investments	Income approach		—	9,233	—	—	52,184	—
Revalued administrative property	Market comparison approach	12	—	—	110,180	—	—	106,036
Liabilities measured at amortized cost								
Short–term borrowings and long–term debt	Income approach		—	2,590,460	—	—	2,376,773	—
Liabilities measured at fair value								
Contingent consideration liability	Income approach		—	—	13,857	—	—	9,100

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The following tables present qualitative information of significant unobservable inputs and sensitivity analysis of changes in hypothetical significant unobservable inputs to valuation model used in Level 3 fair value measurement as of December 31, 2025.

	Valuation technique	Significant unobservable input	Range (weighted average)	Sensitivity of the input to fair value
Contingent consideration liability	Income approach	Discount rate	8.33%	The higher the discount rate, the lower the fair value
Revalued administrative property	Market comparison approach	Monthly rental value per square meter (El Salvador)	\$ 21	The higher the monthly rental value per square meter, the higher the fair value.
		Square vara price (El Salvador)	\$ 615	The higher the square vara price, the higher the fair value.
		Monthly rental value per square meter (Colombia)	\$ 18.94	The higher the monthly rental value per square meter, the higher the fair value.
		Square meter price (Colombia)	\$ 3,157	The higher the square vara price, the higher the fair value.
		Square meter price (Costa Rica)	\$ 8.57	The higher the square vara price, the higher the fair value.
		Monthly rental value per square meter (Costa Rica)	\$ 42,370	The higher the monthly rental value per square meter, the higher the fair value.
		Appreciation of the Colombian peso against the US dollar.	14.79%	The higher appreciation of Colombian peso against US Dollar, the lower the fair value.

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The following tables present qualitative information of significant unobservable inputs and sensitivity of changes in hypothetical significant unobservable inputs to valuation model used in Level 3 fair value measurement as of December 31, 2024

	Valuation technique	Significant unobservable input	Range (weighted average)	Sensitivity of the input to fair value
Contingent consideration liability	Income approach	Discount rate	11.1%	The higher the discount rate, the lower the fair value
Revalued administrative property	Market approach	Monthly rental value per square meter (El Salvador)	\$ 21	The higher the monthly rental value per square meter, the higher the fair value.
		Square vara price (El Salvador)	\$ 615	The higher the square vara price, the higher the fair value.
		Monthly rental value per square meter (Colombia)	\$ 16.14	The higher the monthly rental value per square meter, the higher the fair value.
		Square meter price (Colombia)	\$ 2,472	The higher the square vara price, the higher the fair value.
		Square meter price (Costa Rica)	\$ 8.57	The higher the square vara price, the higher the fair value.
		Monthly rental value per square meter (Costa Rica)	\$ 42,370	The higher the monthly rental value per square meter, the higher the fair value.
		Depreciation of Colombian peso against US Dollar	(15.40%)	The higher depreciation of Colombian peso against US Dollar, the higher the fair value.

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	Contingent consideration liability
Opening balance at January 1, 2024	\$ —
Acquisition of Wamos (Note 2)	9,550
Effect of foreign exchange	(450)
Closing balance at December 31, 2024	\$ 9,100
Payments	(9,359)
Change in fair value during the period	13,159
Effect of foreign exchange	957
Closing balance at December 31, 2025	\$ 13,857

As of 31 December 2025, the performance conditions were met for both periods and the contingent consideration liability was remeasured, with a resulting fair value change of \$13,159 recognized in the consolidated statement of comprehensive income.

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(21) Income tax expense and other taxes

The composition of the current tax assets and liabilities is as follows::

	December 31, 2025	December 31, 2024
Current income tax – assets	\$ 124,330	\$ 160,333
Other current taxes		
Current VAT – assets	75,359	64,899
Other current taxes	55,062	29,219
Total other current taxes	130,421	94,118
Total current taxes – assets	\$ 254,751	\$ 254,451
Current income tax – liabilities	\$ (50,969)	\$ (28,375)
Others	(11,417)	(11,531)
Total Current income tax – liabilities	\$ (62,386)	\$ (39,906)

The main components of income tax expenditure for the years ending December 31, 2025, and 2024 are as follows:

	December 31, 2025	December 31, 2024
Current income tax:		
Current income tax expense	\$ (38,981)	\$ (11,043)
Prior years' income tax expense	(19,094)	(20,475)
	\$ (58,075)	\$ (31,518)
Deferred tax expense:		
Relating to origination and reversal of temporary differences	45,516	(7,110)
Income tax expense reported in the income statement	\$ (12,559)	\$ (38,628)

1. The variation in current and prior years' income tax expense is primarily attributable to: (i) the increase in income tax expense for Wamos Air; (ii) the impact of the minimum tax assessed on Colombian resident entities—Tampa Cargo, Regional Express, and Latin Logistics Colombia; (iii) the decrease in current income tax expense in Avianca Ecuador; and (iv) the recognition of provisions for litigation in Avianca Costa Rica, the Guatemala Branch, and Avianca Ecuador.
2. The variation in deferred tax is primarily attributable to the recognition of deferred tax benefits recorded in Other Comprehensive Income for Avianca Colombia, as well as the effect of updating deferred tax assets in Aerounión and Tampa Cargo.

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	December 31, 2025	December 31, 2024
Items that will not be reclassified to profit or loss:		
Revaluation of property and equipment	\$ (4,818)	\$ 5
Remeasurements of defined benefit liability (asset)	(15,467)	(794)
Income tax recorded directly in the Statements of Comprehensive Income (loss)	\$ (20,285)	\$ (789)

The amounts recognized in Other Comprehensive Income are primarily attributable to deferred tax purposes associated with the revaluation of property, plant, and equipment, as well as actuarial calculations related to Colombian entities.

Reconciliation of the tax effective rate

As of December 31, 2025, the Group reported an effective tax rate of 4,32%, compared with 23,16% for the year ended December 31, 2024. The difference between the effective tax rate and the statutory rate in 2025 is mainly driven by the utilization of tax loss carryforwards for which deferred tax assets had not been previously recognized in certain Abra Group companies, as well as the impact of other permanent items affecting income tax expense for the period.

In addition, the year-over-year variation in the effective tax rate reflects several factors, including: (i) the accounting effects resulting from the inclusion of the Wamos Group in the consolidated financial statements following the business combination completed in late 2024, and (ii) the recognition of litigation provisions during 2025, mainly related to Avianca Ecuador, S.A.; Taca International, S.A.; and Avianca Costa Rica, S.A.

The reconciliation between income tax expense and accounting profit, based on the Group's tax rate of 25% for 2025 (33% as of December 31, 2024), is primarily driven by special deductions and the impact of items recognized in Other Comprehensive Income (OCI) by Aerovías del Continente Americano, S.A. (Avianca).

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		December 31, 2025		December 31, 2024
Profit after tax from continuing operations		\$ 277,898		\$ 128,200
Income tax expense		12,559		38,628
Profit before tax from continuing operations		\$ 290,457		\$ 166,828
Tax using the company's domestic tax rate	25.00%	72,614	33.00%	55,053
Permanent differences	6.63%	19,249	31.26%	52,144
Foreign exchange	(6.49%)	(18,839)	15.37%	25,644
Prior years income tax expense - RTP	9.97%	28,949	15.11%	25,201
Territorial income Effects	(7.13%)	(20,704)	(6.92%)	(11,547)
Losses in non-taxable jurisdictions (a)	2.11%	6,127	9.19%	15,338
Unrecognized tax losses from prior periods utilized (b)	35.03%	101,757	10.29%	17,161
Deferred tax not recognized in the current year	(66.88%)	(194,257)	(79.47%)	(132,581)
Others (c)	(0.47%)	(1,376)	(2.30%)	(3,844)
Overseas tax rate	8.35%	24,250	(6.36%)	(10,609)
IFRS 3 Effects	(1.80%)	(5,211)	3.99%	6,668
	4.32%	\$ 12,559	23.16%	\$ 38,628

(a) Operating results generated in tax-exempt jurisdictions are not subject to income tax under local regulations, which affects the consolidated effective tax rate.

(b) As of the end of 2025, part of the previously unrecognized deferred tax assets were utilized through the offset of tax losses, primarily in Avianca Colombia.

(c) This primarily reflects currency translation differences resulting from the use of functional currencies other than the presentation currency, specifically with respect to non-monetary assets.

Change in deferred tax balances

The balances of deferred tax are the following:

	December 31, 2025	December 31, 2024
Deferred tax assets	\$ 70,652	\$ 56,643
Deferred tax liabilities	(138,361)	(147,146)
Net deferred tax assets / (liabilities)	\$ (67,709)	\$ (90,503)

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From January 1 to December 31, 2025

	Opening balance Assets/ (liabilities)	Charge to the income statement	Charge to other comprehensive income	Exchange Difference	Ending balance Assets/ (liabilities)
Intangible assets	\$ (147,146)	\$ 9,512	\$ —	\$ —	\$ (137,633)
Provisions – Foreign Exchange	11,143	11,265	(15,467)	—	6,941
Others	316	165	—	—	481
Properties, Plants and equipment/ right of use	5,348	18,884	(4,818)	—	19,414
Non-monetary items	443	10,934	—	(2,438)	8,939
Loss carry forwards	39,393	(5,244)	—	—	34,149
Total	\$ (90,503)	\$ 45,516	\$ (20,285)	\$ (2,438)	\$ (67,709)

From January 1 to December 31, 2024

	Opening balance Assets/ (liabilities)	Charge to the income statement	Charge to other comprehensive income	Business Combination and Others *	Exchange Difference	Ending balance Assets/ (liabilities)
Intangible assets	\$ (131,192)	\$ (7,053)	\$ —	\$ (8,900)	\$ —	\$ (147,146)
Provisions – Foreign Exchange	(18,601)	29,744	—	—	—	11,143
Others	(2,187)	2,503	—	—	—	316
Properties, Plants and equipment/ right of use	42,065	(28,989)	(789)	(7,058)	119	5,348
Non-monetary items	631	(188)	—	—	—	443
Loss carry forwards	18,683	(3,127)	—	23,837	—	39,393
Total	\$ (90,601)	\$ (7,110)	\$ (789)	\$ 7,879	\$ 119	\$ (90,503)

The variations are primarily attributable to: (i) the utilization and remeasurement of tax losses in Avianca Colombia and Aerounión; (ii) the recognition of deferred tax associated with Full IFRS adjustments in Wamos Air; (iii) the update of deferred tax arising from the business combination with Agil Group Limited; (iv) the effects of foreign exchange fluctuations in 2025 compared to 2024, particularly in the Colombian entities; and (v) as of year-end 2025, the effects arising from the translation of non-monetary assets and liabilities, which are included within each category of temporary differences.

Unrecognized deferred tax liability

During the year ended December 31, 2025, the Company did not recognize deferred tax liabilities related to temporary differences arising from investments in subsidiaries, with a tax base of \$(258,749) and a related

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deferred tax liability of \$38,812 for 2025, and a tax base of \$(144,409) with a deferred tax liability of \$21,661 for 2024. This treatment results from applying the exception provided in paragraph 39 of IAS 12, as the requirements of that standard are met, given that the Company has control over the reversal of these temporary differences and management considers it probable that they will not reverse in the medium term.

Unrecognized deferred tax assets

Deferred tax assets remain unrecognized for certain items, as the realization of future taxable profits is not considered probable.

:

	December 31, 2025		December 31, 2024	
	Gross amount	Deferred tax asset unrecognized	Gross amount	Deferred tax asset unrecognized
Deductible temporary differences	\$ 786,830	\$ 225,459	\$ 799,943	\$ 229,572
Tax losses	382,982	123,178	474,830	153,800
Total	\$ 1,169,812	\$ 348,637	\$ 1,274,773	\$ 383,372

Tax losses carried forward

Tax losses unrecognized were realized mainly by the subsidiaries in Colombia and the United Kingdom. Currently, tax losses in Colombia expire in 12 years (except for Avianca which has a special tax situation in which tax losses do not expire), and the UK does not have an expiration period.

Uncertainty over income tax treatments

Management maintains that tax provisions are adequate for all open tax years, based on its assessment of tax law interpretations and historical experience. No uncertain tax positions have been identified that could have a significant negative impact on the Group's financial position.

Global minimum top-up tax

In May 2023, the IASB issued International Tax Reform — Pillar Two Model Standards — Amendments to IAS 12. These amendments clarify the application of IAS 12 to income taxes arising from legislation enacted to implement the OECD Pillar Two model, including Qualified Complementary Minimum Taxes (QDMTTs). Based on assessments conducted by the Group during 2024 and 2025 in relation to Global Base Erosion (GloBE) standards, no additional tax liability was identified.

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The following table summarizes amounts Provisions for legal claims to the Group's for the periods presented

	December 31, 2025	December 31, 2024
Labor	\$ 12,884	\$ 14,163
Taxes	4,974	8,940
Consumer protection	9,710	7,010
Others	5,058	3,896
Total	\$ 32,626	\$ 34,009

Changes in litigation provisions during the year ended December 31, 2025, were as follows:

	December 31, 2025	December 31, 2024
Balances at the beginning of the period	\$ 34,009	\$ 31,125
Provisions constituted	12,362	20,914
Provisions reversed	(16,443)	(11,058)
Reclassifications to liabilities	—	(5,041)
Foreign exchange	4,616	(2,701)
Provisions used	(1,918)	(3,213)
Acquisition of Wamos (Note 2)	—	3,983
Balances at the end of the period	\$ 32,626	\$ 34,009

Certain processes are contingent liabilities and are therefore classified as potential future obligations and are subsequently categorized as possible. Based on plaintiffs' claims for the period ended December 31, 2025, these contingencies totaled \$126,338 (December 31, 2024: \$137,549).

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(23) Commitments

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

December 31, 2025

	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
Aircraft and engine purchase commitments	\$ 375,670	\$ 2,743,769	\$ 3,169,067	\$ 2,300,425	\$ 8,588,931

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

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

The Group has the option to purchase six (6) additional aircraft under its purchase agreements.

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Notes to Consolidated Financial Statements**(In USD thousands, unless otherwise noted)****(24) Net Revenue**

	For the Year ended December 31,			
	2025	%	2024	%
Revenue:				
Passenger	\$ 4,529,029	79%	\$ 4,342,064	84%
Cargo and other (1)	1,214,934	21%	824,036	16%
Total revenue	\$ 5,743,963	100%	\$ 5,166,100	100%

(1) This amount mainly includes ACMI revenues of \$323,831 as of December 31, 2025, related to services provided by Wamos (December 31, 2024: \$54,743).

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

	For the year ended December 31,	
	2025	2024
Colombia	\$ 2,333,548	\$ 2,146,085
North America (1)	1,159,672	1,077,158
Central America and the Caribbean	758,282	818,510
South America (excluding Colombia)	843,804	752,073
Europe	648,507	371,268
Other	150	1,006
Total operating revenue	\$ 5,743,963	\$ 5,166,100

(1) Include The United States for \$946,988 (December 31, 2024: \$823,292)

The Group allocates revenues by geographic area based primarily on the first flight's point of origin. Any individual country responsible for 10% or more of total operating revenue is presented separately.

Contract balances

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

	Notes	December 31, 2025	December 31, 2024
Net trade accounts receivable - impairment loss		\$ 233,423	\$ 205,487
Prepaid compensation to clients		5,208	4,186
Air traffic liability	18	645,348	576,061
Frequent flyer deferred revenue	18	483,477	432,903
Deferred revenue	18	22,847	20,322

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The Group's contract assets consist mainly of accounts receivable arising from an unconditional right to consideration for air transportation and related services already provided. Contract liabilities include Air Traffic Liability, Frequent Flyer deferred revenue, and Deferred revenue, representing advance payments for services not yet rendered and loyalty miles yet to be flown. These balances are recognized as revenue when the related performance obligations are satisfied in accordance with IFRS 15.

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(25) Subsequent Events

The Group has evaluated subsequent events occurring after December 31, 2025, through the date of authorization of the accompanying consolidated financial statements. The following non-adjusting events, considered qualitatively or quantitatively material to the Group, occurred after the reporting date:

- On January 28, 2026, Avianca Midco 2 PLC issued \$600,000 aggregate principal amount of its 9.5% Senior Secured Notes due 2031. The net proceeds were primarily used to redeem \$550,000 aggregate principal amount of its 9% Tranche A-1 Senior Exchange Notes due 2028 at 102.250% of par. In connection with the early redemption, the Group incurred redemption costs of approximately \$12,375 and recognized unamortized transaction costs of approximately \$5,970 in profit or loss as part of the extinguishment of debt. The 2031 Notes are subject to certain covenants, as disclosed in Note 15.
- On February 17, 2026, Avianca Midco 2 PLC issued an additional \$150,000 aggregate principal amount of its 9.5% Senior Secured Notes due 2031, under the same terms and conditions as the notes issued in January 28, 2026, for a total outstanding amount of US\$750,000. The net proceeds from this additional issuance were primarily used to redeem \$144,000 aggregate principal amount of its 9% Tranche A-1 Senior Exchange Notes due 2028 at 102.250% of par. In connection with this early redemption, the Group incurred redemption costs of approximately \$3,240 and recognized unamortized transaction costs of approximately \$1,563 in profit or loss as part of the extinguishment of debt.
- In February and March 2026, the Group entered into derivative financial instruments to hedge price volatility associated with forecast passenger jet fuel consumption for the period from March 1 to August 31, 2026. The hedging instruments consist of zero-cost collar structures (Asian call and put options) covering an important amount of the forecast passenger jet fuel requirements. These instruments establish a predefined price range that limits exposure to adverse jet fuel price movements while capping the benefit from favourable price changes. The derivatives were entered into at zero net premium and have been designated as cash flow hedges in accordance with IFRS 9.
- On March 1, 2026 (the “Closing Date”), upon completion of the conditions precedent, Aerovías del Continente Americano S.A. Avianca (“Avianca”), Tampa Cargo S.A.S. (“Tampa”) and Avianca Group International Limited (“AGIL”, and together with Avianca, Tampa and its affiliates, the “Avianca Group”), transferred the assets of their aircraft heavy maintenance facility in Rionegro (the “MRO Facility”) to Rionegro MRO Zona Franca, S.A.S. (“MRO-COL”) a subsidiary of MRO-COL MRO Holdings Inc (“MROH”), in accordance with the terms and conditions of the agreement executed on September 26, 2025 by Avianca, AGIL and Tampa, MROH and MRO-COL. As of the Closing Date Avianca, Tampa, and the airlines of the Avianca Group will continue to receive heavy maintenance services at the MRO Facility. The transaction involved, among other things: (i) a transfer of personnel (by virtue of an employer substitution – sustitución patronal); (ii) assignment of real estate leases and relevant contracts; and (iii) transfer of assignable regulatory permits.

This transaction is expected to generate significant strategic long-term benefits for the Avianca Group: (i) reduced complexity and increased focus on core business, (ii) outsourcing of a capital and resource intensive activity, and (iii) operational and cost efficiencies driving improved fleet availability and CASM (cost of airline seat mile). However, this transaction constitutes a strategic agreement with an initial term of ten years, which may be renewed for an additional ten years pursuant to the terms and conditions agreed by the parties. Upon termination of the agreement, whether by expiration of the term or otherwise, the operation of the MRO Facility shall revert to Avianca and be returned for continued operation by the Avianca Group.

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- On March 9, 2026, Wamos Air S.A.U. prepaid in full the outstanding loans under the Wamos Facility in the aggregate amount of \$22,331, including principal and accrued interest.
