



LATAM AIRLINES GROUP S.A. AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2021

CONTENTS

Consolidated Statement of Financial Position  
Consolidated Statement of Income by Function  
Consolidated Statement of Comprehensive Income  
Consolidated Statement of Changes in Equity  
Consolidated Statement of Cash Flows - Direct Method  
Notes to the Consolidated Financial Statements

|         |   |                                    |
|---------|---|------------------------------------|
| CLP     | - | CHILEAN PESO                       |
| ARS     | - | ARGENTINE PESO                     |
| US\$    | - | UNITED STATES DOLLAR               |
| THUS\$  | - | THOUSANDS OF UNITED STATES DOLLARS |
| MUS\$   | - | MILLIONS OF UNITED STATES DOLLARS  |
| COP     | - | COLOMBIAN PESO                     |
| BRL/R\$ | - | BRAZILIAN REAL                     |
| THR\$   | - | THOUSANDS OF BRAZILIAN REAL        |



REPORT OF INDEPENDENT AUDITORS  
(Free translation from the original in Spanish)

Santiago, March 8, 2022

To the Board of Directors and Shareholders  
Latam Airlines Group S.A.

We have audited the accompanying consolidated financial statements of Latam Airlines Group S.A. and subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2021 and 2020 and the consolidated statements of income by function, consolidated comprehensive income, consolidated changes in equity and consolidated cash flows – direct method for the years then ended, and the corresponding notes to the consolidated financial statements.

*Management's responsibility for the consolidated financial statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS). This responsibility includes the design, implementation and maintenance of a relevant internal control for the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Chilean Generally Accepted Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. As a consequence we do not express that kind of opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Santiago, March 8, 2022  
Latam Airlines Group S.A.  
2

*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects the financial position of Latam Airlines Group S.A. and subsidiaries as at December 31, 2021 and 2020, and the results of operations and cash flows for the years then ended in accordance with the International Financial Reporting Standards (IFRS).

*Emphasis of matter – Going Concern*

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, Latam Airlines Group S.A. and certain of its subsidiaries filed voluntary petitions for reorganization under Chapter 11 of the United States Bankruptcy Code and as a result, the satisfaction of the Company's liabilities and funding of ongoing operation are subject to uncertainty. The Company has stated that these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2 to the consolidated financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified as a result of this matter.

Contents of the Notes to the consolidated financial statements of LATAM Airlines Group S.A. and Subsidiaries.

| Notes  | Page |
|--|------|
| 1 - General information.....   | 1    |
| 2 - Summary of significant accounting policies.....  | 5    |
| 2.1. Basis of Preparation .....  | 5    |
| 2.2. Basis of Consolidation .....  | 19   |
| 2.3. Foreign currency transactions .....   | 20   |
| 2.4. Property, plant and equipment .....   | 22   |
| 2.5. Intangible assets other than goodwill .....   | 23   |
| 2.6. Goodwill.....   | 23   |
| 2.7. Borrowing costs .....   | 23   |
| 2.8. Losses for impairment of non-financial assets .....                                   | 24   |
| 2.9. Financial assets.....   | 24   |
| 2.10. Derivative financial instruments and hedging activities .....                        | 25   |
| 2.11. Inventories.....   | 26   |
| 2.12. Trade and other accounts receivable .....  | 26   |
| 2.13. Cash and cash equivalents.....   | 26   |
| 2.14. Capital .....  | 27   |
| 2.15. Trade and other accounts payables.....   | 27   |
| 2.16. Interest-bearing loans .....   | 27   |
| 2.17. Current and deferred taxes .....   | 27   |
| 2.18. Employee benefits.....   | 28   |
| 2.19. Provisions .....   | 28   |
| 2.20. Revenue recognition.....   | 28   |
| 2.21. Leases.....  | 30   |
| 2.22. Non-current assets (or disposal groups) classified as held for sale .....            | 32   |
| 2.23. Maintenance .....  | 32   |
| 2.24. Environmental costs .....  | 32   |
| 3 - Financial risk management .....  | 33   |
| 3.1. Financial risk factors .....  | 33   |
| 3.2. Capital risk management.....  | 48   |
| 3.3. Estimates of fair value.....  | 48   |
| 4 - Accounting estimates and judgments.....  | 51   |
| 5 - Segmental information.....   | 55   |
| 6 - Cash and cash equivalents .....  | 56   |
| 7 - Financial instruments.....   | 57   |
| 8 - Trade and other accounts receivable current, and non-current accounts receivable ..... | 59   |
| 9 - Accounts receivable from/payable to related entities .....                             | 61   |
| 10 - Inventories .....   | 62   |
| 11 - Other financial assets .....  | 63   |
| 12 - Other non-financial assets.....   | 64   |
| 13 - Non-current assets and disposal group classified as held for sale .....               | 66   |
| 14 - Investments in subsidiaries .....   | 67   |
| 15 - Intangible assets other than goodwill.....  | 70   |
| 16 - Goodwill .....  | 72   |
| 17 - Property, plant and equipment .....   | 73   |

|  |     |
|--|-----|
| 18 - Current and deferred tax .....                                  | 79  |
| 19 - Other financial liabilities.....                                | 83  |
| 20 - Trade and other accounts payables .....                         | 92  |
| 21 - Other provisions.....   | 94  |
| 22 - Other non financial liabilities.....                            | 96  |
| 23 - Employee benefits.....  | 97  |
| 24 - Accounts payable, non-current .....                             | 99  |
| 25 - Equity.....   | 99  |
| 26 - Revenue .....   | 102 |
| 27 - Costs and expenses by nature .....                              | 103 |
| 28 - Other income, by function .....                                 | 106 |
| 29 - Foreign currency and exchange rate differences.....             | 106 |
| 30 - Earnings/(loss) per share.....                                  | 114 |
| 31 - Contingencies.....  | 115 |
| 32 - Commitments.....  | 132 |
| 33 - Transactions with related parties .....                         | 135 |
| 34 - Share based payments.....                                       | 136 |
| 35 - Statement of cash flows .....                                   | 137 |
| 36 - The environment .....   | 139 |
| 37 - Events subsequent to the date of the financial statements ..... | 142 |

LATAM AIRLINES GROUP S.A. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

ASSETS

|  | Note   | As of<br>December 31,<br>2021<br>ThUS\$ | As of<br>December 31,<br>2020<br>ThUS\$ |
|--|--------|---|---|
| Cash and cash equivalents  |        |   |   |
| Cash and cash equivalents  | 6 - 7  | 1,046,835                               | 1,695,841                               |
| Other financial assets   | 7 - 11 | 101,138                                 | 50,250                                  |
| Other non-financial assets   | 12     | 108,368                                 | 155,892                                 |
| Trade and other accounts receivable  | 7 - 8  | 902,672                                 | 599,381                                 |
| Accounts receivable from related entities  | 7 - 9  | 724                                     | 158                                     |
| Inventories  | 10     | 287,337                                 | 323,574                                 |
| Current tax assets   | 18     | 41,264                                  | 42,320                                  |
|  |        | <u>2,488,338</u>                        | <u>2,867,416</u>                        |
| Total current assets other than non-current assets<br>(or disposal groups) classified as held for sale |        |   |   |
| Non-current assets (or disposal groups) classified as<br>held for sale                                 | 13     | <u>146,792</u>                          | <u>276,122</u>                          |
|  |        | <u>2,635,130</u>                        | <u>3,143,538</u>                        |
| Total current assets   |        |   |   |
| Non-current assets   |        |   |   |
| Other financial assets   | 7 - 11 | 15,622                                  | 33,140                                  |
| Other non-financial assets   | 12     | 125,432                                 | 126,782                                 |
| Accounts receivable  | 7 - 8  | 12,201                                  | 4,986                                   |
| Intangible assets other than goodwill  | 15     | 1,018,892                               | 1,046,559                               |
| Property, plant and equipment  | 17     | 9,489,867                               | 10,730,269                              |
| Deferred tax assets  | 18     | 15,290                                  | 564,816                                 |
|  |        | <u>10,677,304</u>                       | <u>12,506,552</u>                       |
| Total non-current assets   |        | <u>10,677,304</u>                       | <u>12,506,552</u>                       |
| Total assets   |        | <u><u>13,312,434</u></u>                | <u><u>15,650,090</u></u>                |

The accompanying Notes 1 to 37 form an integral part of these consolidated financial statements.

LATAM AIRLINES GROUP S.A. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

LIABILITIES AND EQUITY

| LIABILITIES                          | <u>Note</u> | As of<br>December 31,<br>2021<br>ThUS\$ | As of<br>December 31,<br>2020<br>ThUS\$ |
|--------------------------------------|-------------|---|---|
| Current liabilities                  |             |   |   |
| Other financial liabilities          | 7 - 19      | 4,453,451                               | 3,055,730                               |
| Trade and other accounts payables    | 7 - 20      | 4,860,153                               | 2,322,125                               |
| Accounts payable to related entities | 7 - 9       | 661,602                                 | 812                                     |
| Other provisions                     | 21          | 27,872                                  | 23,774                                  |
| Current tax liabilities              | 18          | 675                                     | 656                                     |
| Other non-financial liabilities      | 22          | <u>2,332,576</u>                        | <u>2,088,791</u>                        |
| Total current liabilities            |             | <u>12,336,329</u>                       | <u>7,491,888</u>                        |
| Non-current liabilities              |             |   |   |
| Other financial liabilities          | 7 - 19      | 5,948,702                               | 7,803,801                               |
| Accounts payable                     | 7 - 24      | 472,426                                 | 651,600                                 |
| Accounts payable to related entities | 7 - 9       | -                                       | 396,423                                 |
| Other provisions                     | 21          | 712,581                                 | 588,359                                 |
| Deferred tax liabilities             | 18          | 341,011                                 | 384,280                                 |
| Employee benefits                    | 23          | 56,233                                  | 74,116                                  |
| Other non-financial liabilities      | 22          | <u>512,056</u>                          | <u>702,008</u>                          |
| Total non-current liabilities        |             | <u>8,043,009</u>                        | <u>10,600,587</u>                       |
| Total liabilities                    |             | <u>20,379,338</u>                       | <u>18,092,475</u>                       |
| EQUITY                               |             |   |   |
| Share capital                        | 25          | 3,146,265                               | 3,146,265                               |
| Retained earnings/(losses)           | 25          | (8,841,106)                             | (4,193,615)                             |
| Treasury Shares                      | 25          | (178)                                   | (178)                                   |
| Other reserves                       |             | <u>(1,361,529)</u>                      | <u>(1,388,185)</u>                      |
| Parent's ownership interest          |             | (7,056,548)                             | (2,435,713)                             |
| Non-controlling interest             | 14          | <u>(10,356)</u>                         | <u>(6,672)</u>                          |
| Total equity                         |             | <u>(7,066,904)</u>                      | <u>(2,442,385)</u>                      |
| Total liabilities and equity         |             | <u>13,312,434</u>                       | <u>15,650,090</u>                       |

The accompanying Notes 1 to 37 form an integral part of these consolidated financial statements.

LATAM AIRLINES GROUP S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME BY FUNCTION

|   | <u>Note</u> | For the year ended |                    |
|---|-------------|--------------------|--------------------|
|   |             | December 31,       |                    |
|   |             | <u>2021</u>        | <u>2020</u>        |
|   |             | ThUS\$             | ThUS\$             |
| Revenue   | 26          | 4,884,015          | 3,923,667          |
| Cost of sales   | 27          | <u>(4,963,485)</u> | <u>(4,513,228)</u> |
| Gross margin  |             | <u>(79,470)</u>    | <u>(589,561)</u>   |
| Other income  | 28          | 227,331            | 411,002            |
| Distribution costs  | 27          | (291,820)          | (294,278)          |
| Administrative expenses                                   | 27          | (439,494)          | (499,512)          |
| Other expenses  | 27          | (535,824)          | (692,939)          |
| Restructuring activities expenses                         | 27          | (2,337,182)        | (990,009)          |
| Other gains/(losses)                                      | 27          | <u>30,674</u>      | <u>(1,874,789)</u> |
| Income (loss) from operation activities                   |             | <u>(3,425,785)</u> | <u>(4,530,086)</u> |
| Financial income  |             | 21,107             | 50,397             |
| Financial costs   | 27          | (805,544)          | (586,979)          |
| Foreign exchange gains/(losses)                           |             | 131,408            | (48,403)           |
| Result of indexation units                                |             | <u>(5,393)</u>     | <u>9,348</u>       |
| Income (loss) before taxes                                |             | (4,084,207)        | (5,105,723)        |
| Income tax expense / benefit                              | 18          | <u>(568,935)</u>   | <u>550,188</u>     |
| <b>NET INCOME (LOSS) FOR THE YEAR</b>                     |             | <u>(4,653,142)</u> | <u>(4,555,535)</u> |
| Income (loss) attributable to owners<br>of the parent     |             | (4,647,491)        | (4,545,887)        |
| Income (loss) attributable to<br>non-controlling interest | 14          | <u>(5,651)</u>     | <u>(9,648)</u>     |
| Net income (loss) for the year                            |             | <u>(4,653,142)</u> | <u>(4,555,535)</u> |
| <b>EARNINGS PER SHARE</b>                                 |             |                    |                    |
| Basic earnings (losses) per share (US\$)                  | 30          | (7.66397)          | (7.49642)          |
| Diluted earnings (losses) per share (US\$)                | 30          | (7.66397)          | (7.49642)          |

The accompanying Notes 1 to 37 form an integral part of these consolidated financial statements.



LATAM AIRLINES GROUP S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

|   | <u>Note</u> | For the year ended |                    |
|---|-------------|--------------------|--------------------|
|   |             | December 31,       |                    |
|   |             | <u>2021</u>        | <u>2020</u>        |
|   |             | ThUS\$             | ThUS\$             |
| NET INCOME (LOSS)   |             | (4,653,142)        | (4,555,535)        |
| Components of other comprehensive income that will not be reclassified to income before taxes               |             |                    |                    |
| Other comprehensive income, before taxes, gains by new measurements on defined benefit plans                | 25          | <u>10,018</u>      | <u>(3,968)</u>     |
| Total other comprehensive (loss) that will not be reclassified to income before taxes                       |             | <u>10,018</u>      | <u>(3,968)</u>     |
| Components of other comprehensive income that will be reclassified to income before taxes                   |             |                    |                    |
| Currency translation differences  |             |                    |                    |
| Gains (losses) on currency translation, before tax  |             | <u>20,008</u>      | <u>(894,394)</u>   |
| Other comprehensive loss, before taxes, currency translation differences                                    |             | <u>20,008</u>      | <u>(894,394)</u>   |
| Cash flow hedges  |             |                    |                    |
| Gains (losses) on cash flow hedges before taxes   | 19          | 38,870             | (105,280)          |
| Reclassification adjustment on cash flow hedges before tax  | 25          | <u>(16,641)</u>    | <u>(14,690)</u>    |
| Other comprehensive income (losses), before taxes, cash flow hedges   |             | <u>22,229</u>      | <u>(119,970)</u>   |
| Change in value of time value of options  |             |                    |                    |
| Gains (losses) on change in value of time value of options before tax                                       |             | (23,692)           | -                  |
| Reclassification adjustments on change in value of time value of options before tax                         |             | 6,509              | -                  |
| Other comprehensive income (losses), before taxes, changes in the time value of the options                 |             | <u>(17,183)</u>    | <u>-</u>           |
| Total other comprehensive (loss) that will be reclassified to income before taxes                           |             | <u>25,054</u>      | <u>(1,014,364)</u> |
| Other components of other comprehensive income (loss), before taxes   |             | 35,072             | (1,018,332)        |
| Income tax relating to other comprehensive income that will not be reclassified to income                   |             |                    |                    |
| Income tax relating to new measurements on defined benefit plans  | 18          | <u>(2,783)</u>     | 924                |
| Accumulate income tax relating to other comprehensive income (loss) that will not be reclassified to income |             | <u>(2,783)</u>     | 924                |
| Income tax relating to other comprehensive income (loss) that will be reclassified to income                |             |                    |                    |
| Income tax related to cash flow hedges in other comprehensive income (loss)                                 |             | <u>(58)</u>        | 959                |
| Income taxes related to components of other comprehensive loss will be reclassified to income               |             | <u>(58)</u>        | 959                |
| Total Other comprehensive (loss)  |             | <u>32,231</u>      | <u>(1,016,449)</u> |
| Total comprehensive income (loss)   |             | <u>(4,620,911)</u> | <u>(5,571,984)</u> |
| Comprehensive income (loss) attributable to owners of the parent  |             | (4,616,914)        | (5,566,991)        |
| Comprehensive income (loss) attributable to non-controlling interests                                       |             | <u>(3,997)</u>     | <u>(4,993)</u>     |
| TOTAL COMPREHENSIVE INCOME (LOSS)   |             | <u>(4,620,911)</u> | <u>(5,571,984)</u> |

The accompanying Notes 1 to 37 form an integral part of these consolidated financial statements.

**LATAM AIRLINES GROUP S.A. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

|   | Attributable to owners of the parent |                    |                                    |                                 |  |  |                                     |                            |                           |                               |                                   |                                 |                 |             |
|---|--------------------------------------|--------------------|------------------------------------|---------------------------------|--|--|-------------------------------------|----------------------------|---------------------------|-------------------------------|-----------------------------------|---------------------------------|-----------------|-------------|
|   | Change in other reserves             |                    |                                    |                                 |  |  |                                     |                            |                           |                               |                                   |                                 |                 |             |
|   | Share<br>capital                     | Treasury<br>shares | Currency<br>translation<br>reserve | Cash flow<br>hedging<br>reserve | Gains (Losses)<br>from changes<br>in the time<br>value of the<br>options | Actuarial gains<br>or losses on<br>defined benefit<br>plans<br>reserve | Shares based<br>payments<br>reserve | Other<br>sundry<br>reserve | Total<br>other<br>reserve | Retained<br>earnings/(losses) | Parent's<br>ownership<br>interest | Non-<br>controlling<br>interest | Total<br>equity |             |
| Note  | ThUS\$                               | ThUS\$             | ThUS\$                             | ThUS\$                          | ThUS\$   | ThUS\$   | ThUS\$                              | ThUS\$                     | ThUS\$                    | ThUS\$                        | ThUS\$                            | ThUS\$                          |                 |             |
| Equity as of January 1, 2021                                      |                                      | 3,146,265          | (178)                              | (3,790,513)                     | (60,941)   | -  | (25,985)                            | 37,235                     | 2,452,019                 | (1,388,185)                   | (4,193,615)                       | (2,435,713)                     | (6,672)         | (2,442,385) |
| Increase (decrease) by application<br>of new accounting standards | 2 - 25                               | -                  | -                                  | -                               | 380  | (380)  | -                                   | -                          | -                         | -                             | -                                 | -                               | -               | -           |
| Initial balance restated  |                                      | 3,146,265          | (178)                              | (3,790,513)                     | (60,561)   | (380)  | (25,985)                            | 37,235                     | 2,452,019                 | (1,388,185)                   | (4,193,615)                       | (2,435,713)                     | (6,672)         | (2,442,385) |
| Total increase (decrease) in equity                               |                                      |                    |                                    |                                 |  |  |                                     |                            |                           |                               |                                   |                                 |                 |             |
| Net income/(loss) for the year                                    | 25                                   | -                  | -                                  | -                               | -  | -  | -                                   | -                          | -                         | (4,647,491)                   | (4,647,491)                       | (5,651)                         | (4,653,142)     |             |
| Other comprehensive income  |                                      | -                  | -                                  | 18,354                          | 22,171   | (17,183)   | 7,235                               | -                          | -                         | 30,577                        | -                                 | 30,577                          | 1,654           | 32,231      |
| Total comprehensive income  |                                      | -                  | -                                  | 18,354                          | 22,171   | (17,183)   | 7,235                               | -                          | -                         | 30,577                        | (4,647,491)                       | (4,616,914)                     | (3,997)         | (4,620,911) |
| Transactions with shareholders                                    |                                      |                    |                                    |                                 |  |  |                                     |                            |                           |                               |                                   |                                 |                 |             |
| Increase (decrease) through<br>transfers and other changes, equ   | 25-34                                | -                  | -                                  | -                               | -  | -  | -                                   | -                          | (3,921)                   | (3,921)                       | -                                 | (3,921)                         | 313             | (3,608)     |
| Total transactions with shareholders                              |                                      | -                  | -                                  | -                               | -  | -  | -                                   | -                          | (3,921)                   | (3,921)                       | -                                 | (3,921)                         | 313             | (3,608)     |
| Closing balance as of   |                                      |                    |                                    |                                 |  |  |                                     |                            |                           |                               |                                   |                                 |                 |             |
| December 31, 2021   |                                      | 3,146,265          | (178)                              | (3,772,159)                     | (38,390)   | (17,563)   | (18,750)                            | 37,235                     | 2,448,098                 | (1,361,529)                   | (8,841,106)                       | (7,056,548)                     | (10,356)        | (7,066,904) |

The accompanying Notes 1 to 37 form an integral part of these consolidated financial statements.

LATAM AIRLINES GROUP S.A. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| Note                                | Attributable to owners of the parent |                    |                                    |                                 |  |                                     |                            |                           |                               |                                   |                                 |                 |
|-------------------------------------|--------------------------------------|--------------------|------------------------------------|---------------------------------|--|-------------------------------------|----------------------------|---------------------------|-------------------------------|-----------------------------------|---------------------------------|-----------------|
|                                     | Change in other reserves             |                    |                                    |                                 |  |                                     |                            |                           |                               |                                   |                                 |                 |
|                                     | Share<br>capital                     | Treasury<br>shares | Currency<br>translation<br>reserve | Cash flow<br>hedging<br>reserve | Actuarial gains<br>or losses on<br>defined benefit<br>plans<br>reserve | Shares based<br>payments<br>reserve | Other<br>sundry<br>reserve | Total<br>other<br>reserve | Retained<br>earnings/(losses) | Parent's<br>ownership<br>interest | Non-<br>controlling<br>interest | Total<br>equity |
| ThUS\$                              | ThUS\$                               | ThUS\$             | ThUS\$                             | ThUS\$                          | ThUS\$   | ThUS\$                              | ThUS\$                     | ThUS\$                    | ThUS\$                        | ThUS\$                            | ThUS\$                          |                 |
| Equity as of January 1, 2020        | 3,146,265                            | (178)              | (2,890,287)                        | 56,892                          | (22,940)   | 36,289                              | 2,452,469                  | (367,577)                 | 352,272                       | 3,130,782                         | (1,605)                         | 3,129,177       |
| Total increase (decrease) in equity |                                      |                    |                                    |                                 |  |                                     |                            |                           |                               |                                   |                                 |                 |
| Net income/(loss) for the year      | 25                                   | -                  | -                                  | -                               | -  | -                                   | -                          | -                         | (4,545,887)                   | (4,545,887)                       | (9,648)                         | (4,555,535)     |
| Other comprehensive income          |                                      | -                  | (900,226)                          | (117,833)                       | (3,045)  | -                                   | -                          | (1,021,104)               | -                             | (1,021,104)                       | 4,655                           | (1,016,449)     |
| Total comprehensive income          |                                      | -                  | (900,226)                          | (117,833)                       | (3,045)  | -                                   | -                          | (1,021,104)               | (4,545,887)                   | (5,566,991)                       | (4,993)                         | (5,571,984)     |
| Transactions with shareholders      |                                      |                    |                                    |                                 |  |                                     |                            |                           |                               |                                   |                                 |                 |
| Increase (decrease) through         |                                      |                    |                                    |                                 |  |                                     |                            |                           |                               |                                   |                                 |                 |
| transfers and other changes, equity | 25-34                                | -                  | -                                  | -                               | -  | 946                                 | (450)                      | 496                       | -                             | 496                               | (74)                            | 422             |
| Total transactions with shareholder |                                      | -                  | -                                  | -                               | -  | 946                                 | (450)                      | 496                       | -                             | 496                               | (74)                            | 422             |
| Closing balance as of               |                                      |                    |                                    |                                 |  |                                     |                            |                           |                               |                                   |                                 |                 |
| December 31, 2020                   | 3,146,265                            | (178)              | (3,790,513)                        | (60,941)                        | (25,985)   | 37,235                              | 2,452,019                  | (1,388,185)               | (4,193,615)                   | (2,435,713)                       | (6,672)                         | (2,442,385)     |

The accompanying Notes 1 to 37 form an integral part of these consolidated financial statements.

LATAM AIRLINES GROUP S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS - DIRECT METHOD

|   |             | For the year ended<br>December 31, |                  |
|---|-------------|------------------------------------|------------------|
|   | <u>Note</u> | <u>2021</u>                        | <u>2020</u>      |
|   |             | ThUS\$                             | ThUS\$           |
| Cash flows from operating activities  |             |                                    |                  |
| Cash collection from operating activities   |             |                                    |                  |
| Proceeds from sales of goods and services   |             | 5,359,778                          | 4,620,409        |
| Other cash receipts from operating activities   |             | 52,084                             | 51,900           |
| Payments for operating activities   |             |                                    |                  |
| Payments to suppliers for goods and services  |             | (4,401,485)                        | (3,817,339)      |
| Payments to and on behalf of employees  |             | (941,068)                          | (1,227,010)      |
| Other payments for operating activities   |             | (156,395)                          | (70,558)         |
| Income taxes (paid)   |             | (9,437)                            | (65,692)         |
| Other cash inflows (outflows)   | 35          | (87,576)                           | 13,593           |
| Net cash (outflow) inflow from operating activities   |             | <u>(184,099)</u>                   | <u>(494,697)</u> |
| Cash flows from investing activities  |             |                                    |                  |
| Cash flows from losses of control of subsidiaries or other businesses                             |             | 752                                | -                |
| Other cash receipts from sales of equity or debt instruments of other entities                    | 35          |                                    | 1,464,012        |
| Other payments to acquire equity or debt instruments of other entities                            |             | (208)                              | (1,140,940)      |
| Amounts raised from sale of property, plant and equipment   |             | 105,000                            | 75,566           |
| Purchases of property, plant and equipment  |             | (587,245)                          | (324,264)        |
| Purchases of intangible assets  |             | (88,518)                           | (75,433)         |
| Interest received   |             | 9,056                              | 36,859           |
| Other cash inflows (outflows)   | 35          | 18,475                             | (2,192)          |
| Net cash inflow (outflow) from investing activities   |             | <u>(542,653)</u>                   | <u>33,608</u>    |
| Cash flows from financing activities  | 35          |                                    |                  |
| Payments for changes in ownership interests in subsidiaries that do not result in loss of control |             | -                                  | (3,225)          |
| Amounts raised from long-term loans   |             | -                                  | 1,425,184        |
| Amounts raised from short-term loans  |             | 661,609                            | 560,296          |
| Loans from Related Entities   |             | 130,102                            | 373,125          |
| Loans repayments  |             | (463,048)                          | (793,712)        |
| Payments of lease liabilities   |             | (103,366)                          | (122,062)        |
| Dividends paid  |             | -                                  | (571)            |
| Interest paid   |             | (104,621)                          | (210,418)        |
| Other cash inflows (outflows)   | 35          | (11,034)                           | (107,788)        |
| Net cash inflow (outflow) from financing activities   |             | <u>109,642</u>                     | <u>1,120,829</u> |
| Net increase in cash and cash equivalents before effect of exchanges rate change                  |             | (617,110)                          | 659,740          |
| Effects of variation in the exchange rate on cash and cash equivalents                            |             | (31,896)                           | (36,478)         |
| Net increase (decrease) in cash and cash equivalents  |             | (649,006)                          | 623,262          |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR  | 6           | <u>1,695,841</u>                   | <u>1,072,579</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF YEAR  | 6           | <u>1,046,835</u>                   | <u>1,695,841</u> |

The accompanying Notes 1 to 37 form an integral part of these consolidated financial statements.

## LATAM AIRLINES GROUP S.A. AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2021 AND 2020

#### NOTE 1 - GENERAL INFORMATION

LATAM Airlines Group S.A. (the "Company") is an open stock company registered with the Commission for the Financial Market under No. 306, whose shares are listed in Chile on the Electronic Stock Exchange of Chile - Stock Exchange and the Santiago Stock Exchange. After Chapter 11 filing, the ADR program is no longer trading on NYSE. Since then Latam's ADR are trading in the United States of America on the OTC (Over-The-Counter) markets. LATAM Airlines Group S.A. and certain of its direct and indirect affiliates are currently subject to a reorganization process in the United States of America under Chapter 11 of Title 11 of the United States Code at the United States Bankruptcy Court for the Southern District of New York (the "Chapter 11 Proceedings").

Its main business is the air transport of passengers and cargo, both in the domestic markets of Chile, Peru, Colombia, Ecuador and Brazil, as well as in a series of regional and international routes in America, Europe and Oceania. These businesses are developed directly or by its subsidiaries in Ecuador, Peru, Brazil, Colombia, Argentine and Paraguay. In addition, the Company has subsidiaries that operate in the cargo business in Chile, Brazil and Colombia.

The Company is located in Chile, in the city of Santiago, on Avenida Américo Vespucio Sur No. 901, Renca commune.

As of December 31, 2021, the Company's statutory capital is represented by 606,407,693 ordinary shares without nominal value. All shares are subscribed and paid considering the capital reduction that occurred in full, after the legal period of three years to subscribe the balance of 466,382 outstanding shares, of the last capital increase approved in August of the year 2016.

The major shareholders of the Company are Delta Air Lines who owns 20% of the shares and the Cueto Group, which through the companies Costa Verde Aeronáutica S.A., Costa Verde Aeronáutica SpA, and Inv. Costa Verde Ltda y Cia at CPA., owns 16.39% of the shares issued by the Company.

As of December 31, 2021, the Company had a total of 4,828 shareholders in its registry. At that date, approximately 13.07% of the Company's property was in the form of ADRs.

For the year ended December 31, 2021, the Company had an average of 28,600 employees, ending this year with a total number of 29,114 people, distributed in 4,372 Administration employees, 14,784 in Operations, 6,708 Cabin Crew and 3,250 Command crew.

The main subsidiaries included in these consolidated financial statements are as follows:

a) Percentage ownership

| Tax No.      | Company                                     | Country<br>of origin | Functional<br>Currency | As December 31, 2021 |          |          | As December 31, 2020 |          |          |
|--------------|---|----------------------|------------------------|----------------------|----------|----------|----------------------|----------|----------|
|              |   |                      |                        | Direct               | Indirect | Total    | Direct               | Indirect | Total    |
|              |   |                      |                        | %                    | %        | %        | %                    | %        | %        |
| 96.969.680-0 | Lan Pax Group S.A. and Subsidiaries         | Chile                | US\$                   | 99.8361              | 0.1639   | 100.0000 | 99.8361              | 0.1639   | 100.0000 |
| Foreign      | Latam Airlines Perú S.A.                    | Peru                 | US\$                   | 23.6200              | 76.1900  | 99.8100  | 23.6200              | 76.1900  | 70.0000  |
| 93.383.000-4 | Lan Cargo S.A.                              | Chile                | US\$                   | 99.8940              | 0.0041   | 99.8981  | 99.8940              | 0.0041   | 99.8981  |
| Foreign      | Connecta Corporation                        | U.S.A.               | US\$                   | 0.0000               | 100.0000 | 100.0000 | 100.0000             | 0.0000   | 100.0000 |
| Foreign      | Prime Airport Services Inc. and Subsidiary  | U.S.A.               | US\$                   | 0.0000               | 100.0000 | 100.0000 | 99.9714              | 0.0286   | 100.0000 |
| 96.951.280-7 | Transporte Aéreo S.A.                       | Chile                | US\$                   | 0.0000               | 100.0000 | 100.0000 | 0.0000               | 100.0000 | 100.0000 |
| 96.631.520-2 | Fast Air Almacenes de Carga S.A.            | Chile                | CLP                    | 0.0000               | 100.0000 | 100.0000 | 99.8900              | 0.1100   | 100.0000 |
| Foreign      | Laser Cargo S.R.L.                          | Argentina            | ARS                    | 0.0000               | 100.0000 | 100.0000 | 96.2208              | 3.2208   | 100.0000 |
| Foreign      | Lan Cargo Overseas Limited and Subsidiaries | Bahamas              | US\$                   | 0.0000               | 100.0000 | 100.0000 | 99.9800              | 0.0200   | 100.0000 |
| 96.969.690-8 | Lan Cargo Inversiones S.A. and Subsidiary   | Chile                | US\$                   | 0.0000               | 100.0000 | 100.0000 | 99.0000              | 1.0000   | 100.0000 |
| 96.575.810-0 | Inversiones Lan S.A. and Subsidiaries       | Chile                | US\$                   | 99.9000              | 0.1000   | 100.0000 | 99.7100              | 0.2900   | 100.0000 |
| 96.847.880-K | Technical Training LATAM S.A.               | Chile                | CLP                    | 99.8300              | 0.1700   | 100.0000 | 99.8300              | 0.1700   | 100.0000 |
| Foreign      | Latam Finance Limited                       | Cayman Island        | US\$                   | 100.0000             | 0.0000   | 100.0000 | 100.0000             | 0.0000   | 100.0000 |
| Foreign      | Peuco Finance Limited                       | Cayman Island        | US\$                   | 100.0000             | 0.0000   | 100.0000 | 100.0000             | 0.0000   | 100.0000 |
| Foreign      | Profesional Airline Services INC.           | U.S.A.               | US\$                   | 100.0000             | 0.0000   | 100.0000 | 100.0000             | 0.0000   | 100.0000 |
| Foreign      | Jarletul S.A.                               | Uruguay              | US\$                   | 99.0000              | 1.0000   | 100.0000 | 99.0000              | 1.0000   | 100.0000 |
| Foreign      | LatamTravel S.R.L.                          | Bolivia              | US\$                   | 99.0000              | 1.0000   | 100.0000 | 99.0000              | 1.0000   | 100.0000 |
| 76.262.894-5 | Latam Travel Chile II S.A.                  | Chile                | US\$                   | 99.9900              | 0.0100   | 100.0000 | 99.9900              | 0.0100   | 100.0000 |
| Foreign      | TAM S.A. and Subsidiaries (*)               | Brazil               | BRL                    | 63.0901              | 36.9099  | 100.0000 | 63.0901              | 36.9099  | 100.0000 |

(\*) As of December 31, 2021, the indirect participation percentage on TAM S.A. and Subsidiaries is from Holdco I S.A., a company over which LATAM Airlines Group S.A. it has a 99.9983% share on economic rights and 51.04% of political rights. Its percentage arise as a result of the provisional measure No. 863 of the Brazilian government implemented in December 2018 that allows foreign capital to have up to 100% of the property.

## b) Financial Information

|              |   | Statement of financial position |             |            |                         |             |            | Net Income                      |             |
|--------------|---|---------------------------------|-------------|------------|-------------------------|-------------|------------|---------------------------------|-------------|
|              |   | As of December 31, 2021         |             |            | As of December 31, 2020 |             |            | For the year ended December 31, |             |
| Tax No.      | Company   | Assets                          | Liabilities | Equity     | Assets                  | Liabilities | Equity     | 2021                            | 2020        |
|              |   | ThUS\$                          | ThUS\$      | ThUS\$     | ThUS\$                  | ThUS\$      | ThUS\$     | Gain / (loss)                   | ThUS\$      |
| 96.969.680-0 | Lan Pax Group S.A. and Subsidiaries (*)         | 432,271                         | 1,648,715   | (1236,243) | 404,944                 | 1,624,944   | (1219,539) | (7,289)                         | (290,980)   |
| Foreign      | Latam Airlines Perú S.A.                        | 484,388                         | 417,067     | 67,321     | 661,721                 | 486,098     | 175,623    | (109,392)                       | (175,485)   |
| 93.383.000-4 | Lan Cargo S.A.                                  | 721,484                         | 537,180     | 184,304    | 749,789                 | 567,128     | 182,661    | 1,590                           | 10,936      |
| Foreign      | Connecta Corporation                            | 61,068                          | 19,312      | 41,756     | 57,922                  | 17,335      | 40,587     | 1,169                           | 500         |
| Foreign      | Prime Airport Services Inc. and Subsidiary (*)  | 24,654                          | 25,680      | (1,026)    | 25,050                  | 26,265      | (1,215)    | 190                             | (181)       |
| 96.951.280-7 | Transporte Aéreo S.A.                           | 471,094                         | 327,955     | 143,139    | 546,216                 | 347,714     | 198,502    | (56,135)                        | (39,032)    |
| 96.631.520-2 | Fast Air Almacenes de Carga S.A.                | 18,303                          | 10,948      | 7,355      | 20,132                  | 11,576      | 8,556      | 48                              | 500         |
| Foreign      | Laser Cargo S.R.L.                              | (5)                             | -           | (5)        | (6)                     | -           | (6)        | -                               | -           |
| Foreign      | Lan Cargo Overseas Limited and Subsidiaries (*) | 36,617                          | 14,669      | 21,940     | 218,435                 | 14,355      | 203,829    | (806)                           | (92,623)    |
| 96.969.690-8 | Lan Cargo Inversiones S.A. and Subsidiary (*)   | 202,402                         | 113,930     | 23,563     | 250,027                 | 86,691      | 130,823    | (54,961)                        | 1,452       |
| 96.575.810-0 | Inversiones Lan S.A. and Subsidiaries (*)       | 1,284                           | 45          | 1,239      | 1,394                   | 65          | 1,329      | (90)                            | 50          |
| 96.847.880-K | Technical Training LATAM S.A.                   | 2,004                           | 467         | 1,537      | 2,181                   | 625         | 1,556      | 181                             | 60          |
| Foreign      | Latam Finance Limited                           | 1,310,733                       | 1,688,821   | (378,088)  | 1,310,735               | 1,584,311   | (273,576)  | (104,512)                       | (105,100)   |
| Foreign      | Peuco Finance Limited                           | 1,307,721                       | 1,307,721   | -          | 1,307,721               | 1,307,721   | -          | -                               | -           |
| Foreign      | Profesional Airline Services INC.               | 61,659                          | 58,808      | 2,851      | 17,345                  | 14,772      | 2,573      | 278                             | 1,014       |
| Foreign      | Jarletul S.A.                                   | 24                              | 116         | (1,092)    | 34                      | 1,076       | (1,042)    | (50)                            | (332)       |
| Foreign      | Latam Travel S.R.L.                             | 64                              | 132         | (68)       | 1,061                   | 1,106       | (45)       | (23)                            | (33)        |
| 76.262.894-5 | Latam Travel Chile IIS.A.                       | 588                             | 1,457       | (869)      | 943                     | 1,841       | (898)      | 29                              | 392         |
| Foreign      | TAM S.A. and Subsidiaries (*)                   | 2,608,859                       | 3,257,148   | (648,289)  | 3,110,055               | 3,004,935   | 105,120    | (756,633)                       | (1,025,814) |

(\*) The Equity reported corresponds to Equity attributable to owners of the parent, it does not include Non-controlling interest.

In addition, special purpose entities have been consolidated: 1. Chercán Leasing Limited, intended to finance advance payments of aircraft; 2. Guanay Finance Limited, intended for the issue of a securitized bond with future credit card payments; 3. Private investment funds; 4. Vari Leasing Limited, Yamasa Sangyo Aircraft LA1 Kumiai, Yamasa Sangyo Aircraft LA2 Kumiai, LS-Aviation No.17 Co. Limited, LS-Aviation No.18 Co. Limited, LS-Aviation No.19 C.O. Limited, LS-Aviation No.20 C.O. Limited, LS-Aviation No.21 C.O. Limited, LS-Aviation No.22 C.O. Limited, LS-Aviation No.23 Co. Limited, and LS-Aviation No.24 Co. Limited, requirements for financing aircraft. These companies have been consolidated as required by IFRS 10.

All entities over which Latam has control have been included in the consolidation. The Company has analyzed the control criteria in accordance with the requirements of IFRS 10. For those subsidiaries that filed for bankruptcy under Chapter 11 (See note 2 to the consolidated financial statements), although in this reorganization process in certain cases decisions are subject to authorization by the Court, considering that the Company and various subsidiaries filed for bankruptcy before the same Court, and before the same judge, the Court generally views the consolidated entity as a single group and management considers that the Company continues to maintain control over its subsidiaries and therefore have considered appropriate to continue to consolidate these subsidiaries.

Changes occurred in the consolidation perimeter between January 1, 2020 and December 31, 2021, are detailed below:

(1) Incorporation or acquisition of companies

- On January 21, 2021, Transporte Aéreos del Mercosur S.A. purchased 2,392,166 preferred shares of Inversora Cordillera S.A. consequently, the shareholding composition of Inversora Cordillera S.A. is as follows: Lan Pax Group S.A. with 90.5% and Transporte Aéreos del Mercosur S.A. with 9.5%.
- On January 21, 2021, Transporte Aéreos del Mercosur S.A. purchased 53,376 preferred shares of Lan Argentina S.A. consequently, the shareholding composition of Lan Argentina S.A. is as follows: Inversora Cordillera S.A. with 95%, Lan Pax Group S.A. with 4% and Transporte Aéreos del Mercosur S.A. with 1%.
- On December 22, 2020, Línea Aérea Carguera de Colombia S.A. carries out a capital increase for 1,861,785 shares, consequently, its shareholding composition is as follows: LATAM Airlines Group S.A. with 4.57%, Fast Air S.A. with 1.53%, Inversiones Lan S.A. with 1.53%, Lan Pax Group S.A. with 1.53% and Lan Cargo Inversiones S.A. 81.31%.
- On December 22, 2020, Inversiones Aéreas S.A. carries out a capital increase for 9,504,335 shares, consequently its shareholding composition as follows: LATAM Airlines Group S.A. with 33.41%, Línea Aérea Carguera de Colombia S.A. with 66.43% and Mas Investment Limited with 0.16%.
- On December 22, 2020, Latam Airlines Perú S.A. carries out a capital increase for 12,312,020 shares, consequently its shareholding composition as follows: LATAM Airlines Group S.A. with 23.62% and Inversiones Aéreas S.A. with 76.19%.
- On December 16, 2020, Lan Pax Group S.A. carries out capital increase for 23,678 shares. However, the shareholding composition has not changed.
- On December 18, 2020, Latam Ecuador S.A. carries out a capital increase for 30,000,000 shares. However, the shareholding composition is not modified.
- On March 23, 2020, Transporte Aéreo S.A. carries out a capital increase for 109,662 shares which were acquired by Mas Investment Limited, consequently, the shareholding of Transporte Aéreo S.A. is as follows: Lan Cargo S.A. with 87.12567%, Inversiones Lan S.A. with 0.00012% and Mas Investment Limited with 12.87421%.



## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following describes the principal accounting policies adopted in the preparation of these consolidated financial statements.

### 2.1. Basis of Preparation

These consolidated financial statements of LATAM Airlines Group S.A. as of December 31, 2021 and 2020 and for the three years ended December 31, 2021 and have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board ("IASB") and with the interpretations issued by the interpretations committee of the International Financial Reporting Standards (IFRIC).

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

The preparation of the consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to use its judgment in applying the Company's accounting policies. Note 4 shows the areas that imply a greater degree of judgment or complexity or the areas where the assumptions and estimates are significant to the consolidated financial statements.

The consolidated financial statements have been prepared in accordance with the accounting policies used by the Company for the consolidated financial statements 2020, except for the standards and interpretations adopted as of January 1, 2021.

#### (a) Application of new standards for the year 2021:

##### (a.1.) Accounting pronouncements with implementation effective from January 1, 2021:

|  | Date of issue | Effective Date: |
|--|---------------|-----------------|
| (i) Standards and amendments   |               |                 |
| Amendment to IFRS 9: Financial instruments; IAS 39: Financial Instruments: Recognition and Measurement; IFRS 7: Financial Instruments: Disclosure; IFRS 4: Insurance contracts; and IFRS 16: Leases. | August 2020   | 01/01/2021      |

The application of these accounting pronouncements as of January 1, 2021, had no significant effect on the Company's consolidated financial statements.

##### (a.2.) Adoption of IFRS 9 Financial Instruments for hedge accounting:

On January 1, 2018, the effective adoption date of IFRS 9 Financial Instruments, the Company decided to continue applying IAS 39 Financial Instruments: Recognition and Measurement for hedge accounting. On January 1, 2021, the Company modified this accounting policy and adopted IFRS 9 in relation to hedge accounting, aligning the requirements for hedge accounting with the Company's risk management policies.

The Company has evaluated the hedge relationships in force as of December 31, 2020, and has determined that they meet the criteria for hedge accounting under IFRS 9 Financial Instruments as of January 1, 2021 and, consequently, the hedge continue.

The time value of the options used as hedging instruments, at December 31, 2020, will not continue to be designated as part of the hedging relationship, but its recognition will continue to be in Other Comprehensive Income until the forecast transaction occurs at which time it will be recycled in the income statement. As of December 31, 2020, the amount recognized in Equity corresponding to the temporal value of the options is ThUS \$ (380).

The hedge accounting requirements of IFRS 9 applied prospectively. The Company estimates that the application of this part of the standard will not have significant impact on consolidated financial statements.

The Company modified the documentation of the existing hedging relationships as of December 31, 2020 in accordance with the provisions of IFRS 9 Financial Instruments.

(b) Accounting pronouncements not in force for the financial years beginning on January 1, 2021:

|   | Date of issue  | Effective Date:   |
|---|----------------|---|
| (i) Standards and amendments  |                |   |
| Amendment to IAS 12: Income taxes.  | May 2021       | 01/01/2023  |
| Amendment to IFRS 16: Lease.  | March 2021     | 04/01/2021  |
| Amendment to IAS 8: Accounting policies, changes in accounting estimates and error.                               | February 2021  | 01/01/2023  |
| Amendment to IAS 1: Presentation of financial statements and IFRS practice statements 2                           | February 2021  | 01/01/2023  |
| Amendment to IFRS 4: Insurance contracts.   | June 2020      | 01/01/2023  |
| Amendment to IFRS 17: Insurance contracts.  | June 2020      | 01/01/2023  |
| Amendment to IFRS 3: Business combinations.   | May 2020       | 01/01/2022  |
| Amendment to IAS 37: Provisions, contingent liabilities and contingent assets.                                    | May 2020       | 01/01/2022  |
| Amendment to IAS 16: Property, plant and equipment.   | May 2020       | 01/01/2022  |
| Amendment to IAS 1: Presentation of financial statements.   | January 2020   | 01/01/2023  |
| IFRS 17: Insurance contracts  | May 2017       | 01/01/2023  |
| Initial Application of IFRS 17 and IFRS 9 — Comparative Information (Amendment to IFRS 17)                        | December 2021  | An entity that elects to apply the amendment applies it when it first applies IFRS 17 |
| Amendment to IFRS 10: Consolidated financial statements and IAS 28: Investments in associates and joint ventures. | September 2014 | Not determined  |

## (ii) Improvements

|  |          |            |
|--|----------|------------|
| Improvements to International Information Standards<br>Financial (2018-2020 cycle) IFRS 1: First-time adoption of<br>international financial reporting standards, IFRS 9:<br>Financial Instruments, illustrative examples accompanying<br>IFRS 16: Leases, IAS 41: Agriculture | May 2020 | 01/01/2022 |
|--|----------|------------|

The Company's management estimates that the adoption of the standards, amendments and interpretations described above will not have a significant impact on the Company's consolidated financial statements in the exercise of their first application.

## (c) Chapter 11 Filing and Going Concern

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As disclosed in the accompanying consolidated financial statements, the Company incurred a net loss attributable to owners of the parent of US\$ 4,642 million for the year ended December 31, 2021. As of that date, the Company has a negative working capital of US\$ 9,701 million and will require additional working capital during 2021 to support a sustainable business operation. As of December 31, 2021, the company has negative equity of US\$ 7,051 million, which corresponds to the attributable equity to the owners of the parent.

LATAM Group passenger traffic for the year ended December 31, 2021, increasing by 18% compared to the same period in 2020 (decreasing by 59,6% compared to the same exercise in 2019).

In December 2021, the group's revenues amounted to approximately 49% of revenues for the year ended December 31, 2019. At this time, the pace to meet the pre-COVID demand are uncertain and highly dependent on the evolution of the COVID-19 pandemic in the markets in which LATAM Group operates, therefore, management cannot make specific predictions as to this timing, but considers it reasonable to expect that the pace of the demand recovery will be different for each country.

On May 26, 2020 (the "Initial Petition Date"), LATAM Airlines Group S.A. and certain of its direct and indirect subsidiaries (collectively, the "Initial Debtors") filed voluntary petitions for reorganization (the "Initial Bankruptcy Filing") under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York. On July 7, 2020 (the "Piquero Petition Date"), Piquero Leasing Limited ("Piquero") also filed a petition for reorganization with the Bankruptcy Court (the "Piquero Bankruptcy Filing"). On July 9, 2020 (together with the Initial Petition Date and Piquero Petition Date, as applicable, the "Petition Date"), TAM S.A. and certain of its subsidiaries in Brazil (collectively, the "Subsequent Debtors" and, together with the Initial Debtors and Piquero, the "Debtors") also filed petitions for reorganization (together with the Initial Bankruptcy Filing and the Piquero Bankruptcy Filing, the "Bankruptcy Filing"), as a consequence of the prolonged effects of the COVID-19 Pandemic. The Bankruptcy Filing for each of the Debtors (each one, respectively, a "Petition Date") is being jointly administered under the caption "In re LATAM Airlines Group S.A. et al." Case Number 20-11254. The Debtors will continue to operate their businesses as "debtors-in-possession" under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Bankruptcy Court. On June 28, 2021, LATAM Airlines Perú withdrew its request for a preventive bankruptcy process previously filed

before the Indecopi of Peru, entity which approved said withdrawal by resolution without further comments.

The Bankruptcy Filing is intended to permit the Company to reorganize and improve liquidity, wind down unprofitable contracts and amend its capacity purchase agreements to enable sustainable profitability. The Company's goal is to develop and implement a plan of reorganization that meets the standards for confirmation under the Bankruptcy Code.

As part of their overall reorganization process, the Debtors also have sought and received relief in certain non-U.S. jurisdictions. On May 27, 2020, the Grand Court of the Cayman Islands granted the applications of certain of the Debtors for the appointment of provisional liquidators ("JPLs") pursuant to section 104(3) of the Companies Law (2020 Revision). On June 4, 2020, the 2nd Civil Court of Santiago, Chile issued an order recognizing the Chapter 11 proceeding with respect to the LATAM Airlines Group S.A., Lan Cargo S.A., Fast Air Almacenes de Carga S.A., Latam Travel Chile II S.A., Lan Cargo Inversiones S.A., Transporte Aéreo S.A., Inversiones Lan S.A., Lan Pax Group S.A. and Technical Training LATAM S.A. All remedies filed against the order have been rejected and the decision is, then, final. Finally, on June 12, 2020, the Superintendence of Companies of Colombia granted recognition to the Chapter 11 proceedings. On July 10, 2020, the Grand Court of the Cayman Islands granted the Debtors' application for the appointment of JPLs to Piquero Leasing Limited.

#### Operation and Implication of the Bankruptcy Filing

The Debtors continue to operate their businesses and manage their properties as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. As debtors-in-possession, the Debtors are authorized to engage in transactions within the ordinary course of business without prior authorization of the Bankruptcy Court. The protections afforded by the Bankruptcy Code allows the Debtors to operate their business without interruption, and the Bankruptcy Court has granted additional relief including, inter alia, the authority, but not the obligation, to (i) pay amounts owed under certain critical airline agreements; (ii) pay certain third-parties who hold liens or other possessory interests in the Debtors' property; (iii) pay employee wages and continue employee benefit programs; (iv) pay prepetition taxes and related fees; (v) continue insurance and surety bond programs; (vi) pay certain de minimis litigation judgements or settlements without prior approval of the Bankruptcy Court; (vii) pay fuel supplies; and (viii) pay certain foreign vendors and certain vendors deemed critical to the Debtors' operations.

As debtors-in-possession, the Debtors may use, sell, or lease property of their estates, subject to the Bankruptcy Court's approval if not otherwise in the ordinary course of business. On November 26, 2021, the Debtors filed a joint plan of reorganization (the "Plan") and the related disclosure statement (the "Disclosure Statement") with the Bankruptcy Court. As detailed in the Disclosure Statement, the Plan is supported by a restructuring support agreement executed among the Debtors, creditors holding more than 70% of the general unsecured claims asserted against LATAM Airline Group S.A., and holders of more than 50% of LATAM Airline Group S.A.'s existing equity. As of December 31, 2021, the Plan remains subject to approval by the Bankruptcy Court and could materially change the amounts and classifications in the consolidated financial statements, including the value, if any, of the Debtors' prepetition liabilities and securities. On December 17, 2021, December 20, 2021, January 24, 2022, January 27, 2022, and February 28, 2022, the Debtors filed a revised Plan and associated Disclosure Statement.

On November 1, 2021, the Bankruptcy Court entered an order extending the periods in which the Debtors have the exclusive right to file and solicit a plan of reorganization to November 26, 2021 and January 26, 2022 respectively. On November 26, 2021, the Debtors filed a motion to further extend such periods, solely with respect to the Subsequent Debtors, to January 7, 2022 and March 7, 2022 respectively. On December 15, 2021, the Creditors' Committee filed an objection to the Subsequent Debtors' motion. That same day, the Creditors' Committee also filed a motion seeking to terminate the Debtors' exclusivity periods. Certain other interested parties subsequently filed joinders to the Creditors' Committee's termination motion, while others filed statements opposing the termination motion. On February 14, 2022, the Bankruptcy Court entered an order approving the Subsequent Debtors' motion and denying the Creditors' Committee's motion.

#### Events Leading to the Chapter 11 Cases

Since the first quarter of 2020, the passenger air transportation business was affected worldwide by a significant decrease in international air traffic, due to the closure of international borders with the aim of protecting the population from the effects of COVID-19, an infectious disease caused by a new virus, declared a pandemic by the World Health Organization.

LATAM's preliminary assessment in the beginning of March 2020 indicated previous disease outbreaks have peaked after few months and recovered pre-outbreak levels in no more than 6 to 7 months, and the effect with scenery impacting mainly on Asia Pacific Airlines, indicating impact on Latin America of a marginal decrease of Revenue Per Kilometers forecast.

For the Company, the reduction in its operation began in the middle of March 2020 with the announcement of a 30% decrease in its operations and the suspension of the guidance for 2020 in line with protection measures and boarding restrictions implemented by local governments (March 16, 2020 for Peru, Colombia and Argentina, March 18, 2020 for Chile and March 27, 2020 for Brazil). On March 16, 2020, the Company announced an update of its projection to a progressive decrease in its operation up to 70%.

By March 29, 2020, COVID 19 had already generated an unprecedented shock on Airlines Industry, specifically on airlines passenger revenue. The situation has both broadened and deepened beyond the initial assessment.

In response to COVID 19, governments have been imposing much more severe border restrictions and airlines have been subsequently announcing sharp capacity cuts in response to a dramatic drop in travel demand. On April 2, 2020, the Company announced a decrease in its operation by 95%.

In order to protect liquidity, the Company has carried out financial transactions, such as the use of funds from the Revolving Credit Facility (Revolving Credit Facility) for US \$ 600 million, which have affected its financial assets and liabilities, especially the items of Cash and cash equivalents and other financial liability.

Among the initiatives that the Company studied and committed to protect liquidity were the following:

- (i) Reduction and postponement of the investment plan for different projects;
- (ii) Implementation of control measurements for payments to suppliers and purchases of new goods and services;

- (iii) Negotiation of the payment conditions with suppliers;
- (iv) Ticket refunds via travel vouchers and Frequent Flyer Program points and miles; all in all, the LATAM Group will continue to honor all current and future tickets, as well as travel vouchers, frequent flyer miles and benefits, and flexibility policies;
- (v) Temporary reduction of salaries, considering the legal framework of each country: as of the second quarter, the Company implemented a voluntary process to reduce salaries in force until December 31, 2020. Associated with the restructuring plan and in order to adapt to the new demand scenario, the company has designed a staff reduction plan in the different countries where it operates. The costs associated with the execution of this plan were recorded in income as Restructuring activities expenses. (See note 27d);
- (vi) Short-term debt and debt maturities renewal;
- (vii) Governmental loan request in different countries in which the company operates; and Reduction of non-essential fleet and non-fleet investments.

The Company, in consultation with its advisors, also evaluated a variety of potential restructuring options. In the opinion of the Board, the timings for a conventional bilateral process, the possibility that creditors may have decided to engage in collection actions, the impossibility of curing defaults and the need to implement a comprehensive restructuring of LATAM Airlines to which all its creditors and other interested parties must join, lead the Board to consider an in-court bankruptcy proceedings the best alternative. In addition, the Board noted that other benefits of an in-court bankruptcy proceeding, including the imposition of the Bankruptcy Code's "automatic stay," which protects the Company from efforts by creditors and other interested parties to take action in respect of pre-bankruptcy debt, but which, at the same time, allows it to continue operating with its main assets, suppliers, financial parties, regulators and employees, while structuring a binding reorganization to be financially viable in a post-pandemic scenario.

Due to the foregoing, and after consulting the administration and the legal and financial advisors of the Company, on May 26, 2020 the Board resolved unanimously that LATAM Airlines should initiate a reorganization process in the United States of America according to the rules established in the Bankruptcy Code by filing a voluntary petition for relief in accordance with the same.

Since the Chapter 11 filing, the Company secured up to US\$ 3.2 billion in a debtor-in-possession financing facility (the "DIP Facility"), as provided for in in the *Super-Priority Debtor-in-Possession Term Loan Agreement* (the "DIP Credit Agreement") (See Note 3.1 c)).

#### Plan of Reorganization

In order for the Company to emerge successfully from Chapter 11, the Company must obtain the Bankruptcy Court's approval of a plan of reorganization, which will enable the Company to transition from Chapter 11 into ordinary course operations outside of bankruptcy. A plan of reorganization determines the rights and satisfaction of claims of various creditors and parties-in-interest, and is subject to the ultimate outcome of negotiations and Bankruptcy Court decisions ongoing through the date on which the plan of reorganization is confirmed. Any proposed plan of reorganization will be subject to revision based upon discussions with the Company's creditors and other interested parties, and thereafter in response to interested parties' objections and the requirements of the Bankruptcy Code and Bankruptcy Court. There is no guarantee at this time that the Company will be able to obtain approval of the Plan from the Bankruptcy Court.

On November 26, 2021, the Company filed the Plan and associated Disclosure Statement. The Plan is accompanied by a Restructuring Support Agreement (the “RSA”) with the largest unsecured creditor group in the Chapter 11 Cases—holding of more than 70% of unsecured claims filed against LATAM Airlines Group S.A. and holders of approximately 48% of the US-law governed notes issued by LATAM Finance Ltd. due 2024 and 2026—as well as certain of the Company’s shareholders holding more than 50% of LATAM Airlines Group S.A.’s existing equity.

The Plan proposes the infusion of up to approximately \$8.19 billion through a mix of new equity, convertible notes, and debt, which will enable the Company to exit Chapter 11 with appropriate capitalization to effectuate its business plan. Upon emergence, the Company is expected to have total debt of approximately \$7.26 billion and liquidity of approximately \$2.67 billion. Specifically, the Plan outlines that:

- Upon confirmation of the Plan, the Company intends to launch an \$800 million common equity rights offering, open to all shareholders in accordance with their preemptive rights under applicable Chilean law, and fully backstopped by the parties participating in the RSA;
- Three distinct classes of convertible notes will be issued by the Company, all of which will be preemptively offered to shareholders. To the extent not subscribed by the Company’s shareholders during the respective preemptive rights period:
  - Convertible Notes Class A will be provided to certain general unsecured creditors of the Company in settlement of their allowed claims under the Plan;
  - Convertible Notes Class B will be subscribed and purchased by the shareholders parties to the RSA; and
  - Convertible Notes Class C will be provided to certain general unsecured creditors in exchange for a combination of new money to the Company and the settlement of their claims, subject to certain limitations and holdbacks by backstopping parties.
- The convertible notes belonging to the New Convertible Notes Classes B and C will be provided, totally or partially, in consideration of a new money contribution for the aggregate amount of approximately \$4.64 billion fully backstopped by the parties to the RSA; and
- LATAM will raise a \$500 million new revolving credit facility and approximately \$2.25 billion in total new money debt financing, consisting of either a new term loan or new notes. The general deadline to file objections to the Plan and Disclosure Statement was January 7, 2022, and such deadline was further extended to January 12, 2022 and January 14, 2022 for certain interested parties.

### Going Concern

These Consolidated Financial Statements have also been prepared on a going concern basis, which contemplates continuity of operations, realization of assets and satisfaction of liabilities in the ordinary course of business. Accordingly, the Consolidated Financial Statements do not include any adjustments relating to the recoverability of assets and classification of liabilities that might be necessary should the Debtors be unable to continue as a going concern.

As a result of the Chapter 11 proceedings, the satisfaction of the Company's liabilities and funding of ongoing operations are subject to material uncertainty as a product of the COVID-19 pandemic and the impossibility of knowing its duration at this date and, accordingly, a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. There is no assurance that the Company will be able to emerge successfully from Chapter 11. Additionally, there is no assurance that long-term funding would be available at rates and on terms and conditions that would be financially acceptable and viable to the Company in the long term. If the Company is unable to generate additional working capital or raise additional financing when needed, it may not be able to reinstate currently suspended operations as a result of the COVID-19 pandemic, which could adversely affect the value of the Company's common stock, or render it worthless. Additionally, in connection with the Chapter 11 Filing, material modifications could be made to the Company's fleet and capacity purchase agreements. These modifications could materially affect the Company's financial results going forward, and could result in future impairment charges.

### Chapter 11 Milestones

#### Notice to Creditors - Effect of the Automatic Stay

The Debtors have notified all known current or potential creditors that the Chapter 11 Cases were filed. Pursuant to the Bankruptcy Code and subject to certain limited exceptions, the filing of the Chapter 11 Cases gave rise to an automatic, worldwide injunction that precludes, among other things, any act to (i) obtain possession of property of or from the Debtors' estates, (ii) create, perfect, or enforce any lien against property of the Debtors' estates; (iii) exercise control over property of the Debtors' estate, wherever in the world that property may be located; and further enjoined or stayed (iv) and also ordered or suspended the commencement or continuation of any judicial, administrative, or other action or proceeding against the debtor that could have been commenced before the Petition Date or efforts to recover a claim against the Debtors that arose before the Petition Date. Vendors are being paid for goods furnished and services provided postpetition in the ordinary course of business.

On August 31, 2020 (the "First Stay Motion"), and December 30, 2020 (the "Second Stay Motion"), Corporación Nacional de Consumidores y Usuarios de Chile ("CONADECUS") filed two motions in the Bankruptcy Court seeking relief from the automatic stay in order to prosecute certain actions against LATAM that are currently pending before the courts of Chile. LATAM filed a brief in opposition to the First Stay Motion, and on December 16, 2020, the Bankruptcy Court heard oral arguments on the First Stay Motion. At that hearing, the Bankruptcy Court granted the First Stay Motion for the limited purpose of allowing CONADECUS to further prosecute its pending appeal before the courts of Chile. On February 9, 2021, the Bankruptcy Court granted the Second Stay Motion on the same narrow grounds as the First Stay Motion. The Bankruptcy Court's decisions on the First Stay Motion and Second Stay Motion did not affect the underlying



proceedings in Chile beyond allowing CONADECUS to continue its pending appeals (See Note 31 I 2 for any updates this proceedings).

#### Appointment of the Creditors' Committee

On June 5, 2020, the United States Trustee for Region 2 appointed an official committee of unsecured creditors (the "Creditors' Committee") in the Initial Chapter 11 Cases. The United States Trustee has not solicited additional members for the Creditors' Committee as a result of TAM S.A. or any of its applicable subsidiaries joining the Bankruptcy Filing. Since the formation of the Creditors' Committee, three Creditors' Committee's members - Compañía de Seguros de Vida Consorcio Nacional de Seguros S.A., AerCap Holdings N.V., and Aircastle Limited - have resigned from the Creditors' Committee. The Office of the United States Trustee has not appointed replacements for these members. No trustee or examiner has been appointed in any of these Chapter 11 Cases. No other official committee have been solicited or appointed.

#### Assumption, Amendment & Rejection of Executory Contracts & Leases

Pursuant to the Bankruptcy Code and the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), the Debtors are authorized to assume, assign or reject certain executory contracts and unexpired leases. Absent certain exceptions, the Debtors' rejection of an executory contract or an unexpired lease is generally treated as prepetition breach, which entitles the contract counterparty to file a general unsecured claim against the Debtors and simultaneously relieves the Debtors from their future obligations under the contract or lease. Further, the Debtors' assumption of an executory contract or unexpired lease would generally require the Debtors to satisfy certain prepetition amounts due and owing under such contract or lease.

On June 28, 2020, the Bankruptcy Court authorized the Debtors to establish procedures for the rejection of certain executory contracts and unexpired leases. In accordance with these rejection procedures, the Bankruptcy Code and the Bankruptcy Rules the Debtors have or will reject certain contracts and leases (see notes 17, 19 and 27). Relatedly, the Bankruptcy Court approved the Debtors' request to extend the date by which the Debtors may assume or reject unexpired non-residential, real property leases until December 22, 2020. Following consent of certain lessors to further extend the deadline in order to finalize productive negotiations, the Bankruptcy Court granted the Debtors' motions to assume multiple airport leases at Miami-Dade, LAX and JFK related to the Debtors' passenger and cargo businesses.

The Debtors have also assumed a number of important agreements. For example, on June 1, 2021, the Bankruptcy Court approved the assumption and ratification of certain purchase agreements, as amended, with The Boeing Company. In addition, on July 1, 2021, the Court approved the Debtors' assumption of the Export Credit Agency-backed fleets, which comprises 65 total aircraft. On December 15, 2021, the Debtors filed a motion for an order approving streamlined procedures for the assumption of executory contracts and unexpired leases. At the December 29, 2021 hearing, the Bankruptcy Court granted the Debtors' motion.

Further, the Debtors have filed or will file motions to reject certain aircraft and engine leases:

| Bankruptcy Court approval date: | Asset rejected:  |
|---------------------------------|--|
| June 8, 2020                    | (i) 1 Boeing 767   |
| June 24, 2020                   | (i) 16 Airbus A320-family aircraft; (ii) 2 Airbus A350 aircraft; and (iii) 4 Boeing 787-9                |
| June 28, 2020                   | (i) 2 Engine model V2527-A5; and (ii) 2 Engine model CFM56-5B4/3   |
| July 29, 2020                   | (i) 1 Engine model CFM56-5B3/3   |
| August 19, 2020                 | (i) 1 Boeing 767   |
| October 26, 2020                | (i) 3 Airbus A320-family aircraft  |
| October 28, 2020                | (i) 1 Airbus A319  |
| November 5, 2020                | (i) 1 Airbus A320-family aircraft  |
| January 29, 2021                | (i) 2 Airbus A320-family aircraft  |
| April 23, 2021                  | (i) 1 Airbus A350-941 aircraft   |
| May 14, 2021                    | (i) 6 Airbus A350 aircraft   |
| June 17, 2021                   | (i) 1 Airbus A350-941 aircraft   |
| June 24, 2021                   | (i) 3 Airbus A350-941 aircraft   |
| November 3, 2021                | (i) 1 Rolls-Royce Trent XWB-84K engine; and<br>(ii) 1 Rolls-Royce International Aero Engine AG V2527M-A5 |

As of December 31, 2021, and as a result of these contract rejections, obligations with the lenders and lessors were extinguished and the Company lost control over the related assets resulting in the derecognition of the assets and the liabilities associated with these aircraft. See note 17, 19 and 27. All accounting effects were recorded as Restructuring activities expenses during the year ending December 31, 2020 and 2021 as Restructuring activities expenses.

The Debtors also have filed or will file motions to enter into certain new aircraft lease agreements, including:

| Bankruptcy Court Approval Date: | MSN Number /Counterparty  |
|---------------------------------|---|
| March 8, 2021                   | Vermillion Aviation (nine) Limited, Aircraft MSNs 4860 and 4827   |
| April 12, 2021                  | Wilmington Trust Company, Solely in its Capacity as Trustee, Aircraft MSNs 6698, 6780, 6797, 6798, 6894, 6895, 6899, 6949, 7005, 7036, 7081 |
| May 30, 2021                    | UMB Bank N.A., Solely in its Capacity as Trustee Aircraft MSNs 38459, 38478, 38479, 38461   |
| August 31, 2021                 | (i) Avolon Aerospace Leasing Limited or its Affiliates, MSNs 38891, 38893, 38895<br>(ii) Sky Aero Management Ltd.                           |

In addition, the Debtors also have filed or will file motions to enter into certain aircraft lease amendment agreement which have the effect of, among other things, reducing the Debtors' rental payment obligations and extension on the lease term. Certain amendments also involved updates to related financing arrangements. These amendments include:

| Bankruptcy Court Approval Date: | Amended Lease Agreement/Counterparty  |
|---------------------------------|---|
| December 31, 2020               | Vermillion Aviation (two) Limited   |
| April 14, 2021                  | (1) Bank of Utah<br>(2) AWAS 5234 Trust<br>(3) Sapucaia Leasing Limited, PK Airfinance US, LLC and PK Air 1 LP  |
| April 15, 2021                  | Aviator IV 3058, Limited  |
| April 27, 2021                  | Bank of America Leasing Ireland Co.,  |
| May 4, 2021                     | (1) NBB Grosbeak Co., Ltd, NBB Cuckoo Co., Ltd., NBB-6658 Lease Partnership, NBB-6670 Lease Partnership and NBB Redstart Co. Ltd.<br>(2) Sky High XXIV Leasing Company Limited and Sky High XXV Leasing Company Limited<br>(3) SMBC Aviation Capital Limited  |
| May 5, 2021                     | (1) JSA International US Holdings LLC and Wells Fargo Trust Company N.A.<br>(2) Orix Aviation Systems Limited   |
| May 27, 2021                    | (1) Shenton Aircraft Leasing 3 (Ireland) Limited.<br>(2) Chishima Real Estate Company, Limited and PAAL Aquila Company Limited  |
| May 28, 2021                    | MAF Aviation 1 Designated Activity Company  |
| May 30, 2021                    | (1) IC Airlease One Limited<br>(2) UMB Bank, National Association, Macquarie Aerospace Finance 5125-2 Trust and Macquarie Aerospace Finance 5178 Limited<br>(3) Wilmington Trust SP Services (Dublin) Limited<br>(4) AerCap Holdings N.V.<br>(5) Banc of America Leasing Ireland Co.<br>(6) Castlelake L.P. |
| July 1, 2021                    | EX-IM Fleet   |
| July 8, 2021                    | Greylag Goose Leasing 38887 Designated Activity Company   |
| July 15, 2021                   | (1) ECAF I 40589 DAC<br>(2) Wells Fargo Company, National Associates, as Owner Trustee<br>(3) Orix Aviation Systems Limited<br>(4) Wells Fargo Trust Company, N.A.  |

- |                 |   |
|-----------------|---|
| July 20, 2021   | (1) Avolon AOE 62 Limited<br>(2) Avolon Aerospace (Ireland) AOE 99 Limited, Avolon Aerospace (Ireland) AOE 100 Limited, Avolon Aerospace (Ireland) AOE 101 Limited, Avolon Aerospace (Ireland) AOE 102 Limited, Avolon Aerospace (Ireland) AOE 103 Limited, Avolon Aerospace AOE 130 Limited, Avolon Aerospace AOE 134 Limited  |
| July 27, 2021   | (1) Merlin Aviation Leasing (Ireland) 18 Limited<br>(2) JSA International U.S. Holdings, LLC  |
| August 30, 2021 | (1) Yamasa Sangyo Aircraft LA1 Kumiai and Yamasa Sangyo Aircraft LA2 Kumiai<br>(2) Dia Patagonia Ltd. and Dia Iguazu Ltd. Condor Leasing Co., Ltd., FC Initial Leasing Ltd., Alma Leasing Co., Ltd., and FI Timothy Leasing Ltd.<br>(3) Platero Fleet<br>(4) SL Alcyone Ltd.<br>(5) NBB Crow Co., Ltd.<br>(6) NBB Sao Paulo Lease Co., Ltd., NBB Rio Janeiro Lease Co., Ltd. And NBB Brasilia Lease LLC<br>(7) Gallo Finance Limited<br>(8) Orix Aviation Systems Limited |

The amendment on lease agreement were accounted as a lease modification and the impact are disclosure on note 17 and 19.

The Debtors also have filed or will file motions to enter into certain engine lease amendment agreements which have the effect of, among other things, reducing the Debtors’ rental payment obligations and extension on the lease term, including:

- |                                 |  |
|---------------------------------|--|
| Bankruptcy Court Approval Date: | Amended Lease Agreement/Counterparty                       |
| September 7, 2021               | General Electric Affiliated Engine Servicers               |
| November 4, 2021                | (1) Engine Lease Finance Corporation (GE 90 Engines)       |
| December 28, 2021               | (1) Engine Lease Finance Corporation (CFM56-5B3/3 Engines) |

In relation to several of these lease and engine amendment agreements, the Debtors have or will enter into claims settlement stipulations for prepetition amounts due upon assumption of those agreements.

### Other Key Filings

On August 5, 2021, the Debtors filed two motions seeking to (i) approve certain restructuring arrangements with Airbus S.A.S. and Banco Santander, S.A. and (ii) to assume certain purchase agreements with Airbus S.A.S. Orders approving these motions were entered on August 27, 2021. In addition, on August 5, 2021, the Debtors filed a motion seeking authorization to enter into a sale and leaseback transaction with Sky Aero Management Ltd., pursuant to which the Debtors will sell and leaseback certain aircraft purchased in the Airbus purchase agreements that were assumed. In addition, on August 5, 2021 the Debtors filed a motion seeking authorization to purchase certain aircraft from Wacapou Leasing S.A. Orders approving both of these motions were entered on August 30, 2021.

On June 16, 2021 Banco del Estado de Chile (“BancoEstado”) filed a motion seeking to set a briefing and discovery schedule in connection with BancoEstado’s separate motion to substantively consolidating the estates of LATAM Airlines Group S.A., LATAM Finance Ltd. and Peuco Finance Ltd (the “Substantive Consolidation Motion”). BancoEstado filed the BancoEstado Motion on June 18, 2021. On June 23, 2021, the Debtors as well as certain other interested parties each filed an objection to BancoEstado’s motion. BancoEstado filed a reply in response to such objections on July 19, 2021. The Bankruptcy Court denied BancoEstado’s motion to set a briefing and discovery schedule on July 22, 2021, but the Bankruptcy Court indicated that BancoEstado could resubmit their motion as an objection to the Disclosure Statement.

On June 16, 2021, the Creditors’ Committee filed two motions seeking standing to prosecute certain claims on behalf of the Debtors against Delta Airlines, Inc. (the “Delta Motion”) and Qatar Airways O.C.S.C. (the “Qatar Motion”), and, together with the Delta Motion, (the “Standing Motions”), which were opposed by certain parties. The Standing Motions were scheduled to be heard at a hearing on July 30, 2021. The Bankruptcy Court proposed that the parties mediate certain matters related to the claims raised in the Standing Motions in the first instance. The Bankruptcy Court asked that the parties coordinate to select a mediator and establish a proposed plan for the mediation. On August 31, 2021, the Bankruptcy Court entered an order appointing the Honorable Allan L. Gropper (Ret.) as mediator, and the parties subsequently began mediating these matters. On October 15, 2021, the mediator issued a notice terminating the mediation, noting that the mediation had failed. The Creditors’ Committee has asked the Bankruptcy Court to re-schedule a hearing on the Standing Motions on the Bankruptcy Court’s next available hearing date.

On September 10, 2021, the Debtors filed a motion to assume various aircraft agreements and for related relief in connection with the Triton, Centaurus and JOLCO aircraft. The motion was adjourned sine die on December 22, 2021.

On December 8, 2021, the Debtors filed (i) a motion for entry of an order authorizing long term restructuring agreements with the Centaurus/Triton Lessors, SBI Lessors, and Pilar II Leasing Limited and approving related settlement agreement with certain claimants and (ii) a motion for entry of an order approving settlement stipulation with Sajama Investments, Inc. The Creditors’ Committee and BancoEstado objected to both motions, and an evidentiary hearing on the motions was scheduled for January 21, 2022. On January 28, 2022, the Bankruptcy Court overruled the objections and granted the motion.

### Statements and Schedules

Since September 8, 2020, the Debtors filed with the Bankruptcy Court schedules and statements of financial affairs setting forth, among other things, the assets and liabilities of the Debtors (the “Statements and Schedules”). The Statements and Schedules are prepared according to the requirements of applicable bankruptcy law and are subject to further amendment or modification by the Debtors. On August 13, 2021 and December 3, 2021, the Debtors filed amended schedules. The Company is also required to file “Monthly Operating Reports” (MOR), to account for the receipt, administration and disposition of property during the pendency of the Chapter 11 Cases.

Although the Debtors believe that these materials provide the information required under the Bankruptcy Code or orders of the Bankruptcy Court, they are nonetheless unaudited and prepared in a format different from the consolidated financial reports historically prepared by LATAM in accordance with IFRS (International Financial Reporting Standards). Certain of the information contained in the Statements and Schedules may be prepared on an unconsolidated basis. Accordingly, the Debtors believe that the substance and format of these materials do not allow meaningful comparison with their regularly publicly-disclosed consolidated financial statements. Moreover, the materials filed with the Bankruptcy Court are not prepared for the purpose of providing a basis for an investment decision relating to the Debtors’ securities, or claims against the Debtors, or for comparison with other financial information required to be reported under applicable securities law.

### Intercompany and Affiliate Transactions

The Debtors are authorized to continue performing certain postpetition intercompany and affiliate transactions in the ordinary course of business, including transactions with non-debtor affiliates, and to honor obligations in connection with such transactions; provided, however, the Debtors shall not make any cash payments on account of prepetition transactions with affiliates absent permission from the Bankruptcy Court, including any repayments on any prepetition loans to non-debtor affiliates pursuant to any such transactions. Out of an abundance of caution, the Debtors have also sought and received Bankruptcy Court approval to contribute capital, capitalize intercompany debt and issue shares between certain debtor affiliates.

### Debtor in Possession Financing

On September 19, 2020, the Bankruptcy Court entered an order authorizing the Debtors to obtain postpetition “debtor-in-possession financing” in the form of a multi-draw term loan facility in an aggregate principal amount of up to US\$2.45 billion (See note 3.1 c)). On October 18, 2021, the Bankruptcy Court entered an order approving a third tranche of secured financing for \$750 million, as provided for in the DIP Credit Agreement. Accordingly, as of December 31, 2021, the Debtors have secured a DIP Facility in the total aggregate amount of up to \$3.2 billion.

### Establishment of Bar Dates

On September 24, 2020, the Bankruptcy Court entered an order (the “Bar Date Order”) establishing December 18, 2020, as the general deadline (the “General Bar Date”) by which persons or entities who believe they hold any claims against any Debtor that arose prior to the Petition Date, as applicable to each Debtor, must have submitted written documentation of such claims (a “Proof of Claim”). The General Bar Date was not applicable to governmental units, which must have

submitted Proofs of Claims by January 5, 2021 (the “Governmental Bar Date”). Finally, as more fully described in the Bar Date Order, claims with respect to rejected contracts or unexpired leases may be subject to a deadline later than the General Bar Date (the “Rejection Bar Date” and, together with the General Bar Date and the Governmental Bar Date, the “Bar Dates”). Any person or entity that fails to timely file its Proof of Claim by the applicable Bar Date will be forever barred from asserting their claim and will not receive any distributions made as part of the ultimate plan of reorganization. Notice of the Bar Dates, as well as instructions on how to file Proof of Claims, were sent to all known creditors and published in various newspapers in the United States and South America.

On December 17, 2020, the Court entered an order establishing a supplemental bar date of February 5, 2021 (the “Supplemental Bar Date”), for certain non-U.S. claimants not otherwise subject to the General Bar Date. The Supplemental Bar Date applies only to those entities and individuals specifically identified in the court order. Any person or entity that fails to timely file its Proof of Claim by the Supplemental Bar Date will be forever barred from asserting their claim and will not receive any distributions made as part of the ultimate plan of reorganization.

Following the close of the General Bar Date and the Supplemental Bar Date, the Debtors have continued the process of reconciling approximately 6,400 submitted claims, including those related to the Debtors fleet obligations, and have developed procedures to streamline the claims process. The Company has already filed objections to a number of claims and anticipates continuing to do so in the coming months. Although many objections have been entered on an omnibus basis, some claims disputes will likely require individualized adjudication by the Bankruptcy Court. Further, on March 18, 2021, the Bankruptcy Court entered an order approving alternative dispute resolution procedures to resolve certain claims disputes outside of the Bankruptcy Court. As of December 23, 2021, the Debtors have objected to or have resolved through claims withdrawals, stipulations and court orders approximately 3,400 claims with a total value of approximately US\$60 billion. As noted above, the Debtors have entered into claims stipulations in connection with their lease amendment agreements. As the Debtors continue to reconcile claims against the Company’s books and records, they will object to and contest such claims that they determine are not valid or asserted in the proper amount and will resolve other claims disputes in and outside of the Bankruptcy Court.

A Claim is recorded as a liability when it has a present obligation, whether legal or constructive, as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the obligation amount can be made. As of December 31, 2021 approximately 3,568 of the Claims filed against Latam are still being reconciled and so at this time the amounts of such Claims cannot be reliably estimated.

## 2.2. Basis of Consolidation

### (a) Subsidiaries

Subsidiaries are all the entities (including special-purpose entities) over which the Company has the power to control the financial and operating policies, which are generally accompanied by a holding of more than half of the voting rights. In evaluating whether the Company controls another entity, the existence and effect of potential voting rights that are currently exercisable or convertible at the date of the consolidated financial statements are considered. The subsidiaries are consolidated from the date on which control is passed to the Company and they are excluded from the consolidation

on the date they cease to be so controlled. The results and flows are incorporated from the date of acquisition.

Balances, transactions and unrealized gains on transactions between the Company's entities are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment loss of the asset transferred. When necessary in order to ensure uniformity with the policies adopted by the Company, the accounting policies of the subsidiaries are modified.

To account for and identify the financial information revealed when carrying out a business combination, such as the acquisition of an entity by the Company, is apply the acquisition method provided for in IFRS 3: Business combination.

(b) Transactions with non-controlling interests

The Group applies the policy of considering transactions with non-controlling interests, when not related to loss of control, as equity transactions without an effect on income.

(c) Sales of subsidiaries

When a subsidiary is sold and a percentage of participation is not retained, the Company derecognizes assets and liabilities of the subsidiary, the non-controlling and other components of equity related to the subsidiary. Any gain or loss resulting from the loss of control is recognized in the consolidated income statement by function in Other gains (losses).

If LATAM Airlines Group S.A. and Subsidiaries retain an ownership of participation in the sold subsidiary, and does not represent control, this is recognized at fair value on the date that control is lost, the amounts previously recognized in Other comprehensive income are accounted as if the Company had disposed directly from the assets and related liabilities, which can cause these amounts are reclassified to profit or loss. The percentage retained valued at fair value is subsequently accounted using the equity method.

(d) Investees or associates

Investees or associates are all entities over which LATAM Airlines Group S.A. and Subsidiaries have significant influence but have no control. This usually arises from holding between 20% and 50% of the voting rights. Investments in associates are booked using the equity method and are initially recognized at their cost.

### 2.3. Foreign currency transactions

(a) Presentation and functional currencies

The items included in the financial statements of each of the entities of LATAM Airlines Group S.A. and Subsidiaries are valued using the currency of the main economic environment in which the entity operates (the functional currency). The functional currency of LATAM Airlines Group S.A. is the United States dollar which is also the presentation currency of the consolidated financial statements of LATAM Airlines Group S.A. and Subsidiaries.



(b) Transactions and balances

Foreign currency transactions are translated to the functional currency using the exchange rates on the transaction dates. Foreign currency gains and losses resulting from the liquidation of these transactions and from the translation at the closing exchange rates of the monetary assets and liabilities denominated in foreign currency are shown in the consolidated statement of income by function except when deferred in Other comprehensive income as qualifying cash flow hedges.

(c) Adjustment due to hyperinflation

After July 1, 2018, the Argentine economy was considered, for purposes of IFRS, hyperinflationary. The consolidated financial statements of the subsidiaries whose functional currency is the Argentine Peso have been restated.

The non-monetary items of the statement of financial position as well as the income statement, comprehensive incomes and cash flows of the group's entities, whose functional currency corresponds to a hyperinflationary economy, adjusted for inflation and re-expressed in accordance with the variation of the consumer price index ("CPI"), at each presentation date of its financial statements. The re-expression of non-monetary items is made from the date of initial recognition in the statements of financial position and considering that, the financial statements are prepared under the historical cost criterion.

Net losses or gains arising from the re-expression of non-monetary items and income and costs recognized in the consolidated income statement under "Result of indexation units".

Net gains and losses on the re-expression of opening balances due to the initial application of IAS 29 are recognized in the consolidated retained earnings.

Re-expression due to hyperinflation will be recorded until the period or exercise in which the economy of the entity ceases to be considered as a hyperinflationary economy, at that time, the adjustments made by hyperinflation will be part of the cost of non-monetary assets and liabilities. The comparative amounts in the consolidated financial statements of the Company are presented in a stable currency and are not adjusted for subsequent changes in the price level or exchange rates.

(d) Group entities

The results and the financial situation of the Group's entities, whose functional currency is different from the presentation currency of the consolidated financial statements, of LATAM Airlines Group S.A., which does not correspond to the currency of a hyperinflationary economy, are converted into the currency of presentation as follows:

- (i) Assets and liabilities of each consolidated statement of financial position presented are translated at the closing exchange rate on the consolidated statement of financial position date;
- (ii) The revenues and expenses of each income statement account are translated at the exchange rates prevailing on the transaction dates, and
- (iii) All the resultant exchange differences by conversion are shown as a separate component in other comprehensive income, within "Gain (losses) from exchange rate difference, before tax".

For those subsidiaries of the group whose functional currency is different from the presentation currency and, moreover, corresponds to the currency of a hyperinflationary economy; its restated results, cash flow and financial situation are converted to the presentation currency at the closing exchange rate on the date of the consolidated financial statements.

The exchange rates used correspond to those fixed in the country where the subsidiary is located, whose functional currency is different to the U.S. dollar.

Adjustments to the Goodwill and fair value arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing exchange rate or period informed, restated when the currency came from the functional entity of the foreign entity corresponds to that of a hyperinflationary economy, the adjustments for the restatement of goodwill are recognized in the consolidated equity.

#### 2.4. Property, plant and equipment

The land of LATAM Airlines Group S.A. and Subsidiaries, are recognized at cost less any accumulated impairment loss. The rest of the Properties, plants and equipment are recorded, both in their initial recognition and in their subsequent measurement, at their historical cost, restated for inflation when appropriate, less the corresponding depreciation and any loss due to deterioration.

The amounts of advances paid to the aircraft manufacturers are activated by the Company under Construction in progress until they are received.

Subsequent costs (replacement of components, improvements, extensions, etc.) are included in the value of the initial asset or are recognized as a separate asset, only when it is probable that the future economic benefits associated with the elements of property, plant and equipment, they will flow to the Company and the cost of the item can be determined reliably. The value of the replaced component is written off. The rest of the repairs and maintenance are charged to the result of the year in which they are incurred.

The depreciation of the properties, plants and equipment is calculated using the linear method over their estimated technical useful lives; except in the case of certain technical components which are depreciated on the basis of cycles and hours flown. This charge is recognized in the captions "Cost of sale" and "Administrative expenses".

The residual value and the useful life of the assets are reviewed and adjusted, if necessary, once a year. Useful lives are detailed in Note 17 (d).

When the value of an asset exceeds its estimated recoverable amount, its value is immediately reduced to its recoverable amount.

Losses and gains from the sale of property, plant and equipment are calculated by comparing the consideration with the book value and are included in the consolidated statement of income.

## 2.5. Intangible assets other than goodwill

### (a) Airport slots and Loyalty program

Airport slots and the Loyalty program correspond to intangible assets with indefinite useful lives and are annually tested for impairment as an integral part of the CGU Air Transport.

Airport Slots correspond to an administrative authorization to carry out operations of arrival and departure of aircraft, at a specific airport, within a certain period of time.

The Loyalty program corresponds to the system of accumulation and exchange of points that is part of TAM Linhas Aereas S.A.

The airport slots and Loyalty program were recognized at fair value under IFRS 3, as a consequence of the business combination with TAM S.A. and Subsidiaries.

### (b) Computer software

Licenses for computer software acquired are capitalized on the basis of the costs incurred in acquiring them and preparing them for using the specific software. These costs are amortized over their estimated useful lives, for which the Company has been defined useful lives between 3 and 10 years.

Expenses related to the development or maintenance of computer software which do not qualify for capitalization, are shown as an expense when incurred. The personnel costs and others cost directly related to the production of unique and identifiable computer software controlled by the Company, are shown as intangible Assets others than Goodwill when they have met all the criteria for capitalization.

### (c) Brands

The Brands were acquired in the business combination with TAM S.A. and Subsidiaries and, recognized at fair value under IFRS 3. The Company has defined a useful life of five years, period in which the value of the brands will be amortized.

## 2.6. Goodwill

Goodwill represents the excess of acquisition cost over the fair value of the Company's participation in the net identifiable assets of the subsidiary or associate on the acquisition date. Goodwill related to acquisition of subsidiaries is not amortized but tested for impairment annually or each time that there is evidence of impairment. Gains and losses on the sale of an entity include the book amount of the goodwill related to the entity sold.

## 2.7. Borrowing costs

Interest costs incurred for the construction of any qualified asset are capitalized over the time necessary for completing and preparing the asset for its intended use. Other interest costs are recognized in the consolidated statement of income by function when accrued.

## 2.8. Losses for impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. 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. An impairment loss is recognized for the excess of the carrying amount of the asset over its recoverable amount. The recoverable amount is the fair value of an asset less the costs for sale or the value in use, whichever is greater. For the purpose of evaluating impairment losses, assets are grouped at the lowest level for which there are largely independent cash inflows (cash generating unit). Non-financial assets, other than goodwill, that would have suffered an impairment loss are reviewed if there are indicators of reversal of losses. Impairment losses are recognized in the consolidated statement of income by function under "Other gains (losses)".

## 2.9. Financial assets

The Company classifies its financial assets in the following categories: at fair value (either through other comprehensive income, or through gains or losses), and at amortized cost. The classification depends on the business model of the entity to manage the financial assets and the contractual terms of the cash flows.

The group reclassifies debt investments when, and only when, it changes its business model to manage those assets.

In the initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset classified at amortized cost, the transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets accounted for at fair value through profit or loss are recorded as expenses in the consolidated statement of income by function.

### (a) Debt instruments

The subsequent measurement of debt instruments depends on the group's business model to manage the asset and cash flow characteristics of the asset. The Company has two measurement categories in which the group classifies its debt instruments:

**Amortized cost:** the assets held for the collection of contractual cash flows where those cash flows represent only payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in income when the asset is derecognized or impaired. Interest income from these financial assets is included in financial income using the effective interest rate method.

**Fair value through profit or loss:** assets that do not meet the criteria of amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and is presented net in the consolidated statement of income by function within other gains / (losses) in the period or exercise in which it arises.

## (b) Equity instruments

Changes in the fair value of financial assets at fair value through profit or loss are recognized in other gains / (losses) in the consolidated statement of income by function as appropriate.

The Company evaluates in advance the expected credit losses associated with its debt instruments recorded at amortized cost. The applied impairment methodology depends on whether there has been a significant increase in credit risk.

## 2.10. Derivative financial instruments and hedging activities

Until December 31, 2020 the Company recognized the hedging derivatives in accordance with IAS 39, as of January 1, 2021 the Company changed the recognition of these derivatives in accordance with IFRS 9 and continues to recognize under this same standard the derivatives that do not qualify as hedges.

Initially at fair value on the date on which the derivative contract was made and are subsequently valued at their fair value. The method to recognize the resulting loss or gain depends on whether the derivative designated as a hedging instrument and, if so, the nature of the item being hedged.

The Company designates certain derivatives as:

- (a) Hedge of an identified risk associated with a recognized liability or an expected highly- Probable transaction (cash-flow hedge), or
- (b) Derivatives that do not qualify for hedge accounting.

At the beginning of the transaction, the Company documents the economic relationship between the hedged items existing between the hedging instruments and the hedged items, as well as its objectives for risk management and the strategy to carry out various hedging operations. The Company also documents its assessment, both at the beginning and on an ongoing basis, as to whether the derivatives used in the hedging transactions are highly effective in offsetting the changes in the fair value or cash flows of the items being hedged.

The total fair value of the hedging derivatives is booked as Other non-current financial asset or liability if the remaining maturity of the item hedged is over 12 months, and as an other current financial asset or liability if the remaining term of the item hedged is less than 12 months. Derivatives not booked as hedges are classified as Other financial assets or liabilities.

## (a) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is shown in the statement of other comprehensive income. The loss or gain relating to the ineffective portion is recognized immediately in the consolidated statement of income by function under other gains (losses). Amounts accumulated in equity are reclassified to profit or loss in the periods or exercise when the hedged item affects profit or loss.

For fuel price hedges, the amounts shown in the statement of other comprehensive income are reclassified to results under the line item Cost of sales to the extent that the fuel subject to the hedge is used.

Gains or losses related to the effective part of the change in the intrinsic value of the options are recognized in the cash flow hedge reserve within equity. Changes in the time value of the options related to the part are recognized within Other Consolidated Comprehensive Income in the costs of the hedge reserve within equity.

When hedging instrument mature, is sold or fails to meet the requirements to be accounted for as hedges, any gain or loss accumulated in the statement of Other comprehensive income until that moment, remains in the statement of other comprehensive income and is reclassified to the consolidated statement of income when the hedged transaction is finally recognized.

When it is expected that the hedged transaction is no longer going to occur, the gain or loss accumulated in the statement of other comprehensive income is taken immediately to the consolidated statement of income by function as "Other gains (losses)".

(b) Derivatives not booked as a hedge

The changes in fair value of any derivative instrument that is not booked as a hedge are shown immediately in the consolidated statement of income in "Other gains (losses)".

2.11. Inventories

Inventories, are shown at the lower of cost and their net realizable value. The cost is determined on the basis of the weighted average cost method (WAC). The net realizable value is the estimated selling price in the normal course of business, less estimated costs necessary to make the sale.

2.12. Trade and other accounts receivable

Commercial accounts receivable are initially recognized at their fair value and subsequently at their amortized cost in accordance with the effective rate method, less the provision for impairment according to the model of the expected credit losses. The Company applies the simplified approach permitted by IFRS 9, which requires that expected lifetime losses be recognized upon initial recognition of accounts receivable.

In the event that the Company transfers its rights to any financial asset (generally accounts receivable) to a third party in exchange for a cash payment, the Company evaluates whether all risks and rewards have been transferred, in which case the account receivable is derecognized.

The existence of significant financial difficulties on the part of the debtor, the probability that the debtor goes bankrupt or financial reorganization are considered indicators of a significant increase in credit risk.

The carrying amount of the asset is reduced as the provision account is used and the loss is recognized in the consolidated income statement under "Cost of sales". When an account receivable is written off, it is regularized against the provision account for the account receivable.

2.13. Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, time deposits in financial institutions, and other short-term and highly liquid investments and a low risk of loss of value.

#### 2.14. Capital

The common shares are classified as net equity.

Incremental costs directly attributable to the issuance of new shares or options are shown in net equity as a deduction from the proceeds received from the placement of shares.

#### 2.15. Trade and other accounts payables

Trade payables and other accounts payable are initially recognized at fair value and subsequently at amortized cost.

#### 2.16. Interest-bearing loans

Financial liabilities are shown initially at their fair value, net of the costs incurred in the transaction. Later, these financial liabilities are valued at their amortized cost; any difference between the proceeds obtained (net of the necessary arrangement costs) and the repayment value, is shown in the consolidated statement of income during the term of the debt, according to the effective interest rate method.

Financial liabilities are classified in current and non-current liabilities according to the contractual payment dates of the nominal principal.

#### 2.17. Current and deferred taxes

The tax expense for the period or exercise comprises income and deferred taxes.

The current income tax expense is calculated based on tax laws in enacted the date of statement of financial position, in the countries in which the subsidiaries and associates operate and generate taxable income.

Deferred taxes are recognized, on the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from the initial recognition of an assets or a liability in transaction other than a business combination that at the time of the transaction does not affect the accounting or the taxable profit or loss. Deferred tax is determined using the tax rates (and laws) that have been enacted or substantially enacted at the date of the consolidated statements of financial position, and are expected to apply when the related deferred tax asset is realized or the deferred tax liability discharged.

Deferred tax assets are recognized only to the extent it is probable that the future taxable profit will be available against which the temporary differences can be utilized.

The tax (current and deferred) is recognized in statement of income by function, unless it relates to an item recognized in other comprehensive income, directly in equity. In this case the tax is also recognized in other comprehensive income or, directly in the statement of income by function, respectively.

## 2.18. Employee benefits

### (a) Personnel vacations

The Company recognizes the expense for personnel vacations on an accrual basis.

### (b) Share-based compensation

The compensation plans implemented based on the shares of the Company are recognized in the consolidated financial statements in accordance with IFRS 2: Share-based payments, for plans based on the granting of options, the effect of fair value is recorded in equity with a charge to remuneration in a linear manner between the date of grant of said options and the date on which they become irrevocable, for the plans considered as cash settled award the fair value, updated as of the closing date of each reporting period or exercise, is recorded as a liability with charge to remuneration.

### (c) Post-employment and other long-term benefits

Provisions are made for these obligations by applying the method of the projected unit credit method, and considering estimates of future permanence, mortality rates and future wage increases determined on the basis of actuarial calculations. The discount rates are determined by reference to market interest-rate curves. Actuarial gains or losses are shown in other comprehensive income.

### (d) Incentives

The Company has an annual incentives plan for its personnel for compliance with objectives and individual contribution to the results. The incentives eventually granted consist of a given number or portion of monthly remuneration and the provision is made on the basis of the amount estimated for distribution.

### (e) Termination benefits

The group recognizes termination benefits at the earlier of the following dates: (a) when the group terminates laboral relation; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits.

## 2.19. Provisions

Provisions are recognized when:

- (i) The Company has a present legal or constructive obligation as a result of a past event;
- (ii) It is probable that payment is going to be required to settle an obligation; and
- (iii) A reliable estimate of the obligation amount can be made.

## 2.20. Revenue from contracts with customers

### (a) Transportation of passengers and cargo



The Company recognizes the sale for the transportation service as a deferred income liability, which is recognized as income when the transportation service has been lent or expired. In the case of air transport services sold by the Company and that will be made by other airlines, the liability is reduced when they are remitted to said airlines. The Company periodically reviews whether it is necessary to make an adjustment to deferred income liabilities, mainly related to returns, changes, among others.

Compensations granted to clients for changes in the levels of services or billing of additional services such as additional baggage, change of seat, among others, are considered modifications of the initial contract, therefore, they are deferred until the corresponding service is provided.

(b) Expiration of air tickets

The Company estimates in a monthly basis the probability of expiration of air tickets, with refund clauses, based on the history of use of the same. Air tickets without refund clause are expired on the date of the flight in case the passenger does not show up.

(c) Costs associated with the contract

The costs related to the sale of air tickets are activated and deferred until the moment of providing the corresponding service. These assets are included under the heading "Other current non-financial assets" in the Consolidated Classified Statement of Financial Position.

(d) Frequent passenger program

The Company maintains the following loyalty programs: LATAM Pass and LATAM Pass Brasil, whose objective is building customer loyalty through the delivery of miles or points.

These programs give their frequent passengers the possibility of earning LATAMPASS's miles or points, which grant the right to a selection of both air and non-air awards. Additionally, the Company sells the LATAMPASS miles or points to financial and non-financial partners through commercial alliances to award miles or points to their customers.

To reflect the miles and points earned, the loyalty program mainly includes two types of transactions that are considered revenue arrangements with multiple performance obligations: (1) Passenger Ticket Sales Earning miles or points (2) miles or points sold to financial and non-financial partner

(1) Passenger Ticket Sales Earning Miles or Points.

In this case, the miles or points are awarded to customers at the time that the company performs the flight.

To value the miles or points earned with travel, we consider the quantitative value a passenger receives by redeeming miles for a ticket rather than paying cash, which is referred to as Equivalent Ticket Value ("ETV"). Our estimate of ETV is adjusted for miles and point that are not likely to be redeemed ("breakage").

The balance of miles and point that are pending to redeem are include on deferred revenue.

## (2) Miles sold to financial and non-financial partner

To value the miles or points earned through financial and non-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 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 points or 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.

When the miles and points are exchanged for products and services other than the services provided by the Company, the income is recognized immediately, when the exchange is made for air tickets of any airline of LATAM Airlines Group S.A. and subsidiaries, the income is deferred until the air transport service is provided.

The miles and points that the Company estimates will not be exchanged are recognized in the results based on the consumption pattern of the miles or points effectively exchanged by customers. The Company uses statistical models to estimate the probability of exchange, which is based on historical patterns and projections.

## (e) Dividend income

Dividend income is recognized when the right to receive payment is established.

## 2.21. Leases

The Company recognizes contracts that meet the definition of a lease, as a right of use asset and a lease liability on the date when the underlying asset is available for use.

Assets for right of use are measured at cost including the following:

- The amount of the initial measurement of the lease liability;
- Lease payment made at or before commencement date;
- Initial direct costs, and
- Restoration costs.

The assets by right of use are recognized in the statement of financial position in Properties, plants and equipment.

Lease liabilities include the net present value of the following payments:

- Fixed payments including in substance fixed payment.
- Variable lease payments that depend on an index or a rate;
- The exercise price of a purchase options, if is reasonably certain to exercise that option.

The Company determines the present value of the lease payments using the implicit rates for the aircraft leasing contracts and for the rest of the underlying assets, uses the incremental borrowing rate.

Lease liabilities are recognized in the statement of financial position under Other financial liabilities, current or non-current.

Interest accrued on financial liabilities is recognized in the consolidated statement of income in "Financial costs".

Principal and interest are present in the consolidated cash flow as "Payments of lease liability" and "Interest paid", respectively, in cash flows use in financing activities

Payments associated with short-term leases without purchase options and leases of low-value assets are recognized on a straight-line basis in profit or loss at the time of accrual. Those payments are presented in cash flows use in operation activities.

The Company analyzes the financing agreements of aircrafts, mainly considering characteristics such as:

(a) that the Company initially acquired the aircraft or took an important part in the process of direct acquisition with the manufacturers.

(b) Due to the contractual conditions, it is virtually certain that the Company will execute the purchase option of the aircraft at the end of the lease term.

Since these financing agreements are “substantially purchases” and not leases, the related liability is considered as a financial debt classified under to IFRS 9 and continue to be presented within the “Other financial liabilities” described in Note 19. On the other hand, the aircraft are presented in Property, Plants and Equipment, as described in Note 17, as “own aircraft”.

The Group qualifies as sale and lease transactions, operations that lead to a sale according to IFRS 15. More specifically, a sale is considered as such if there is no option to purchase the goods at the end of the lease term.

If the sale by the seller-lessee is classified as a sale in accordance with IFRS 15, the underlying asset is derecognized, and a right-of-use asset equal to the portion retained proportionally of the amount of the asset is recognized.

If the sale by the seller-lessee is not classified as a sale in accordance with IFRS 15, the transferred assets are kept in the financial statements and a financial liability equal to the sale price is recognized (received from the buyer-lessor).

The Company has applied the practical solution allowed by IFRS 16 for those contracts that meet the established requirements and that allows a lessee to choose not to evaluate if the concessions that it obtains derived from COVID-19 are a modification of the lease.

## 2.22. Non-current assets or disposal groups classified as held for sale

Non-current assets (or disposal groups) classified as assets held for sale are shown at the lesser of their book value and the fair value less costs to sell.

## 2.23. Maintenance

The costs incurred for scheduled heavy maintenance of the aircraft's fuselage and engines are capitalized and depreciated until the next maintenance. The depreciation rate is determined on technical grounds, according to the use of the aircraft expressed in terms of cycles and flight hours.

In case of aircraft include in property, plant and equipment, these maintenance cost are capitalized as Property, plant and equipment, while in the case of aircraft on right of use, a liability is accrued based on the use of the main components is recognized, since a contractual obligation with the lessor to return the aircraft on agreed terms of maintenance levels exists. These are recognized as Cost of sales.

Additionally, some contracts that comply with the definition of lease establish the obligation of the lessee to make deposits to the lessor as a guarantee of compliance with maintenance and return conditions. These deposits, often called maintenance reserves, accumulate until a major maintenance is performed, once made, the recovery is requested to the lessor. At the end of the contract period, there is comparison between the reserves that have been paid and required return conditions, and compensation between the parties are made if applicable.

The unscheduled maintenance of aircraft and engines, as well as minor maintenance, are charged to results as incurred.

## 2.24. Environmental costs

Disbursements related to environmental protection are charged to results when incurred or accrue.

## NOTE 3 - FINANCIAL RISK MANAGEMENT

### 3.1. Financial risk factors

The Company is exposed to different financial risks: (a) market risk, (b) credit risk, and (c) liquidity risk. The program overall risk management of the Company aims to minimize the adverse effects of financial risks affecting the company.

#### (a) Market risk

Due to the nature of its operations, the Company is exposed to market factors such as: (i) fuel-price risk, (ii) exchange -rate risk (FX), and (iii) interest -rate risk.

The Company has developed policies and procedures for managing market risk, which aim to identify, quantify, monitor and mitigate the adverse effects of changes in market factors mentioned above.

For the foregoing, Management monitors the evolution of fuel price levels, exchange rates and interest rates, quantifies exposures and their risk, and develops and executes hedging strategies.

#### (i) Fuel-price risk:

##### Exposure:

For the execution of its operations the Company purchases a fuel called Jet Fuel grade 54 USGC, which is subject to the fluctuations of international fuel prices.

##### Mitigation:

To hedge the risk exposure fuel, the Company operates with derivative instruments (swaps and options) whose underlying assets may be different from Jet Fuel, such as West Texas Intermediate (“WTI”) crude, Brent (“BRENT”) crude and distillate Heating Oil (“HO”), which have a high correlation with Jet Fuel and greater liquidity.

##### Fuel Hedging Results:

As of December 31, 2021, the Company recognized profit of US\$ 10.1 million for fuel hedge net of premiums in the costs of sale for the year. During the same period of 2020, the Company recognized losses of US\$ 14,3 million for the same concept.

As of December 31, 2021 the market value of the fuel positions was US\$ 17.6 million (positive). At the end of December 2020, this market value was US\$ 1.3 million (positive).

The following tables show the level of hedge for different periods:

| Positions as of December 31, 2021 (*)                          | Maturities |      |      |      |       |
|--|------------|------|------|------|-------|
|  | Q122       | Q222 | Q322 | Q422 | Total |
| Percentage of coverage over the expected volume of consumption | 25%        | 30%  | 17%  | 14%  | 21%   |

(\*) The percentage shown in the table considers all the hedging instruments (swaps and options).

| Positions as of December 31, 2020 (*)                          | Maturities |      |      |      |       |
|--|------------|------|------|------|-------|
|  | Q121       | Q221 | Q321 | Q421 | Total |
| Percentage of coverage over the expected volume of consumption | 3%         | 3%   | 3%   | 3%   | 3%    |

(\*) The volume shown in the table considers all the hedging instruments (swaps and options).

### Sensitivity analysis

A drop in fuel price positively affects the Company through a reduction in costs. However, also negatively affects contracted positions as these are acquired to protect the Company against the risk of a rise in price. The policy therefore is to maintain a hedge-free percentage in order to be competitive in the event of a drop in price.

The current hedge positions are booked as cash flow hedge contracts, so a variation in the fuel price has an impact on the Company's net equity.

The following tables show the sensitivity of financial instruments according to reasonable changes in the price of fuel and their effect on equity.

The calculations were made considering a parallel movement of US\$ 5 per barrel in the underlying reference price curve at the end of December 2021 and the end of December 2020. The projection period was defined until the end of the last fuel hedging contract in force, corresponding to the last business day of the fourth quarter of the year 2022.

| Benchmark price<br>(US\$ per barrel) | Positions as of December 31, 2021 | Positions as of December 31, 2020 |
|--------------------------------------|-----------------------------------|-----------------------------------|
|                                      | effect on Equity<br>(MUS\$)       | effect on Equity<br>(MUS\$)       |
| +5                                   | +2.7                              | +0.6                              |
| -5                                   | -3.3                              | - 0.6                             |

Given the fuel hedging structure during half – year 2021, which considers a portion free of hedges, a vertical drop of 5 dollars in the JET reference price (considered as the monthly daily average), would have meant an impact of approximately US\$ 79.2 million lower fuel cost. For the same period, a vertical rise of 5 dollars in the JET reference price (considered as the monthly daily average), would have meant an approximate impact of US\$ 80.8 million in higher fuel costs.

(ii) Foreign exchange rate risk:

Exposure:

The functional and presentation currency of the financial statements of the Parent Company is the US dollar, so that the risk of the Transactional and Conversion exchange rate arises mainly from the Company's business, strategic and accounting operating activities that are expressed in a monetary unit other than the functional currency.

The subsidiaries of LATAM are also exposed to foreign exchange risk whose impact affects the Company's Consolidated Income.

The largest operational exposure to LATAM's exchange risk comes from the concentration of businesses in Brazil, which are mostly denominated in Brazilian Real (BRL), and are actively managed by the company.

At a lower concentration, the Company is also exposed to the fluctuation of other currencies, such as: Euro, Pound sterling, Australian dollar, Colombian peso, Chilean peso, Argentine peso, Paraguayan Guarani, Mexican peso, Peruvian Sol and New Zealand dollar.

Mitigation:

The Company mitigates currency risk exposures by contracting derivative instruments or through natural hedges or execution of internal operations.

Exchange Rate Hedging Results (FX):

With the objective of reducing exposure to the exchange rate risk in the operational cash flows of 2021, and securing the operating margin, LATAM makes hedges using FX derivatives.

As of December 31, 2021 and December 31, 2020 the Company did not maintain FX derivatives.

During the year ended December 31, 2021, the Company did not recognize earnings for FX coverage net of premiums. During the same period of 2020, the Company recognized gains of US\$ 3.2 million for FX hedging net of premiums.

As of December 31, 2021 and December 31, 2020 the company does not hold FX derivatives that are not recognized as hedge accounting.

Sensitivity analysis:

A depreciation of the R\$/US\$ exchange rate, negatively affects the Company's operating cash flows, however, also positively affects the value of the positions of derivatives contracted.

FX derivatives are recorded as cash flow hedge contracts; therefore, a variation in the exchange rate has an impact on the market value of the derivatives, the changes of which affect the Company's net equity.

As of December 31, 2021 and December 31, 2020 the Company had no current FX derivatives for BRL.

In the case of TAM S.A, whose functional currency is the Brazilian real, a large part of its liabilities is expressed in US dollars. Therefore, when converting financial assets and liabilities, from dollar to real, they have an impact on the result of TAM S.A., which is consolidated in the Company's Income Statement.

In order to reduce the impact on the Company's result caused by appreciations or depreciations of R \$ / US \$, the Company has executed internal operations to reduce the net exposure in US \$ for TAM S.A.

The following table shows the variation in financial results when the R\$/US\$ exchange rate appreciates or depreciates by 10%:

| Appreciation (depreciation)<br>De R\$/US\$ | Effect December 31, 2021<br>(MUS\$) | Effect December 31, 2020<br>(MUS\$) |
|--|-------------------------------------|-------------------------------------|
| -10%                                       | +51.9                               | +18.9                               |
| +10%                                       | -51.9                               | -18.0                               |

#### Effects of exchange rate derivatives in the Financial Statements

The profit or losses caused by changes in the fair value of hedging instruments are segregated between intrinsic value and temporary value. The intrinsic value is the actual percentage of cash flow covered, initially shown in equity and later transferred to income, while the hedge transaction is recorded in income. The temporary value corresponds to the ineffective portion of cash flow hedge which is recognized in the financial results of the Company (Note 19).

Due to the functional currency of TAM S.A. and Subsidiaries is the Brazilian real, the Company presents the effects of the exchange rate fluctuations in Other comprehensive income by converting the Statement of financial position and Income statement of TAM S.A. and Subsidiaries from their functional currency to the U.S. dollar, which is the presentation currency of the consolidated financial statement of LATAM Airlines Group S.A. and Subsidiaries.

The following table shows the change in Other comprehensive income recognized in Total equity in the case of appreciate or depreciate 10% the exchange rate R\$/US\$:

| Appreciation (depreciation)<br>of R\$/US\$ | Effect at December 31, 2021<br>MUS\$ | Effect at December 31, 2020<br>MUS\$ |
|--|--------------------------------------|--------------------------------------|
| -10%                                       | +96.66                               | +191.53                              |
| +10%                                       | -79.09                               | -156.71                              |

(iii) Interest -rate risk:

#### Exposure:

The Company is exposed to fluctuations in interest rates affecting the markets future cash flows of the assets, and current and future financial liabilities.

The Company is exposed in one portion to the variations of London Inter-Bank Offer Rate ("LIBOR") and other interest rates of less relevance are Brazilian Interbank Deposit Certificate ("IDC"). Because the publication of LIBOR will cease for June 2023, the company has begun to



migrate to the adoption of SOFR as an alternative rate, which will materialize with the termination of LIBOR.

Mitigation:

At the end of December 31, the Company did not have current interest rate derivative positions. Currently a 40% (42% at December 31, 2020) of the debt is fixed to fluctuations in interest rate. Most of this debt is indexed to a benchmark rate based on LIBOR.

To mitigate the effect of those derivatives that will be affected by the transition from LIBOR to SOFR, the Company is evaluating adherence to the ISDA protocol in the case of derivatives and is following the recommendations of the relevant authorities, including the Alternative Reference Rates Committee. ("ARRC") in the case of debt, in line with the measures generally adopted by the market for the replacement of LIBOR in debt contracts.

Rate Hedging Results:

As of December 31, 2021, the Company did not hold current interest rate derivative positions. At the end of December 2020, the Company did not hold current interest rate derivative positions.

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.

| Increase (decrease)<br>futures curve<br>in libor 3 months | Positions as of December 31, 2021<br>effect on profit or loss before tax<br>(MUS\$) | Positions as of December 31, 2020<br>effect on profit or loss before tax<br>(MUS\$) |
|---|---|---|
| +100 basis points   | -46.31  | -42.11  |
| -100 basis points   | +46.31  | +42.11  |

As of December 31, 2021, the Company does not hold current interest rate derivative positions. The above calculations were vertically increased (decreased) 100 basis points of the three-month Libor future curve, both scenarios being reasonably possible based on historical market conditions.

The assumptions of sensitivity calculation must assume that forward curves of interest rates do not necessarily reflect the real value of the compensation flows. Moreover, the structure of interest rates is dynamic over time.

On March 5, 2021, the ICE Benchmark Administration ("IBA") announced that, as a result of little access to the information necessary for calculating rates, the publication of the 1-week, 2-months USD rates will cease to be published on December 31, 2021 and the remaining terms will cease on June 30, 2023. Although the adoption of alternative rates is voluntary, the impending discontinuation of LIBOR makes it essential that market participants consider moving to alternative rates such as SOFR and that they have appropriate alternative language in existing contracts that reference the discontinuation of LIBOR. In this regard, the Company identifies that its derivative and debt contracts may be affected by the change in the relevant rate. To mitigate the effect, the

Company is evaluating adherence to the ISDA protocol in the case of derivatives and is following the recommendations of the relevant authorities, including the Alternative Reference Rates Committee ("ARRC") in the case of debt, online with the measures generally adopted by the market for the replacement of LIBOR in debt contracts.

Currently, the Company only has fuel derivatives with a nominal value equivalent to 21%'s hedge of the total consumption expected for the next 12 months.

(b) Credit risk

Credit risk occurs when the counterparty does not meet its obligations to the Company under a specific contract or financial instrument, resulting in a loss in the market value of a financial instrument (only financial assets, not liabilities). The client portfolio at December 31, 2021 increased when compared to the balance as of December 31, 2020 by 48%, mainly due to an increase in passenger transport operations (travel agencies and corporate) that increased by 124% in sales, mainly from a 68% of credit card payments and 32% in cash sales. Instead, the cargo business showed a increase in its net income of 23% compared to December 2020. The cargo business increase in its operation in a 23% compared to December 2020. In the case of clients who still have pending balances and that the administration considered risky, the corresponding measures were taken to consider expected credit loss. The provision at the end of December 2021 had a decrease of 34% compared to December 31, 2020, as a result of the decrease in the portfolio for recoveries and for the application of write-offs in the years.

The Company is exposed to credit risk due to its operational activities and its financial activities, including deposits with banks and financial institutions, investments in other types of instruments, exchange rate transactions and contracting derivative instruments or options.

To reduce the credit risk related to operational activities, the Company has implemented credit limits to limit the exposure of its debtors, which are permanently monitored for the LATAM network, when deemed necessary, agencies have been blocked for cargo and passenger businesses.

(i) Financial activities

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

In order to reduce counterparty risk and to ensure that the risk assumed is known and managed by the Company, investments are diversified among different banking institutions (both local and international). The Company evaluates the credit standing of each counterparty and the levels of investment, based on (i) their credit rating, (ii) the equity size of the counterparty, and (iii) investment limits according to the Company's level of liquidity. According to these three parameters, the Company chooses the most restrictive parameter of the previous three and based on this, establishes limits for operations with each counterparty.

The Company has no guarantees to mitigate this exposure.

Additionally, section 345(b) of the Chapter 11 of the US Bankruptcy Code imposes restrictions on, among other things, the institutions where the Debtors can hold their cash. In particular, it establishes that cash should be held in what are called Authorized Bank Depositories, which are US Banking Institutions that are accepted by the US Trustee Program of the US Department of Justice. Such Authorized Bank Depositories have generally agreed with the US Trustee Program to maintain collateral of no less than 115% of the aggregate funds on deposit (in excess of FDIC insurance limit) by (i) surety bond or (ii) US Treasury securities. Consequently, pursuant to Section 345(b), as implemented through an agreement with the Office of the United States Trustee, as of the year end the Company held the majority of its cash and equivalents in Banks in the US that are depositories authorized by Office of the United States Trustee for the Southern District of New York. Otherwise, the DIP Facility contains certain restrictions on new investments made by the Debtors during the term of the facility.

(ii) Operational activities

The Company has four large sales “clusters”: travel agencies, cargo agents, airlines and credit-card administrators. The first three are governed by International Air Transport Association, international (“IATA”) organization comprising most of the airlines that represent over 90% of scheduled commercial traffic and one of its main objectives is to regulate the financial transactions between airlines and travel agents and cargo. When an agency or airline does not pay their debt, they are excluded from operating with IATA’s member airlines. In the case of credit-card administrators, they are fully guaranteed by 100% by the issuing institutions.

Under certain of the Company’s credit card processing agreements, the financial institutions have the right to require that the Company maintain a reserve equal to a portion of advance ticket sales that have been processed by that financial institution, but for which the Company has not yet provided the air transportation. Additionally, the financial institutions have the ability to require additional collateral reserves or withhold payments related to receivables to be collected if increased risk is perceived related to liquidity covenants in these agreements or negative balances occur.

The exposure consists of the term granted, which fluctuates between 1 and 45 days.

One of the tools the Company uses for reducing credit risk is to participate in global entities related to the industry, such as IATA, Business Sales Processing (“BSP”), Cargo Account Settlement Systems (“CASS”), IATA Clearing House (“ICH”) and banks (credit cards). These institutions fulfill the role of collectors and distributors between airlines and travel and cargo agencies. In the case of the Clearing House, it acts as an offsetting entity between airlines for the services provided between them. A reduction in term and implementation of guarantees has been achieved through these entities. Currently the sales invoicing of TAM Linhas Aéreas S.A. related with travel agents and cargo agents for domestic transportation in Brazil is done directly by TAM Linhas Aéreas S.A.

Credit quality of financial assets

The external credit evaluation system used by the Company is provided by IATA. Internal systems are also used for particular evaluations or specific markets based on trade reports available on the local market. The internal classification system is complementary to the external one, i.e. for agencies or airlines not members of IATA, the internal demands are greater.

To reduce the credit risk associated with operational activities, the Company has established credit limits to abridge the exposure of their debtors which are monitored permanently (mainly in case of operational activities of TAM Linhas Aéreas S.A. with travel agents). The bad-debt rate in the principal countries where the Company has a presence is insignificant.

(c) Liquidity risk

Liquidity risk represents the risk that the Company does not have sufficient funds to pay its obligations.

Due to the cyclical nature of its business, the operation and investment needs, along with the need for financing, the Company requires liquid funds, defined as Cash and cash equivalents plus other short-term financial assets, to meet its payment obligations. On May 26, 2020, the Company and its subsidiaries in Chile, Peru, Colombia, Ecuador and the United States began a voluntary process of reorganization and restructuring of their debt under the protection of the Chapter 11 of the United States, to which on July 9, the Brazilian subsidiary and certain of its subsidiaries were included, in order to preserve the group's liquidity. In light of the unprecedented impact COVID-19 has had on the global aviation industry, this reorganization process provides LATAM with the opportunity to work with the group's creditors, and main stakeholders, to reduce its debt and obtain new sources of financing, providing the company with the tools to adapt the group to this new reality.

The balance of liquid funds, future cash generation and the ability to obtain financing, provides the Company with alternatives to meet future investment and financing commitments.

As of December 31, 2021, the balance of liquid funds is US\$ 1,047 million (US \$ 1,696 million as of December 31, 2020), which are invested in short-term instruments through financial entities with a high credit rating classification.

As of December 31, 2021, LATAM maintains a committed revolving credit facility (Revolving Credit Facility) for a total amount of US\$ 600 million, which is fully drawn. This line is secured by and subject to the availability of collateral (i.e. aircraft, engines and spare parts).

Finally, during the fourth quarter of 2021, the company has reduced budgeted investments by approximately US\$ 146 million, mainly related to maintenance, given the lower operation, purchase of engines, investments in cabins and other projects. In addition, LATAM has not received aircraft that it was committed to receiving in 2021, which at the beginning of the year reached US\$ 773 million.

After filing Chapter 11 protection, the company received authorization from the Bankruptcy Court for the “debtors in possession” (DIP) financing, in the form of a multi-draw term loan facility in an aggregate principal amount of up to US\$ 3.2 billion divided in Tranche A, B and C. Initially, Tranches A and C were committed for a total of US\$2.45 billion. To date, these three tranches are fully committed after the approval on October 18 of a proposal to grant financing under Tranche B of the DIP for a total of US\$750 million, thus allowing LATAM to access lower financing costs in the next disbursements of the DIP financing.

1) A Tranche A, which is committed for up to US\$ 1.3 billion, out of which (i) US\$ 1.125 billion were be provided by Oaktree Capital Management, L.P. or certain entities related to it; and

(ii) US\$ 175 million were be provided by Knighthead, Jefferies and / or other entities that are part of the syndicate of creditors organized by Jefferies;

2) A Tranche B for an amount up to US \$750 million that will be contributed by a group of financiers including Oaktree Capital Management, L.P. and Apollo Management Holdings, L.P. and other certain funds advised by them; and

3) A Tranche C for a capital amount of up to US\$ 1.15 billion, of which (i) US\$ 750 million was provided by a certain group of LATAM's shareholders composed by Grupo Cueto, Grupo Eblen and Qatar Airways, or certain related entities; (ii) US\$ 250 million was provided by Knighthead, Jefferies and / or other entities that are part of the syndicate of creditors organized by Jefferies; and (iii) US\$ 150 million which was committed by certain additional shareholder investors through a public investment fund managed by Toesca S.A., through a "joinder" or supplement to the "DIP Agreement" subscribed on November 6, 2020.

In consideration of the extension of the health and mobility restrictions imposed by the authorities in the countries where the group operates, as well as the analysis of the company's liquidity projection, beginning on October 8, 2020, LATAM has made four withdrawals under the DIP Credit Agreement. In accordance with the terms of the "DIP Agreement", Debtors must maintain consolidated liquidity of at least US \$ 400 million, considering the undrawn line of the DIP, and meet certain milestones with respect to the chapter 11 process.

The amounts by Tranche are summarized in the table below:

| Tranche   | As of December 31, 2021 |                 |                  | As of December 31, 2020 |                 |                  |
|-----------|-------------------------|-----------------|------------------|-------------------------|-----------------|------------------|
|           | Committed amount        | Withdrew amount | Available amount | Committed amount        | Withdrew amount | Available amount |
|           | MUS\$                   | MUS\$           | MUS\$            | MUS\$                   | MUS\$           | MUS\$            |
| Tranche A | 1,300                   | 876             | 424              | 1,300                   | 650             | 650              |
| Tranche B | 750                     | 300             | 450              | -                       | -               | -                |
| Tranche C | 1,150                   | 774             | 376              | 1,150                   | 500             | 650              |
| Total     | <u>3,200</u>            | <u>1,950</u>    | <u>1,250</u>     | <u>2,450</u>            | <u>1,150</u>    | <u>1,300</u>     |

Class of liability for the analysis of liquidity risk ordered by date of maturity as of December 31, 2021  
Debtor: LATAM Airlines Group S.A. and Subsidiaries, Tax No. 89.862.200-2 Chile.

| Tax No.                            | Creditor                | Creditor country | Currency | Up to            | More than           | More than          | More than           | More than        | Total            | Nominal value    | Amortization        | Annual         |              |
|------------------------------------|-------------------------|------------------|----------|------------------|---------------------|--------------------|---------------------|------------------|------------------|------------------|---------------------|----------------|--------------|
|                                    |                         |                  |          | 90 days          | 90 days to one year | one to three years | three to five years | five years       |                  |                  |                     | Effective rate | Nominal rate |
|                                    |                         |                  |          | ThUS\$           | ThUS\$              | ThUS\$             | ThUS\$              | ThUS\$           | ThUS\$           | ThUS\$           |                     | %              | %            |
| <b>Loans to exporters</b>          |                         |                  |          |                  |                     |                    |                     |                  |                  |                  |                     |                |              |
| 97.018.000-1                       | CITIBANK                | Chile            | US\$     | 115,350          | -                   | -                  | -                   | -                | 115,350          | 114,000          | At Expiration       | 2.96           | 2.96         |
| 97.030.000-7                       | ITAU                    | Chile            | US\$     | 20,140           | -                   | -                  | -                   | -                | 20,140           | 20,000           | At Expiration       | 4.20           | 4.20         |
| 0-E                                | HSBC                    | Chile            | US\$     | 12,123           | -                   | -                  | -                   | -                | 12,123           | 12,000           | At Expiration       | 4.15           | 4.15         |
| <b>Bank loans</b>                  |                         |                  |          |                  |                     |                    |                     |                  |                  |                  |                     |                |              |
| 97.023.000-9                       | CORPBANCA               | Chile            | UF       | 10,236           | -                   | -                  | -                   | -                | 10,236           | 10,106           | Quarterly           | 3.35           | 3.35         |
| 0-E                                | SANTANDER               | Spain            | US\$     | 751              | 2,604               | 106,939            | -                   | -                | 110,294          | 106,427          | Quarterly           | 2.80           | 2.80         |
| 0-E                                | CITIBANK                | U.S.A.           | UF       | 60,935           | -                   | -                  | -                   | -                | 60,935           | 60,935           | At Expiration       | 3.10           | 3.10         |
| <b>Obligations with the public</b> |                         |                  |          |                  |                     |                    |                     |                  |                  |                  |                     |                |              |
| 97.030.000-7                       | BANCO ESTADO            | Chile            | UF       | 36,171           | 179,601             | 31,461             | 31,461              | 369,537          | 648,231          | 502,897          | At Expiration       | 4.81           | 4.81         |
| 0-E                                | BANK OF NEW YORK        | U.S.A.           | US\$     | 184,188          | 104,125             | 884,188            | 856,000             | -                | 2,028,501        | 1,500,000        | At Expiration       | 7.16           | 6.94         |
| <b>Guaranteed obligations</b>      |                         |                  |          |                  |                     |                    |                     |                  |                  |                  |                     |                |              |
| 0-E                                | BNP PARIBAS             | U.S.A.           | US\$     | 17,182           | 19,425              | 40,087             | 41,862              | 95,475           | 214,031          | 198,475          | Quarterly           | 1.48           | 1.48         |
| 0-E                                | MUFG                    | U.S.A.           | US\$     | 29,652           | 17,921              | 36,660             | 37,829              | 55,297           | 177,359          | 166,712          | Quarterly           | 1.64           | 1.64         |
| 0-E                                | WILMINGTON TRUST COMPAN | U.S.A.           | US\$     | 933              | 4,990               | 29,851             | 36,337              | 89,263           | 161,374          | 144,358          | Quarterly / Monthly | 3.17           | 1.60         |
| <b>Other guaranteed obligation</b> |                         |                  |          |                  |                     |                    |                     |                  |                  |                  |                     |                |              |
| 0-E                                | CREDIT AGRICOLE         | France           | US\$     | 273,199          | -                   | -                  | -                   | -                | 273,199          | 273,199          | At Expiration       | 1.82           | 1.82         |
| 0-E                                | MUFG                    | U.S.A.           | US\$     | 8,150            | 46,746              | 94,062             | 14,757              | -                | 163,715          | 156,933          | Quarterly           | 1.72           | 1.72         |
| 0-E                                | CITIBANK                | U.S.A.           | US\$     | 613,419          | -                   | -                  | -                   | -                | 613,419          | 600,000          | At Expiration       | 2.00           | 2.00         |
| 0-E                                | BANK OF UTAH            | U.S.A.           | US\$     | -                | 1,858,051           | -                  | -                   | -                | 1,858,051        | 1,644,876        | At Expiration       | 22.71          | 12.97        |
| 0-E                                | EXIM BANK               | U.S.A.           | US\$     | 271              | 1,173               | 3,375              | 10,546              | 55,957           | 71,322           | 62,890           | Quarterly           | 1.84           | 1.84         |
| <b>Financial lease</b>             |                         |                  |          |                  |                     |                    |                     |                  |                  |                  |                     |                |              |
| 0-E                                | CREDIT AGRICOLE         | France           | US\$     | 699              | 1,387               | -                  | -                   | -                | 2,086            | 2,052            | Quarterly           | 3.68           | 3.23         |
| 0-E                                | CITIBANK                | U.S.A.           | US\$     | 19,268           | 59,522              | 5,721              | -                   | -                | 84,511           | 83,985           | Quarterly           | 1.37           | 0.79         |
| 0-E                                | BNP PARIBAS             | U.S.A.           | US\$     | 7,351            | 26,519              | 21,685             | -                   | -                | 55,555           | 54,918           | Quarterly           | 1.56           | 0.96         |
| 0-E                                | NATIXIS                 | France           | US\$     | 5,929            | 34,328              | 59,574             | 59,930              | 130,131          | 289,892          | 261,458          | Quarterly           | 2.09           | 2.09         |
| 0-E                                | US BANK                 | U.S.A.           | US\$     | 18,158           | 72,424              | 133,592            | 6,573               | -                | 230,747          | 219,667          | Quarterly           | 4.03           | 2.84         |
| 0-E                                | PK AIRFINANCE           | U.S.A.           | US\$     | 853              | 5,763               | 10,913             | -                   | -                | 17,529           | 16,851           | Quarterly           | 1.88           | 1.88         |
| 0-E                                | EXIM BANK               | U.S.A.           | US\$     | 2,758            | 11,040              | 61,167             | 249,466             | 269,087          | 593,518          | 533,127          | Quarterly           | 2.88           | 2.03         |
| <b>Others loans</b>                |                         |                  |          |                  |                     |                    |                     |                  |                  |                  |                     |                |              |
| 0-E                                | OTHERS (**)             |                  | US\$     | 55,819           | -                   | -                  | -                   | -                | 55,819           | 55,819           | At Expiration       | -              | -            |
| <b>TOTAL</b>                       |                         |                  |          | <b>1,493,535</b> | <b>2,445,619</b>    | <b>1,519,275</b>   | <b>1,344,761</b>    | <b>1,064,747</b> | <b>7,867,937</b> | <b>6,801,685</b> |                     |                |              |

(\*) Note that the liabilities reflect their contractual obligations in force at December 31, 2021

(\*\*) Obligation with creditors for executed letters of credit.

Class of liability for the analysis of liquidity risk ordered by date of maturity as of December 31, 2021  
 Debtor: TAM S.A. and Subsidiaries, Tax No. 02.012.862/0001-60, Brazil.

| Tax No.                 | Creditor                        | Creditor country | Currency | Up to          | More than           | More than          | More than           | More than    | Total          | Nominal value  | Amortization  | Annual         |              |
|-------------------------|---------------------------------|------------------|----------|----------------|---------------------|--------------------|---------------------|--------------|----------------|----------------|---------------|----------------|--------------|
|                         |                                 |                  |          | 90 days        | 90 days to one year | one to three years | three to five years | five years   |                |                |               | Effective rate | Nominal rate |
|                         |                                 |                  |          | ThUS\$         | ThUS\$              | ThUS\$             | ThUS\$              | ThUS\$       | ThUS\$         | ThUS\$         |               | %              | %            |
| <b>Bank loans</b>       |                                 |                  |          |                |                     |                    |                     |              |                |                |               |                |              |
| 0-E                     | NCM                             | Netherlands      | US\$     | 990            | -                   | -                  | -                   | -            | 990            | 943            | Monthly       | 6.01           | 6.01         |
| 0-E                     | MERRILLYNCH CREDIT PRODUCTS LLC | U.S.A.           | BRL      | 185,833        | -                   | -                  | -                   | -            | 185,833        | 185,833        | Monthly       | 3.95           | 3.95         |
| 0-E                     | BANCO BRADESCO                  | Brazil           | BRL      | 74,661         | -                   | -                  | -                   | -            | 74,661         | 74,661         | Monthly       | 4.33           | 4.33         |
| <b>Financial leases</b> |                                 |                  |          |                |                     |                    |                     |              |                |                |               |                |              |
| 0-E                     | NATIXIS                         | France           | US\$     | 486            | 2,235               | 4,080              | 11,076              | -            | 17,877         | 17,326         | Quarterly     | 2.74           | 2.74         |
| 0-E                     | GA TELESIS LLC                  | U.S.A.           | US\$     | 762            | 2,706               | 4,675              | 4,646               | 5,077        | 17,866         | 10,999         | Monthly       | 14.72          | 14.72        |
| <b>Others Loans</b>     |                                 |                  |          |                |                     |                    |                     |              |                |                |               |                |              |
| 0-E                     | Deutsche Bank (**)              | Brazil           | US\$     | 20,689         | -                   | -                  | -                   | -            | 20,689         | 20,689         | At Expiration | -              | -            |
| <b>TOTAL</b>            |                                 |                  |          | <b>283,421</b> | <b>4,941</b>        | <b>8,755</b>       | <b>15,722</b>       | <b>5,077</b> | <b>317,916</b> | <b>310,451</b> |               |                |              |

(\*) Note that the liabilities reflect their contractual obligations in force at December 31, 2021

(\*\*) Obligation with creditors for executed letters of credit

Class of liability for the analysis of liquidity risk ordered by date of maturity as of December 31, 2021  
Debtor: LATAM Airlines Group S.A. and Subsidiaries, Tax No. 89.862.200-2, Chile.

| Tax No.   | Creditor                             | Creditor country       | Currency       | Up to            | More than           | More than          | More than           | More than        | Total             | Nominal value     | Amortization | Annual         |              |
|---|--------------------------------------|------------------------|----------------|------------------|---------------------|--------------------|---------------------|------------------|-------------------|-------------------|--------------|----------------|--------------|
|   |                                      |                        |                | 90 days          | 90 days to one year | one to three years | three to five years | five years       |                   |                   |              | Effective rate | Nominal rate |
|   |                                      |                        |                | ThUS\$           | ThUS\$              | ThUS\$             | ThUS\$              | ThUS\$           | ThUS\$            | ThUS\$            |              | %              | %            |
| <b>Lease Liability</b>                                  |                                      |                        |                |                  |                     |                    |                     |                  |                   |                   |              |                |              |
| -   | AIRCRAFT                             | OTHERS                 | US\$           | 694,568          | 469,568             | 767,629            | 811,843             | 778,613          | 3,522,221         | 2,883,657         | -            | -              | -            |
| -   | OTHER ASSETS                         | OTHERS                 | US\$           | 9,859            | 11,820              | 22,433             | 23,365              | 8,651            | 76,128            | 73,615            | -            | -              | -            |
|   |                                      |                        | UF             | 1,759            | 982                 | 245                | 76                  | 231              | 3,293             | 2,621             | -            | -              | -            |
|   |                                      |                        | COP            | 2                | 7                   | 35                 | -                   | -                | 44                | 42                | -            | -              | -            |
|   |                                      |                        | EUR            | 198              | 112                 | 293                | -                   | -                | 603               | 599               | -            | -              | -            |
|   |                                      |                        | PEN            | 4                | 7                   | 97                 | -                   | -                | 108               | 103               | -            | -              | -            |
| <b>Trade and other accounts payables</b>                |                                      |                        |                |                  |                     |                    |                     |                  |                   |                   |              |                |              |
| -   | OTHERS                               | OTHERS                 | US\$           | 665,645          | 165,085             | -                  | -                   | -                | 830,730           | 830,730           | -            | -              | -            |
|   |                                      |                        | CLP            | 214,224          | 4,912               | -                  | -                   | -                | 219,136           | 219,136           | -            | -              | -            |
|   |                                      |                        | BRL            | 365,486          | 5,258               | -                  | -                   | -                | 370,744           | 370,744           | -            | -              | -            |
|   |                                      |                        | Other currency | 542,304          | 3,719               | -                  | -                   | -                | 546,023           | 546,023           | -            | -              | -            |
| <b>Accounts payable to related parties currents (*)</b> |                                      |                        |                |                  |                     |                    |                     |                  |                   |                   |              |                |              |
| Foreign   | Inversora Aeronáutica Argentina S.A. | Argentina              | US\$           | -                | 5                   | -                  | -                   | -                | 5                 | 5                 | -            | -              | -            |
| Foreign   | Delta Airlines                       | U.S.A                  | US\$           | -                | 2,268               | -                  | -                   | -                | 2,268             | 2,268             | -            | -              | -            |
| Foreign   | Patagonia Seafarms INC               | U.S.A                  | CLP            | -                | 7                   | -                  | -                   | -                | 7                 | 7                 | -            | -              | -            |
| 81062.300-4   | Costa Verde Aeronautica S.A.         | Chile                  | CLP            | -                | 175,819             | -                  | -                   | -                | 175,819           | 175,819           | -            | -              | -            |
| Foreign   | QA Investments Ltd                   | Jersey Channel Islands | US\$           | -                | 219,774             | -                  | -                   | -                | 219,774           | 219,774           | -            | -              | -            |
| Foreign   | QA Investments 2 Ltd                 | Jersey Channel Islands | US\$           | -                | 219,774             | -                  | -                   | -                | 219,774           | 219,774           | -            | -              | -            |
| Foreign   | Lozuy S.A.                           | Uruguay                | US\$           | -                | 43,955              | -                  | -                   | -                | 43,955            | 43,955            | -            | -              | -            |
| <b>Total</b>  |                                      |                        |                | <b>2,494,049</b> | <b>1,323,072</b>    | <b>790,732</b>     | <b>835,284</b>      | <b>787,495</b>   | <b>6,230,632</b>  | <b>5,588,872</b>  |              |                |              |
| <b>Total consolidated</b>                               |                                      |                        |                | <b>4,271,005</b> | <b>3,773,632</b>    | <b>2,318,762</b>   | <b>2,195,767</b>    | <b>1,857,319</b> | <b>14,416,485</b> | <b>12,701,008</b> |              |                |              |

(\*)Trade and other accounts payables include claims resulting from Chapter II negotiation and are subject to settlement in accordance with the Reorganization plan.



Class of liability for the analysis of liquidity risk ordered by date of maturity as of December 31, 2020

Debtor: LATAM Airlines Group S.A. and Subsidiaries, Tax No. 89.862.200-2 Chile.

| Tax No.                            | Creditor            | Creditor country | Currency | Up to          | More than           | More than          | More than           | More than        | Total            | Nominal value    | Amortization           | Annual         | Nominal |
|------------------------------------|---------------------|------------------|----------|----------------|---------------------|--------------------|---------------------|------------------|------------------|------------------|------------------------|----------------|---------|
|                                    |                     |                  |          | 90 days        | 90 days to one year | one to three years | three to five years | five years       |                  |                  |                        | Effective rate |         |
|                                    |                     |                  |          | ThUS\$         | ThUS\$              | ThUS\$             | ThUS\$              | ThUS\$           | ThUS\$           | ThUS\$           |                        | %              | %       |
| <b>Loans to exporters</b>          |                     |                  |          |                |                     |                    |                     |                  |                  |                  |                        |                |         |
| 97.018.000-1                       | SCOTIABANK          | Chile            | US\$     | 76,929         | -                   | -                  | -                   | -                | 76,929           | 74,000           | At Expiration          | 3.08           | 3.08    |
| 97.030.000-7                       | BANCO ESTADO        | Chile            | US\$     | 41,543         | -                   | -                  | -                   | -                | 41,543           | 40,000           | At Expiration          | 3.49           | 3.49    |
| 76.645.030-K                       | ITAU                | Chile            | US\$     | 20,685         | -                   | -                  | -                   | -                | 20,685           | 20,000           | At Expiration          | 4.20           | 4.20    |
| 97.951000-4                        | HSBC                | Chile            | US\$     | 12,545         | -                   | -                  | -                   | -                | 12,545           | 12,000           | At Expiration          | 4.15           | 4.15    |
| <b>Bank loans</b>                  |                     |                  |          |                |                     |                    |                     |                  |                  |                  |                        |                |         |
| 97.023.000-9                       | CORP BANCA          | Chile            | UF       | 11,631         | -                   | -                  | -                   | -                | 11,631           | 11,255           | Quarterly              | 3.35           | 3.35    |
| 0-E                                | SANTANDER           | Spain            | US\$     | 3,323          | 2,678               | 139,459            | -                   | -                | 145,460          | 139,459          | Quarterly              | 2.80           | 2.80    |
| 76.362.099-9                       | BTG                 | Chile            | UF       | 2,104          | 68,920              | -                  | -                   | -                | 71,024           | 67,868           | At Expiration          | 3.10           | 3.10    |
| <b>Obligations with the public</b> |                     |                  |          |                |                     |                    |                     |                  |                  |                  |                        |                |         |
| 97.030.000-7                       | BANCO ESTADO        | Chile            | UF       | 23,210         | 26,857              | 217,555            | 35,041              | 429,101          | 731,764          | 560,113          | At Expiration          | 4.81           | 4.81    |
| 0-E                                | BANK OF NEW YORK    | U.S.A.           | US\$     | 80,063         | 76,125              | 208,250            | 836,063             | 828,000          | 2,028,501        | 1,500,000        | At Expiration          | 7.16           | 6.94    |
| <b>Guaranteed obligations</b>      |                     |                  |          |                |                     |                    |                     |                  |                  |                  |                        |                |         |
| 0-E                                | BNP PARIBAS         | U.S.A.           | US\$     | 50,500         | 40,889              | 104,166            | 107,342             | 219,666          | 522,563          | 474,273          | Quarterly / Semiannual | 2.95           | 2.95    |
| 0-E                                | NATIXIS             | France           | US\$     | 47,918         | 37,509              | 84,048             | 84,487              | 35,712           | 289,674          | 271,129          | Quarterly              | 3.11           | 3.11    |
| 0-E                                | INVESTEC            | England          | US\$     | 11,502         | 9,425               | 21,042             | -                   | -                | 41,969           | 37,870           | Semiannual             | 6.21           | 6.21    |
| 0-E                                | MUFG                | U.S.A.           | US\$     | 37,114         | 28,497              | 77,881             | 80,678              | 194,901          | 419,071          | 382,413          | Quarterly              | 2.88           | 2.88    |
| 0-E                                | SMBC                | U.S.A.           | US\$     | 13,1345        | -                   | -                  | -                   | -                | 13,1345          | 130,000          | At Expiration          | 1.73           | 1.73    |
| <b>Other guaranteed obligation</b> |                     |                  |          |                |                     |                    |                     |                  |                  |                  |                        |                |         |
| 0-E                                | CREDIT AGRICOLE     | France           | US\$     | 1,347          | 275,773             | -                  | -                   | -                | 277,120          | 273,199          | At Expiration          | 1.92           | 1.92    |
| 0-E                                | MUFG                | U.S.A.           | US\$     | 87,611         | 74,852              | 119,460            | 19,950              | -                | 301,873          | 291,519          | Quarterly              | 2.67           | 2.67    |
| 0-E                                | CITIBANK            | U.S.A.           | US\$     | 3,405          | 10,404              | 603,443            | -                   | -                | 617,252          | 600,000          | At Expiration          | 2.27           | 2.27    |
| 0-E                                | BANK OF UTAH        | U.S.A.           | US\$     | -              | -                   | 952,990            | -                   | -                | 952,990          | 793,003          | At Expiration          | 22.19          | 13.19   |
| <b>Financial lease</b>             |                     |                  |          |                |                     |                    |                     |                  |                  |                  |                        |                |         |
| 0-E                                | ING                 | U.S.A.           | US\$     | 5,965          | -                   | -                  | -                   | -                | 5,965            | 5,965            | Quarterly              | 5.71           | 5.01    |
| 0-E                                | CREDIT AGRICOLE     | France           | US\$     | 13,889         | 2,057               | 2,062              | -                   | -                | 18,008           | 17,961           | Quarterly              | 1.99           | 1.54    |
| 0-E                                | CITIBANK            | U.S.A.           | US\$     | 79,117         | 61,983              | 118,372            | 46,115              | 19,118           | 324,705          | 312,792          | Quarterly              | 2.58           | 1.77    |
| 0-E                                | PEFCO               | U.S.A.           | US\$     | 1,926          | -                   | -                  | -                   | -                | 1,926            | 1,926            | Quarterly              | 5.65           | 5.03    |
| 0-E                                | BNP PARIBAS         | U.S.A.           | US\$     | 14,851         | 2,343               | 793                | -                   | -                | 17,987           | 17,951           | Quarterly              | 1.81           | 1.41    |
| 0-E                                | WELLS FARGO         | U.S.A.           | US\$     | 114,952        | 104,946             | 237,945            | 99,232              | -                | 557,075          | 541,406          | Quarterly              | 2.43           | 1.74    |
| 97.036.000-K                       | SANTANDER           | Chile            | US\$     | 21,551         | 17,851              | 26,308             | -                   | -                | 65,710           | 65,247           | Quarterly              | 1.30           | 0.76    |
| 0-E                                | RRPF ENGINE LEASING | England          | US\$     | 4,093          | 3,382               | 8,826              | 4,870               | -                | 21,171           | 18,489           | Monthly                | 4.01           | 4.01    |
| 0-E                                | APPLE BANK          | U.S.A.           | US\$     | 4,589          | 4,763               | 12,977             | 755                 | -                | 23,084           | 22,730           | Quarterly              | 1.61           | 1.01    |
| 0-E                                | BTMU                | U.S.A.           | US\$     | 11,620         | 9,647               | 26,261             | 770                 | -                | 48,298           | 47,609           | Quarterly              | 1.63           | 1.03    |
| 0-E                                | US BANK             | U.S.A.           | US\$     | 60,527         | 54,611              | 144,670            | 86,076              | -                | 345,884          | 327,419          | Quarterly              | 4.00           | 2.82    |
| 0-E                                | P KAIRFINANCE       | U.S.A.           | US\$     | 4,624          | 12,202              | 3,153              | -                   | -                | 19,979           | 19,522           | Monthly                | 1.98           | 1.98    |
| <b>TOTAL</b>                       |                     |                  |          | <b>980,479</b> | <b>925,714</b>      | <b>3,109,661</b>   | <b>1,401,379</b>    | <b>1,726,498</b> | <b>8,143,731</b> | <b>7,077,118</b> |                        |                |         |

(\*) Note that the liabilities reflect their contractual obligations in force at December 31, 2020

Class of liability for the analysis of liquidity risk ordered by date of maturity as of December 31, 2020  
Debtor: TAM S.A. and Subsidiaries, Tax No. 02.012.862/0001-60, Brazil.

| Tax No.          | Creditor                      | Creditor country | Currency | Up to   | More than | More than | More than | More than | Total   | Nominal | Amortization          | Annual | Nominal   |
|------------------|-------------------------------|------------------|----------|---------|-----------|-----------|-----------|-----------|---------|---------|-----------------------|--------|-----------|
|                  |                               |                  |          | 90      | 90 days   | one       | three     | five      |         | five    |                       | value  | Effective |
|                  |                               |                  |          | days    | to one    | to three  | to five   | to five   | ThUS\$  | ThUS\$  |                       | rate   | rate      |
|                  |                               |                  |          | ThUS\$  | ThUS\$    | ThUS\$    | ThUS\$    | ThUS\$    | ThUS\$  | ThUS\$  |                       | %      | %         |
| Bank loans       |                               |                  |          |         |           |           |           |           |         |         |                       |        |           |
| 0-E              | NCM                           | Netherlands      | US\$     | 452     | 497       | 61        | -         | -         | 1,010   | 943     | Monthly               | 6.01   | 6.01      |
| 0-E              | BANCO BRADESCO                | Brazil           | BRL      | 91,672  | -         | -         | -         | -         | 91,672  | 80,175  | Monthly               | 4.34   | 4.33      |
| 0-E              | BANCO DO BRASIL               | Brazil           | BRL      | 208,987 | -         | -         | -         | -         | 208,987 | 199,557 | Monthly               | 3.95   | 3.95      |
| Financial leases |                               |                  |          |         |           |           |           |           |         |         |                       |        |           |
| 0-E              | NATIXIS                       | France           | US\$     | 31,482  | 9,276     | 42,383    | -         | -         | 83,141  | 81,260  | Quarterly/ Semiannual | 4.09   | 4.09      |
| 0-E              | WACAP OULEASING S.A.          | Luxembourg       | US\$     | 2,460   | 2,442     | 25        | -         | -         | 4,927   | 4,759   | Quarterly             | 2.00   | 2.00      |
| 0-E              | SOCIÉTÉ GÉNÉRALE MILAN BRANCH | Italy            | US\$     | 134,919 | -         | -         | -         | -         | 134,919 | 144,120 | Quarterly             | 3.07   | 3.01      |
| 0-E              | GA TELESIS LLC                | U.S.A.           | US\$     | 758     | 1,753     | 4,675     | 4,675     | 7,969     | 19,830  | 12,261  | Monthly               | 14.72  | 14.72     |
| TOTAL            |                               |                  |          | 470,730 | 13,968    | 47,144    | 4,675     | 7,969     | 544,486 | 523,075 |                       |        |           |

(\*) Note that the liabilities reflect their contractual obligations in force at December 31, 2020

Class of liability for the analysis of liquidity risk ordered by date of maturity as of December 31, 2020  
Debtor: LATAM Airlines Group S.A. and Subsidiaries, Tax No. 89.862.200-2, Chile.

| Tax No.                                      | Creditor                             | Creditor country       | Currency       | Up to     | More than           | More than          | More than           | More than  | Total      | Nominal value | Amortization | Annual         |              |
|--|--------------------------------------|------------------------|----------------|-----------|---------------------|--------------------|---------------------|------------|------------|---------------|--------------|----------------|--------------|
|  |                                      |                        |                | 90 days   | 90 days to one year | one to three years | three to five years | five years |            |               |              | Effective rate | Nominal rate |
|  |                                      |                        |                | ThUS\$    | ThUS\$              | ThUS\$             | ThUS\$              | ThUS\$     | ThUS\$     | ThUS\$        |              | %              | %            |
| Lease Liability                              |                                      |                        |                |           |                     |                    |                     |            |            |               |              |                |              |
| -  | AIRCRAFT                             | OTHERS                 | US\$           | 226,510   | 679,529             | 877,438            | 812,821             | 889,072    | 3,485,370  | 3,026,573     | -            | -              | -            |
| -  | OTHER ASSETS                         | OTHERS                 | US\$           | 3,403     | 9,953               | 6,706              | 18,271              | 6,349      | 44,682     | 46,520        | -            | -              | -            |
|  |                                      |                        | UF             | 2,103     | 5,836               | 1,072              | 1,973               | 2,485      | 13,469     | 11,401        | -            | -              | -            |
|  |                                      |                        | COP            | 22        | 7                   | 14                 | -                   | -          | 43         | 48            | -            | -              | -            |
|  |                                      |                        | EUR            | 156       | 443                 | 188                | -                   | -          | 787        | 772           | -            | -              | -            |
|  |                                      |                        | PEN            | 29        | 15                  | 49                 | -                   | -          | 93         | 137           | -            | -              | -            |
|  |                                      |                        | BRL            | 1,002     | 3,891               | 14,414             | -                   | -          | 19,307     | 35,555        | -            | -              | -            |
| Trade and other accounts payables            |                                      |                        |                |           |                     |                    |                     |            |            |               |              |                |              |
| -  | OTHERS                               | OTHERS                 | US\$           | 330,172   | 47,781              | -                  | -                   | -          | 377,953    | 377,953       | -            | -              | -            |
|  |                                      |                        | CLP            | 230,997   | 119,337             | -                  | -                   | -          | 350,334    | 350,334       | -            | -              | -            |
|  |                                      |                        | BRL            | 359,350   | 5,859               | -                  | -                   | -          | 365,209    | 365,209       | -            | -              | -            |
|  |                                      |                        | Other currency | 598,619   | 65,684              | -                  | -                   | -          | 664,303    | 664,303       | -            | -              | -            |
| Accounts payable to related parties currents |                                      |                        |                |           |                     |                    |                     |            |            |               |              |                |              |
| Foreign                                      | Delta Airlines                       | U.S.A.                 | US\$           | 805       | -                   | -                  | -                   | -          | 805        | 805           | -            | -              | -            |
| Foreign                                      | Patagonia Seafarms INC               | U.S.A.                 | CLP            | 7         | -                   | -                  | -                   | -          | 7          | 7             | -            | -              | -            |
| 97.810.370-9                                 | Inversiones Costa Verde Ltda. y CPA. | Chile                  | CLP            | -         | -                   | 105,713            | -                   | -          | 105,713    | 105,713       | -            | -              | -            |
| Foreign                                      | QA Investments Ltd                   | Jersey Channel Islands | US\$           | -         | -                   | 132,141            | -                   | -          | 132,141    | 132,141       | -            | -              | -            |
| Foreign                                      | QA Investments 2 Ltd                 | Jersey Channel Islands | US\$           | -         | -                   | 132,141            | -                   | -          | 132,141    | 132,141       | -            | -              | -            |
| Foreign                                      | Lozuy S.A.                           | Uruguay                | US\$           | -         | -                   | 26,428             | -                   | -          | 26,428     | 26,428        | -            | -              | -            |
| Total  |                                      |                        |                | 1,753,175 | 938,335             | 1,296,304          | 833,065             | 897,906    | 5,718,785  | 5,276,040     |              |                |              |
| Total consolidated                           |                                      |                        |                | 3,204,384 | 1,878,017           | 4,453,109          | 2,239,119           | 2,632,373  | 14,407,002 | 12,876,233    |              |                |              |

The Company has fuel, interest rate and exchange rate hedging strategies involving derivatives contracts with different financial institutions.

At the end of 2020, the Company had delivered US\$ 3 million in guarantees for derivative margins corresponding to cash and standby letters of credit. As of December 31, 2021, the Company maintains guarantees for US\$ 5.5 million corresponding to derivative transactions. The increase was due to: i) greater subscription of hedging contracts than their maturity and ii) changes in fuel prices, exchange rates and interest rates.

### 3.2. Capital risk management

The objectives of the Company, in relation to capital management are: (i) to meet the minimum equity requirements and (ii) to maintain an optimal capital structure.

The Company monitors contractual obligations and regulatory requirements in the different countries where the group's companies are domiciled to ensure faithful compliance with the minimum equity requirement, the most restrictive limit of which is to maintain positive liquid equity.

Additionally, the Company periodically monitors the short and long term cash flow projections to ensure that it has sufficient cash generation alternatives to meet future investment and financing commitments.

The international credit rating of the Company is the result of the ability to meet long-term financial commitments. As of December 31, 2021, and as a consequence of the expected decline in demand due to the COVID-19 pandemic and the Company's filing for voluntary protection under the U.S. Chapter 11 reorganization statute, Standard & Poor's, Moody's y Fitch Ratings withdrew their credit ratings for LATAM

### 3.3. Estimates of fair value.

At December 31, 2021, the Company maintained financial instruments that should be recorded at fair value. These are grouped into two categories:

#### 1. Derivative financial instruments:

This category includes the following instruments:

- Interest rate derivative contracts,
- Fuel derivative contracts,
- Currency derivative contracts.

#### 2. Financial Investments:

This category includes the following instruments:

- Investments in short-term Mutual Funds (cash equivalent)
- Private investment funds.

The Company 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 financial assets not traded in active markets (derivative contracts) is determined using valuation techniques that maximize use of available market information. Valuation techniques generally used by the Company 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 shows the classification of financial instruments at fair value, depending on the level of information used in the assessment:

|  | As of December 31, 2021                            |                   |                    |                     | As of December 31, 2020                            |                   |                    |                     |
|--|--|-------------------|--------------------|---------------------|--|-------------------|--------------------|---------------------|
|  | Fair value measurements using values considered as |                   |                    |                     | Fair value measurements using values considered as |                   |                    |                     |
|  | Fair value<br>ThUS\$                               | Level I<br>ThUS\$ | Level II<br>ThUS\$ | Level III<br>ThUS\$ | Fair value<br>ThUS\$                               | Level I<br>ThUS\$ | Level II<br>ThUS\$ | Level III<br>ThUS\$ |
| <b>Assets</b>  |  |                   |                    |                     |  |                   |                    |                     |
| Cash and cash equivalents                              | 26,025   | 26,025            | -                  | -                   | 32,782   | 32,782            | -                  | -                   |
| Short-term mutual funds                                | 26,025   | 26,025            | -                  | -                   | 32,782   | 32,782            | -                  | -                   |
| Other financial assets, current                        | 26,467   | 1,637             | 24,830             | -                   | 4,097  | 366               | 3,731              | -                   |
| Fair value of fuel derivatives                         | 17,641   | -                 | 17,641             | -                   | 1,296  | -                 | 1,296              | -                   |
| Private investment funds                               | 347  | 347               | -                  | -                   | 348  | 348               | -                  | -                   |
| Certificate of Deposit (CBD)                           | 7,189  | -                 | 7,189              | -                   | 2,435  | -                 | 2,435              | -                   |
| Domestic and foreign bonds                             | 1,290  | 1,290             | -                  | -                   | 18   | 18                | -                  | -                   |
| <b>Liabilities</b>                                     |  |                   |                    |                     |  |                   |                    |                     |
| Other financial liabilities, current                   | 5,671  | -                 | 5,671              | -                   | 5,671  | -                 | 5,671              | -                   |
| Fair value of interest rate derivatives                | 2,734  | -                 | 2,734              | -                   | 2,734  | -                 | 2,734              | -                   |
| Currency derivative not registered as hedge accounting | 2,937  | -                 | 2,937              | -                   | 2,937  | -                 | 2,937              | -                   |

Additionally, at December 31, 2021, the Company has financial instruments which are not recorded at fair value. In order to meet the disclosure requirements of fair values, the Company has valued these instruments as shown in the table below:

|  | As of December 31, 2021 |            | As of December 31, 2020 |            |
|--|-------------------------|------------|-------------------------|------------|
|  | Book value              | Fair value | Book value              | Fair value |
|  | ThUS\$                  | ThUS\$     | ThUS\$                  | ThUS\$     |
| Cash and cash equivalents                                      | 1,020,810               | 1,020,810  | 1,663,059               | 1,663,059  |
| Cash on hand   | 2,120                   | 2,120      | 4,277                   | 4,277      |
| Bank balance   | 558,078                 | 558,078    | 732,578                 | 732,578    |
| Overnight  | 386,034                 | 386,034    | 802,220                 | 802,220    |
| Time deposits  | 74,578                  | 74,578     | 123,984                 | 123,894    |
| Other financial assets, current                                | 74,671                  | 74,671     | 46,153                  | 46,153     |
| Other financial assets   | 74,671                  | 74,671     | 46,153                  | 46,153     |
| Trade debtors, other accounts receivable and                   |                         |            |                         |            |
| Current accounts receivable                                    | 902,672                 | 902,672    | 599,180                 | 599,180    |
| Accounts receivable from entities related, current             | 724                     | 724        | 158                     | 158        |
| Other financial assets, not current                            | 15,622                  | 15,622     | 33,140                  | 33,140     |
| Accounts receivable, non-current                               | 12,201                  | 12,201     | 4,986                   | 4,986      |
| Other current financial liabilities                            | 4,447,780               | 4,339,370  | 3,050,059               | 2,995,768  |
| Accounts payable for trade and other accounts payable, current | 4,860,153               | 4,860,153  | 2,322,961               | 2,322,961  |
| Accounts payable to entities related, current                  | 661,602                 | 662,345    | 812                     | 812        |
| Other financial liabilities, not current                       | 5,948,702               | 5,467,594  | 7,803,801               | 6,509,081  |
| Accounts payable, not current                                  | 472,426                 | 472,426    | 396,423                 | 410,706    |

The book values of accounts receivable and payable are assumed to approximate their fair values, due to their short-term nature. In the case of cash on hand, bank balances, overnight, time deposits and accounts payable, non-current, fair value approximates their carrying values.

The fair value of other financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate for similar financial instruments (Level II). In the case of Other financial assets, the valuation was performed according to market prices at period end. The book value of Other financial liabilities, current or non-current, do not include lease liabilities.

#### NOTE 4 - ACCOUNTING ESTIMATES AND JUDGMENTS

The Company has used estimates to value and record some of the assets, liabilities, income, expenses and commitments. Basically, these estimates refer to:

(a) Evaluation of possible losses due to impairment of goodwill and intangible assets with indefinite useful life

Management conducts an impairment test annually or more frequently if events or changes in circumstances indicate potential impairment. An impairment loss is recognized for the amount by which the carrying amount of the cash generating unit (CGU) exceeds its recoverable amount.

Management's value-in-use calculations included significant judgments and assumptions relating to revenue growth rates, exchange rate, discount rate, inflation rates, fuel price. The estimation of these assumptions requires significant judgment by the management, as these variables feature inherent uncertainty; however, the assumptions used are consistent with Company's forecasts approved by management. Therefore, management evaluates and updates the estimates as necessary, in light of conditions that affect these variables. The main assumptions used as well as the corresponding sensitivity analyses are showed in Note 15.

(b) Useful life, residual value, and impairment of property, plant, and equipment

The depreciation of assets is calculated based on the linear model, except for certain technical components depreciated on cycles and hours flown. These useful lives are reviewed on an annual basis according with the Company's future economic benefits associated with them.

Changes in circumstances such as: technological advances, business model, planned use of assets or capital strategy may render the useful life different to the lifespan estimated. When it is determined that the useful life of property, plant, and equipment must be reduced, as may occur in line with changes in planned usage of assets, the difference between the net book value and estimated recoverable value is depreciated, in accordance with the revised remaining useful life.

The residual values are estimated according to the market value that said assets will have at the end of their life. The residual value and useful life of the assets are reviewed, and adjusted if necessary, once a year. When the value of an asset is greater than its estimated recoverable amount, its value is immediately reduced to its recoverable amount.

The Company has concluded that the Properties, Plant and Equipment cannot generate cash inflows to a large extent independent of other assets, therefore the impairment assessment is made as an integral part of the only Cash Generating Unit maintained by the Company, Air Transport. The Company checks when there are signs of impairment, whether the assets have suffered any impairment losses at the Cash Generated Unit level.

(c) Recoverability of deferred tax assets

Management records deferred taxes on the temporary differences that arise between the tax bases of assets and liabilities and their amounts in the financial statements. Deferred tax assets on tax losses are recognized to the extent that it is probable that future tax benefits will be available to offset temporary differences.

The Company applies significant judgment in evaluating the recoverability of deferred tax assets. In determining the amounts of the deferred tax asset to be accounted for, management considers tax planning strategies historical profitability, projected future taxable income (considering assumptions such as: growth rate, exchange rate, discount rate, fuel price online with those used in the impairment analysis of the group's cash-generating unit) and the expected timing of reversals of existing temporary differences.

(d) Air tickets sold that will not be finally used.

The Company records the sale of air tickets as deferred income. Ordinary income from the sale of tickets is recognized in the income statement when the passenger transport service is provided or expired for non-use. The Company evaluates monthly the probability of expiration of air tickets, with return clauses, based on the history of use of air tickets. A change in this probability could generate an impact on revenue in the year in which the change occurs and in future years.

In effect and due to the worldwide contingency of the COVID 19 pandemic, the company has established new commercial policies with clients regarding the validity of air tickets, making it easier to use in flight, reissue and return, what has been considered at the time of estimating expired tickets.

As of December 31, 2021, deferred income associated with air tickets sold amounted to ThUS \$ 1,126,371 (ThUS \$ 904,558 as of December 31, 2020).

(e) Valuation of miles and points awarded to holders of loyalty programs, pending use.

As of December 31, 2021, the deferred income associated with the LATAM Pass loyalty program amounts to ThUS \$ 1,285,732 (ThUS \$ 1,365,534 as of December 31, 2020). A hypothetical change of one percentage point in the probability of swaps would translate into an impact of ThUS \$ 27,151 in the results as of 2021 (ThUS \$ 24,425 in the results as of 2020). The deferred income associated with the LATAM Pass Brasil loyalty program (See Note 22) amounts to ThUS \$ 192,381 as of December 31, 2021 (ThUS \$ 187,493 as of December 31, 2020). A hypothetical change of two percentage points in exchange probability would translate into an impact of ThUS \$ 5,100 in the results as of 2021 (ThUS \$ 4,948 in the results as of 2020).

Management used statistical models to estimate the miles and point awarded that will not be redeemed, by the programs members (breakage) which involved significant judgments and assumptions relating the historical redemption and expiration activity and forecasted redemption and expiration patterns.

The management in conjunction with an external specialist develop a predictive model of non-use miles or points, which allows to generate non-use rates on the basis of historical information, based on behavior of the accumulation, use and expiration of the miles or points.

(f) Provisions needs, and their valuation when required

In the case of known contingencies, the Company records a provision when it has a present obligation, whether legal or constructive, as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the obligation amount can be made. The assessment of contingencies inherently involves the exercise of significant



judgment and estimates of the outcome of future events, the likelihood of loss being incurred and when determining whether a reliable estimate of the loss can be made. The Company assesses its liabilities and contingencies based upon the best information available, uses the knowledge, experience and professional judgment to the specific characteristics of the known risks. This process facilitates the early assessment and quantification of potential risks in individual cases or in the development of contingent matters. If we are unable to reliably estimate the obligation or conclude no loss is probable but it is reasonably possible that a loss may be incurred, no provision is recorded but the contingency is disclosed in the notes to the consolidated financial statements.

Company recognized as the present obligation under an onerous contract as a provision when a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

(g) Leases

(i) Discount rate

The discount rate used to calculate the lease debt corresponds, for each aircraft, to the implicit interest rate calculated by the contractual elements and residual market values. The implicit rate of the contract is the discount rate that gives the aggregate present value of the minimum lease payments and the unguaranteed residual value.

For assets other than aircraft, the estimated lessee's incremental loan rate was used, which is derived from the information available on the lease commencement date, to determine the present value of the lease payments. We consider our recent debt issues, as well as publicly available data for instruments with similar characteristics when calculating our incremental borrowing rates.

A decrease of one percentage point in our estimate of the rates used as in the calculation of the new and amendment contract as of December 31, 2021 would increase the lease liability by approximately US \$ 76 million.

(ii) Lease term

In determining the term of the lease, all the facts and circumstances that create an economic incentive to exercise an extension option are considered. Extension options (or periods after termination options) are only included in the term of the lease if you are reasonably certain that the lease will be extended (or not terminated). This is reviewed if a significant event or significant change in circumstances occurs that affects this assessment and is within the control of the lessee.

(h) Investment in subsidiary (TAM)

The management has applied its judgment in determining that LATAM Airlines Group S.A. controls TAM S.A. and Subsidiaries, for accounting purposes, and has therefore consolidated the financial statements.

The grounds for this decision are that LATAM issued ordinary shares in exchange for the majority of circulating ordinary and preferential shares in TAM, except for those TAM shareholders who did not accept the exchange, which were subject to a squeeze out, entitling LATAM to substantially all economic benefits generated by the LATAM Group, and thus exposing it to substantially all risks

relating to the operations of TAM. This exchange aligns the economic interests of LATAM and all of its shareholders, including the controlling shareholders of TAM, thus ensuring that the shareholders and directors of TAM shall have no incentive to exercise their rights in a manner that would be beneficial to TAM but detrimental to LATAM. Furthermore, all significant actions necessary of the operation of the airlines require votes in favor by the controlling shareholders of both LATAM and TAM.

Since the integration of LAN and TAM operations, the most critical airline operations in Brazil have been managed by the CEO of TAM while global activities have been managed by the CEO of LATAM, who is in charge of the operation of the LATAM Group as a whole and reports to the LATAM Board.

The CEO of LATAM also evaluates the performance of LATAM Group executives and, together with the LATAM Board, determines compensation. Although Brazilian law currently imposes restrictions on the percentages of voting rights that may be held by foreign investors, LATAM believes that the economic basis of these agreements meets the requirements of accounting standards in force, and that the consolidation of the operations of LAN and LATAM is appropriate.

These estimates were made based on the best information available relating to the matters analyzed.

In any case, it is possible that events that may take place in the future could lead to their modification in future reporting periods, which would be made in a prospective manner.

## NOTE 5 - SEGMENTAL INFORMATION

As of December 31, 2021, the Company considers that it has a single operating segment, Air Transport. This segment corresponds to the route network for air transport and is based on the way in which the business is managed, according to the centralized nature of its operations, the ability to open and close routes, as well as reassignment (airplanes, crew, personnel, etc.) within the network, which implies a functional interrelation between all of them, making them inseparable. This segment definition is one of the most common in the worldwide airline industry.

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

|  | For the year ended |                  |
|--|--------------------|------------------|
|  | At December 31,    |                  |
|  | <u>2021</u>        | <u>2020</u>      |
|  | ThUS\$             | ThUS\$           |
| Peru                                   | 503,616            | 297,549          |
| Argentina                              | 75,513             | 172,229          |
| U.S.A.                                 | 577,970            | 505,145          |
| Europe                                 | 376,857            | 338,565          |
| Colombia                               | 368,474            | 177,007          |
| Brazil                                 | 1,664,523          | 1,304,006        |
| Ecuador                                | 162,959            | 112,581          |
| Chile                                  | 794,122            | 638,225          |
| Asia Pacific and rest of Latin America | 359,981            | 378,360          |
| Income from ordinary activities        | <u>4,884,015</u>   | <u>3,923,667</u> |
| Other operating income                 | <u>227,331</u>     | <u>411,002</u>   |

The Company allocates revenues by geographic area based on the point of sale of the passenger ticket or cargo. Assets are composed primarily of aircraft and aeronautical equipment, which are used throughout the different countries, so it is not possible to assign a geographic area.

The Company has no customers that individually represent more than 10% of sales.

## NOTE 6 - CASH AND CASH EQUIVALENTS

|                                 | As of<br>December 31,<br>2021 | As of<br>December 31,<br>2020 |
|---------------------------------|-------------------------------|-------------------------------|
|                                 | ThUS\$                        | ThUS\$                        |
| Cash on hand                    | 2,120                         | 4,277                         |
| Bank balances                   | 558,078                       | 732,578                       |
| Overnight                       | 386,034                       | 802,220                       |
| Total Cash                      | <u>946,232</u>                | <u>1,539,075</u>              |
| Cash equivalents                |                               |                               |
| Time deposits                   | 74,578                        | 123,984                       |
| Mutual funds                    | 26,025                        | 32,782                        |
| Total cash equivalents          | <u>100,603</u>                | <u>156,766</u>                |
| Total cash and cash equivalents | <u>1,046,835</u>              | <u>1,695,841</u>              |

Balance include Cash and Cash equivalent from the Group's Companies that file for Chapter 11. Due to a motion approved by the US bankruptcy court these balance can only be used on normal course of business activities and invested in specific banks also approved on the motion.

Cash and cash equivalents are denominated in the following currencies:

| <u>Currency</u>  | As of<br>December 31,<br>2021 | As of<br>December 31,<br>2020 |
|------------------|-------------------------------|-------------------------------|
|                  | ThUS\$                        | ThUS\$                        |
| Argentine peso   | 7,148                         | 20,107                        |
| Brazilian real   | 89,083                        | 136,938                       |
| Chilean peso     | 9,800                         | 32,649                        |
| Colombian peso   | 13,535                        | 17,185                        |
| Euro             | 7,099                         | 10,361                        |
| US Dollar        | 886,627                       | 1,438,846                     |
| Other currencies | 33,543                        | 39,755                        |
| Total            | <u>1,046,835</u>              | <u>1,695,841</u>              |

## NOTE 7 - FINANCIAL INSTRUMENTS

## Financial instruments by category

As of December 31, 2021

| <u>Assets</u>                                      | Measured at<br>amortized<br>cost | At fair value<br>with changes<br>in results | Hedge<br>derivatives | Total            |
|--|----------------------------------|---|----------------------|------------------|
|  | ThUS\$                           | ThUS\$                                      | ThUS\$               | ThUS\$           |
| Cash and cash equivalents                          | 1,020,810                        | 26,025                                      | -                    | 1,046,835        |
| Other financial assets, current (*)                | 83,150                           | 347   | 17,641               | 101,138          |
| Trade and others accounts receivable, current      | 902,672                          | -   | -                    | 902,672          |
| Accounts receivable from related entities, current | 724                              | -   | -                    | 724              |
| Other financial assets, non current                | 15,622                           | -   | -                    | 15,622           |
| Accounts receivable, non current                   | 12,201                           | -   | -                    | 12,201           |
| Total  | <u>2,035,179</u>                 | <u>26,372</u>                               | <u>17,641</u>        | <u>2,079,192</u> |

  

| <u>Liabilities</u>                            | Measured at<br>amortized<br>cost | At fair value<br>with changes<br>in results | Hedge<br>derivatives | Total             |
|---|----------------------------------|---|----------------------|-------------------|
|   | ThUS\$                           | ThUS\$                                      | ThUS\$               | ThUS\$            |
| Other financial liabilities, current          | 4,447,780                        | 2,937                                       | 2,734                | 4,453,451         |
| Trade and others accounts payable, current    | 4,860,153                        | -   | -                    | 4,860,153         |
| Accounts payable to related entities, current | 661,602                          | -   | -                    | 661,602           |
| Other financial liabilities, non-current      | 5,948,702                        | -   | -                    | 5,948,702         |
| Accounts payable, non-current                 | 472,426                          | -   | -                    | 472,426           |
| Total   | <u>16,390,663</u>                | <u>2,937</u>                                | <u>2,734</u>         | <u>16,396,334</u> |

(\*) The value presented as fair value with changes in the result, corresponds mainly to private investment funds; and as measured at amortized cost correspond to guarantees delivered.

As of December 31, 2020

| <u>Assets</u>                                      | Measured at<br>amortized<br>cost | At fair value<br>with changes<br>in results | Hedge<br>derivatives | Total            |
|--|----------------------------------|---|----------------------|------------------|
|  | ThUS\$                           | ThUS\$                                      | ThUS\$               | ThUS\$           |
| Cash and cash equivalents                          | 1,663,059                        | 32,782                                      | -                    | 1,695,841        |
| Other financial assets, current (*)                | 48,605                           | 348   | 1,297                | 50,250           |
| Trade and others accounts receivable, current      | 599,381                          | -   | -                    | 599,381          |
| Accounts receivable from related entities, current | 158                              | -   | -                    | 158              |
| Other financial assets, non current                | 33,140                           | -   | -                    | 33,140           |
| Accounts receivable, non current                   | 4,986                            | -   | -                    | 4,986            |
| <b>Total</b>                                       | <b>2,349,329</b>                 | <b>33,130</b>                               | <b>1,297</b>         | <b>2,383,756</b> |

  

| <u>Liabilities</u>                                | Measured at<br>amortized<br>cost | At fair value<br>with changes<br>in results | Hedge<br>derivatives | Total             |
|---|----------------------------------|---|----------------------|-------------------|
|   | ThUS\$                           | ThUS\$                                      | ThUS\$               | ThUS\$            |
| Other financial liabilities, current              | 3,050,059                        | 2,937                                       | 2,734                | 3,055,730         |
| Trade and others accounts payable, current        | 2,322,125                        | -   | -                    | 2,322,125         |
| Accounts payable to related entities, current     | 812                              | -   | -                    | 812               |
| Other financial liabilities, non-current          | 7,803,801                        | -   | -                    | 7,803,801         |
| Accounts payable, non-current                     | 651,600                          | -   | -                    | 651,600           |
| Accounts payable to related entities, non-current | 396,423                          | -   | -                    | 396,423           |
| <b>Total</b>                                      | <b>14,224,820</b>                | <b>2,937</b>                                | <b>2,734</b>         | <b>14,230,491</b> |

(\*) The value presented as initial designation as fair value through profit and loss, corresponds mainly to private investment funds; and as measured at amortized cost they correspond to the guarantees granted.

NOTE 8 - TRADE AND OTHER ACCOUNTS RECEIVABLE CURRENT, AND NON-CURRENT ACCOUNTS RECEIVABLE

|   | As of<br>December 31,<br>2021<br>ThUS\$ | As of<br>December 31,<br>2020<br>ThUS\$ |
|---|---|---|
| Trade accounts receivable                       | 785,952                                 | 532,106                                 |
| Other accounts receivable                       | 209,925                                 | 194,454                                 |
| Total trade and other accounts receivable       | <u>995,877</u>                          | <u>726,560</u>                          |
| Less: Expected credit loss                      | (81,004)                                | (122,193)                               |
| Total net trade and accounts receivable         | <u>914,873</u>                          | <u>604,367</u>                          |
| Less: non-current portion – accounts receivable | (12,201)                                | (4,986)                                 |
| Trade and other accounts receivable, current    | <u>902,672</u>                          | <u>599,381</u>                          |

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

To determine the expected credit losses, the Company groups accounts receivable for passenger and cargo transportation; depending on the characteristics of shared credit risk and maturity.

| Portfolio maturity   | As of December 31, 2021 |                      |                           | As December 31, 2020   |                      |                           |
|----------------------|-------------------------|----------------------|---------------------------|------------------------|----------------------|---------------------------|
|                      | Expected loss rate (1)  | Gross book value (2) | Impairment loss Provision | Expected loss rate (1) | Gross book value (2) | Impairment loss Provision |
|                      | %                       | ThUS\$               | ThUS\$                    | %                      | ThUS\$               | ThUS\$                    |
| Up to date           | 1%                      | 591,210              | (8,806)                   | 4%                     | 302,079              | (11,112)                  |
| From 1 to 90 days    | 10%                     | 116,613              | (11,840)                  | 4%                     | 103,615              | (4,049)                   |
| From 91 to 180 days  | 31%                     | 11,376               | (3,567)                   | 66%                    | 15,989               | (10,501)                  |
| From 181 to 360 days | 72%                     | 3,863                | (2,766)                   | 80%                    | 40,621               | (32,627)                  |
| more of 360 days     | 86%                     | 62,890               | (54,025)                  | 92%                    | 69,802               | (63,904)                  |
| Total                |                         | <u>785,952</u>       | <u>(81,004)</u>           |                        | <u>532,106</u>       | <u>(122,193)</u>          |

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

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

Currency balances composition of the Trade and other accounts receivable and non-current accounts receivable are as follow:

| Currency             | As of                | As of                |
|----------------------|----------------------|----------------------|
|                      | December 31,<br>2021 | December 31,<br>2020 |
|                      | ThUS\$               | ThUS\$               |
| Argentine Peso       | 7,282                | 6,517                |
| Brazilian Real       | 361,745              | 221,952              |
| Chilean Peso         | 53,488               | 44,737               |
| Colombian Peso       | 5,658                | 1,292                |
| Euro                 | 24,143               | 24,370               |
| US Dollar            | 453,781              | 292,125              |
| Korean Won           | 844                  | 79                   |
| Mexican Peso         | 2,428                | 4,624                |
| Australian Dollar    | 62                   | 49                   |
| Pound Sterling       | 12,728               | 5,647                |
| Uruguayan Peso (New) | 860                  | 792                  |
| Swiss Franc          | 360                  | 754                  |
| Japanese Yen         | 106                  | 77                   |
| Swedish crown        | 488                  | 129                  |
| Other Currencies     | 3,603                | 1,223                |
| Total                | <u>927,576</u>       | <u>604,367</u>       |

The movements of the provision for impairment losses of the Trade Debtors and other accounts receivable are as follows:

| Periods                             | Opening   | Write-offs | (Increase) | Closing   |
|-------------------------------------|-----------|------------|------------|-----------|
|                                     | balance   |            | Decrease   | balance   |
|                                     | ThUS\$    | ThUS\$     | ThUS\$     | ThUS\$    |
| From January 1 to December 31, 2020 | (100,402) | 30,754     | (52,545)   | (122,193) |
| From January 1 to December 31, 2021 | (122,193) | 26,435     | 14,754     | (81,004)  |

Once pre-judicial and judicial collection efforts are exhausted, the assets are written off against the allowance. The Company only uses the allowance method rather than direct write-off, to ensure control.

The historical and current renegotiations are not very relevant, and the policy is to analyze case by case to classify them according to the existence of risk, determining if their reclassification corresponds to pre-judicial collection accounts.

The maximum credit-risk exposure at the date of presentation of the information is the fair value of each one of the categories of accounts receivable indicated above.



|                           | As of December 31, 2021             |                         |                                     | As of December 31, 2020             |                         |                                     |
|---------------------------|-------------------------------------|-------------------------|-------------------------------------|-------------------------------------|-------------------------|-------------------------------------|
|                           | Gross exposure according to balance | Gross impaired exposure | Exposure net of risk concentrations | Gross exposure according to balance | Gross Impaired exposure | Exposure net of risk concentrations |
|                           | ThUS\$                              | ThUS\$                  | ThUS\$                              | ThUS\$                              | ThUS\$                  | ThUS\$                              |
| Trade accounts receivable | 785,952                             | (81,004)                | 704,948                             | 532,106                             | (122,193)               | 409,913                             |
| Other accounts receivable | 209,925                             | -                       | 209,925                             | 194,454                             | -                       | 194,454                             |

There are no relevant guarantees covering credit risk and these are valued when they are settled; no materially significant direct guarantees exist. Existing guarantees, if appropriate, are made through IATA.

#### NOTE 9 - ACCOUNTS RECEIVABLE FROM/PAYABLE TO RELATED ENTITIES

##### (a) Accounts Receivable

| Tax No.              | Related party                           | Relationship         | Country of origin | Currency | As of             | As of             |
|----------------------|---|----------------------|-------------------|----------|-------------------|-------------------|
|                      |   |                      |                   |          | December 31, 2021 | December 31, 2020 |
|                      |   |                      |                   |          | ThUS\$            | ThUS\$            |
| Foreign              | Qatar Airways                           | Indirect shareholder | Qatar             | US\$     | 703               | 148               |
| Foreign              | TAM Aviação Executiva e Taxi Aéreo S.A. | Common shareholder   | Brazil            | BRL      | 2                 | 1                 |
| 87.752.000-5         | Granja Marina Tornagaleones S.A.        | Common shareholder   | Chile             | CLP      | 6                 | 6                 |
| 76.335.600-0         | Parque de Chile S.A.                    | Related director     | Chile             | CLP      | 2                 | 2                 |
| 96.989.370-3         | Rio Dulce S.A.                          | Related director     | Chile             | CLP      | 4                 | 1                 |
| 96.810.370-9         | Inversiones Costa Verde Ltda. y CPA.    | Related director     | Chile             | CLP      | 7                 | -                 |
| Total current assets |   |                      |                   |          | <u>724</u>        | <u>158</u>        |

## (b) Current and non current accounts payable

| Tax No.      | Related party                             | Relationship       | Country of origin | Currency | Current liabilities |                   | Non current liabilities |                   |
|--------------|---|--------------------|-------------------|----------|---------------------|-------------------|-------------------------|-------------------|
|              |   |                    |                   |          | As of               | As of             | As of                   | As of             |
|              |   |                    |                   |          | December 31, 2021   | December 31, 2020 | December 31, 2021       | December 31, 2020 |
|              |   |                    |                   |          | ThUS\$              | ThUS\$            | ThUS\$                  | ThUS\$            |
| Foreign      | Delta Airlines, Inc.                      | Shareholder        | U.S.A.            | US\$     | 2,268               | 805               | -                       | -                 |
| Foreign      | Inversora Aeronáutica Argentina S.A.      | Related director   | Argentina         | US\$     | 5                   | -                 | -                       | -                 |
| Foreign      | Patagonia Seafarms INC                    | Related director   | U.S.A.            | US\$     | 7                   | 7                 | -                       | -                 |
| 81.062.300-4 | Costa Verde Aeronautica S.A. (*)          | Shareholder        | Chile             | US\$     | 175,819             | -                 | -                       | 105,713           |
| Foreign      | QA Investments Ltd (*)                    | Common shareholder | Jersey            |          |                     |                   |                         |                   |
|              |   |                    | Channel Islands   | US\$     | 219,774             | -                 | -                       | 132,141           |
| Foreign      | QA Investments 2 Ltd (*)                  | Common shareholder | Jersey            |          |                     |                   |                         |                   |
|              |   |                    | Channel Islands   | US\$     | 219,774             | -                 | -                       | 132,141           |
| Foreign      | Lozuy S.A. (*)                            | Common shareholder | Uruguay           | US\$     | 43,955              | -                 | -                       | 26,428            |
|              | Total current and non current liabilities |                    |                   |          | 661,602             | 812               | -                       | 396,423           |

(\*)Corresponds to drawdowns of Tranche C of the DIP loan (See Note 3.1c)

Transactions between related parties have been carried out on arm's length conditions between interested and duly-informed parties. The transaction terms for the Liabilities of the period 2021 correspond from 30 days to 1 year of maturity, and the nature of the settlement of transactions are monetary.

## NOTE 10 - INVENTORIES

The composition of Inventories is as follows:

|                     | As of<br>December 31,<br>2021 | As of<br>December 31,<br>2020 |
|---------------------|-------------------------------|-------------------------------|
|                     | ThUS\$                        | ThUS\$                        |
| Technical stock     | 250,327                       | 284,409                       |
| Non-technical stock | 37,010                        | 39,165                        |
| Total               | 287,337                       | 323,574                       |

The items included in this item correspond to spare parts and materials which will be used, mainly, in consumptions of on-board services and in own and third-party maintenance services; These are valued at their average acquisition cost net of their obsolescence provision according to the following detail:

|  | As of<br>December 31,<br>2021<br>ThUS\$ | As of<br>December 31,<br>2020<br>ThUS\$ |
|--|---|---|
| Provision for obsolescence Technical stock     | 64,455                                  | 42,979                                  |
| Provision for obsolescence Non-technical stock | 5,785                                   | 4,651                                   |
| Total  | <u>70,240</u>                           | <u>47,630</u>                           |

The resulting amounts do not exceed the respective net realization values.

As of December 31, 2021, the Company registered ThUS\$ 47,362 (ThUS\$ 55,507 as of December 31, 2020) in results, mainly related to on-board consumption and maintenance, which is part of the Cost of sales.

#### NOTE 11 - OTHER FINANCIAL ASSETS

(a) The composition of other financial assets is as follows:

|                                       | Current Assets                          |   | Non-current assets                      |   | Total Assets                            |   |
|---------------------------------------|---|---|---|---|---|---|
|                                       | As of<br>December 31,<br>2021<br>ThUS\$ | As of<br>December 31,<br>2020<br>ThUS\$ | As of<br>December 31,<br>2021<br>ThUS\$ | As of<br>December 31,<br>2020<br>ThUS\$ | As of<br>December 31,<br>2021<br>ThUS\$ | As of<br>December 31,<br>2020<br>ThUS\$ |
|                                       | (a) Other financial assets              |   |   |   |   |   |
| Private investment funds              | 347                                     | 348                                     | -                                       | -                                       | 347                                     | 348                                     |
| Deposits in guarantee (aircraft)      | 7,189                                   | 2,435                                   | 2,758                                   | 21,498                                  | 9,947                                   | 23,933                                  |
| Guarantees for margins of derivatives | 5,451                                   | 3,047                                   | -                                       | -                                       | 5,451                                   | 3,047                                   |
| Other investments                     | -                                       | -                                       | 493                                     | 493                                     | 493                                     | 493                                     |
| Domestic and foreign bonds            | 1,290                                   | 18                                      | -                                       | -                                       | 1,290                                   | 18                                      |
| Other guarantees given                | 69,220                                  | 43,106                                  | 12,371                                  | 11,149                                  | 81,591                                  | 54,255                                  |
| Subtotal of other financial assets    | <u>83,497</u>                           | <u>48,954</u>                           | <u>15,622</u>                           | <u>33,140</u>                           | <u>99,119</u>                           | <u>82,094</u>                           |
| (b) Hedging derivate asset            |   |   |   |   |   |   |
| Fair value of fuel price derivatives  | 17,641                                  | 1,296                                   | -                                       | -                                       | 17,641                                  | 1,296                                   |
| Subtotal of derivate assets           | <u>17,641</u>                           | <u>1,296</u>                            | <u>-</u>                                | <u>-</u>                                | <u>17,641</u>                           | <u>1,296</u>                            |
| Total Other Financial Assets          | <u>101,138</u>                          | <u>50,250</u>                           | <u>15,622</u>                           | <u>33,140</u>                           | <u>116,760</u>                          | <u>83,390</u>                           |

The different derivative hedging contracts maintained by the Company at the end of each fiscal year are described in Note 19.

(b) The balances composition by currencies of the Other financial assets are as follows:

| Type of currency | As of                | As of                |
|------------------|----------------------|----------------------|
|                  | December 31,<br>2021 | December 31,<br>2020 |
|                  | ThUS \$              | ThUS \$              |
| Argentine peso   | 16                   | 460                  |
| Brazilian real   | 9,775                | 8,475                |
| Chilean peso     | 4,502                | 4,056                |
| Colombian peso   | 1,727                | 500                  |
| Euro             | 4,104                | 3,236                |
| U.S.A dollar     | 93,247               | 63,922               |
| Other currencies | 3,389                | 2,741                |
| Total            | <u>116,760</u>       | <u>83,390</u>        |

#### NOTE 12 - OTHER NON-FINANCIAL ASSETS

The composition of other non-financial assets is as follows:

|  | Current assets   |                  | Non-current assets |                  | Total Assets     |                  |
|--|------------------|------------------|--------------------|------------------|------------------|------------------|
|  | As of            | As of            | As of              | As of            | As of            | As of            |
|  | December<br>2021 | December<br>2020 | December<br>2021   | December<br>2020 | December<br>2021 | December<br>2020 |
|  | ThUS\$           | ThUS\$           | ThUS\$             | ThUS\$           | ThUS\$           | ThUS\$           |
| (a) Advance payments   |                  |                  |                    |                  |                  |                  |
| Aircraft insurance and other   | 12,331           | 10,137           | -                  | -                | 12,331           | 10,137           |
| Others   | 11,404           | 15,375           | 2,002              | 2,998            | 13,406           | 18,373           |
| Subtotal advance payments  | <u>23,735</u>    | <u>25,512</u>    | <u>2,002</u>       | <u>2,998</u>     | <u>25,737</u>    | <u>28,510</u>    |
| (b) Contract assets (1)  |                  |                  |                    |                  |                  |                  |
| GDS costs  | 6,439            | 4,491            | -                  | -                | 6,439            | 4,491            |
| Credit card commissions  | 10,550           | 6,021            | -                  | -                | 10,550           | 6,021            |
| Travel agencies commissions  | 8,091            | 4,964            | -                  | -                | 8,091            | 4,964            |
| Subtotal advance payments  | <u>25,080</u>    | <u>15,476</u>    | <u>-</u>           | <u>-</u>         | <u>25,080</u>    | <u>15,476</u>    |
| (c) Other assets   |                  |                  |                    |                  |                  |                  |
| Aircraft maintenance reserve (2)   | -                | 8,613            | -                  | -                | -                | 8,613            |
| Sales tax  | 57,634           | 102,010          | 33,212             | 46,210           | 90,846           | 148,220          |
| Other taxes  | 1,661            | 4,023            | -                  | -                | 1,661            | 4,023            |
| Contributions to the International Aeronautical<br>Telecommunications Society ("SITA") | 258              | 258              | 739                | 739              | 997              | 997              |
| Contributions to<br>Universal Air Travel Plan "UATP"                                   | -                | -                | 20                 | -                | 20               | -                |
| Judicial deposits  | -                | -                | 89,459             | 76,835           | 89,459           | 76,835           |
| Subtotal other assets  | <u>59,553</u>    | <u>114,904</u>   | <u>123,430</u>     | <u>123,784</u>   | <u>182,983</u>   | <u>238,688</u>   |
| Total Other Non - Financial Assets   | <u>108,368</u>   | <u>155,892</u>   | <u>125,432</u>     | <u>126,782</u>   | <u>233,800</u>   | <u>282,674</u>   |

## (1) Movement of Contracts assets:

|  | Initial balance | Activation | Cumulative<br>translation<br>adjustment | Amortization | Final balance |
|--|-----------------|------------|---|--------------|---------------|
|  | ThUS\$          | ThUS\$     | ThUS\$                                  | ThUS\$       | ThUS\$        |
| From January 1 to<br>December 31, 2020 | 56,576          | 146,778    | (14,672)                                | (173,206)    | 15,476        |
| From January 1 to<br>December 31, 2021 | 15,476          | 67,647     | (6,680)                                 | (51,363)     | 25,080        |

(2) Aircraft maintenance reserves reflect prepayment deposits made by the group to lessors of certain aircraft under operating lease agreements in order to ensure that funds are available to support the scheduled heavy maintenance of the aircraft.

These deposits are calculated based on the operation, measured in cycles or flight hours, are paid periodically, and it is contractually stipulated that they be returned to the Company each time major maintenance is carried out. At the end of the lease, the unused maintenance reserves are returned to the Company or used to compensate the lessor for any debt related to the maintenance conditions of the aircraft.

In some cases, (2 lease agreements), if the maintenance cost incurred by LATAM is less than the corresponding maintenance reserves, the lessor is entitled to retain those excess amounts at the time the heavy maintenance is performed. The Company periodically reviews its maintenance reserves for each of its leased aircraft to ensure that they will be recovered and recognizes an expense if any such amounts are less than probable of being returned. The cost of aircraft maintenance in the last years has been higher than the related maintenance reserves for all aircraft.

As of December 31, 2021, the company does not maintain maintenance reserves, these were exercised by the lessors for the non-payment of rent as a result of the chapter 11 process (ThUS\$ 8,613 as of December 31, 2020).

Aircraft maintenance reserves are classified as current or non-current depending on the dates when the related maintenance is expected to be performed (Note 2.23).

### NOTE 13 - NON-CURRENT ASSETS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

Non-current assets and disposal group classified as held for sale at December 31, 2021 and December 31, 2020, are detailed below:

|                      | As of<br>December 31,<br><u>2021</u><br>ThUS\$ | As of<br>December 31,<br><u>2020</u><br>ThUS\$ |
|----------------------|--|--|
| Current assets       |  |  |
| Aircraft             | 99,694   | 275,000  |
| Engines and rotables | 46,724   | 740  |
| Other assets         | <u>374</u>                                     | <u>382</u>                                     |
| Total                | <u>146,792</u>                                 | <u>276,122</u>                                 |

The balances are presented at the lower of book value and fair value less cost to sell. The fair value of these assets was determined based on quoted prices in active markets for similar assets or liabilities. This is a level II measurement as per the fair value hierarchy set out in Note 3.3 (2). There were no transfers between levels for recurring fair value measurements during the year.

Assets reclassified from Property, plant and equipment to Non-current assets or groups of assets for disposal classified as held for sale.

During the year 2020, the sale of a Boeing 767 aircraft took place and therefore US \$ 5.5 million was recognized as profit from the transaction.

Additionally, during the year 2020, Delta Air Lines, Inc. canceled the purchase of four Airbus A350 aircraft, given this, LATAM was compensated with the payment of ThUS \$ 62,000, which was recorded in the income statement as other income. These four aircraft were reclassified to Property, plant and equipment.

During 2020, eleven Boeing 767 aircraft were transferred from the Property, plant and equipment item, to the Non-current assets item or groups of assets for disposal classified as held for sale. During 2021, the sale of five aircraft were completed.

During the third quarter of the year 2021, associated with the fleet restructuring plan, they were transferred from the Property, plant and equipment component of spare parts and engines to the Non-current assets or groups of assets for disposal classified as held for sale. During the fourth quarter of 2021, according to the Chapter 11 Procedure, an engine of the XWB family included in this group of assets was rejected, due to finally not complete the sales.

Additionally, a loss was recognized for US\$85 million during the year (US\$ 332 million at December 31, 2020) to adjust the assets to its fair value less the cost of sales, which were recorded in the income statement as part of the restructuring activities expenses.

The detail of the fleet classified as non-current assets and disposal group classified as held for sale is as follows:

| Aircraft   | As of<br>December 31,<br>2021 | As of<br>December 31,<br>2020 |
|------------|-------------------------------|-------------------------------|
| Boeing 767 | <u>6</u>                      | <u>11</u>                     |
| Total      | <u>6</u>                      | <u>11</u>                     |

#### NOTE 14 - INVESTMENTS IN SUBSIDIARIES

##### (a) Investments in subsidiaries

The Company has investments in companies recognized as investments in subsidiaries. All the companies defined as subsidiaries have been consolidated within the financial statements of LATAM Airlines Group S.A. and Subsidiaries. The consolidation also includes special-purpose entities.

Detail of significant subsidiaries:

| Name of significant subsidiary               | Country of<br>incorporation | Functional<br>currency | Ownership                     |                               |
|--|-----------------------------|------------------------|-------------------------------|-------------------------------|
|  |                             |                        | As of<br>December 31,<br>2021 | As of<br>December 31,<br>2020 |
|  |                             |                        | %                             | %                             |
| Latam Airlines Perú S.A.                     | Peru                        | US\$                   | 99.81000                      | 99.81000                      |
| Lan Cargo S.A.                               | Chile                       | US\$                   | 99.89395                      | 99.89395                      |
| Lan Argentina S.A. (*)                       | Argentina                   | ARS                    | 100.00000                     | 99.98370                      |
| Transporte Aéreo S.A.                        | Chile                       | US\$                   | 100.00000                     | 100.00000                     |
| Latam Airlines Ecuador S.A.                  | Ecuador                     | US\$                   | 100.00000                     | 100.00000                     |
| Aerovías de Integración Regional, AIRES S.A. | Colombia                    | COP                    | 99.20120                      | 99.19414                      |
| TAM S.A.                                     | Brazil                      | BRL                    | 100.00000                     | 99.99938                      |

(\*) See Note 1

The consolidated subsidiaries do not have significant restrictions for transferring funds to the controlling entity in the normal course of operations, except for those imposed by Chapter 11, on dividend payments prior to the application for protection.

## Summary financial information of significant subsidiaries

| Name of significant subsidiary               | Statement of financial position as of December 31, 2021 |           |             |             |             |             | Income for the year ended December 31, 2021 |               |
|--|---|-----------|-------------|-------------|-------------|-------------|---|---------------|
|  | Total   | Current   | Non-current | Total       | Current     | Non-current | Revenue                                     | Net           |
|  | Assets  | Assets    | Assets      | Liabilities | Liabilities | Liabilities |   | Income/(loss) |
|  | ThUS\$  | ThUS\$    | ThUS\$      | ThUS\$      | ThUS\$      | ThUS\$      | ThUS\$                                      | ThUS\$        |
| Latam Airlines Perú S.A.                     | 484,388   | 454,266   | 30,122      | 417,067     | 414,997     | 2,070       | 584,929                                     | (83,346)      |
| Lan Cargo S.A.                               | 721,484   | 452,981   | 268,503     | 537,180     | 488,535     | 48,645      | 215,811                                     | 1,590         |
| Lan Argentina S.A.                           | 162,995   | 158,008   | 4,987       | 119,700     | 98,316      | 21,384      | 242   | (190,299)     |
| Transporte Aéreo S.A.                        | 471,094   | 184,235   | 286,859     | 327,955     | 275,246     | 52,709      | 203,411                                     | (56,135)      |
| Latam Airlines Ecuador S.A.                  | 112,437   | 108,851   | 3,586       | 97,111      | 80,861      | 16,250      | 68,762                                      | (3,078)       |
| Aerovías de Integración Regional, AIRES S.A. | 70,490  | 67,809    | 2,681       | 87,749      | 75,621      | 12,128      | 239,988                                     | (19,615)      |
| TAM S.A. (*)                                 | 2,608,859   | 1,262,825 | 1,346,034   | 3,257,148   | 2,410,426   | 846,722     | 2,003,922                                   | (756,694)     |

  

| Name of significant subsidiary               | Statement of financial position as of December 31, 2020 |           |             |             |             |             | Income for the year ended December 31, 2020 |               |
|--|---|-----------|-------------|-------------|-------------|-------------|---|---------------|
|  | Total   | Current   | Non-current | Total       | Current     | Non-current | Revenue                                     | Net           |
|  | Assets  | Assets    | Assets      | Liabilities | Liabilities | Liabilities |   | Income/(loss) |
|  | ThUS\$  | ThUS\$    | ThUS\$      | ThUS\$      | ThUS\$      | ThUS\$      | ThUS\$                                      | ThUS\$        |
| Latam Airlines Perú S.A.                     | 661,721   | 629,910   | 31,811      | 486,098     | 484,450     | 1,648       | 372,255                                     | (96,066)      |
| Lan Cargo S.A.                               | 749,789   | 472,869   | 276,920     | 567,128     | 516,985     | 50,143      | 207,854                                     | 10,936        |
| Lan Argentina S.A.                           | 176,790   | 171,613   | 5,177       | 148,824     | 146,555     | 2,269       | 49,101                                      | (220,667)     |
| Transporte Aéreo S.A.                        | 546,216   | 264,690   | 281,526     | 347,714     | 278,319     | 69,395      | 142,096                                     | (39,032)      |
| Latam Airlines Ecuador S.A.                  | 108,086   | 104,534   | 3,552       | 99,538      | 87,437      | 12,101      | 51,205                                      | (22,655)      |
| Aerovías de Integración Regional, AIRES S.A. | 76,770  | 73,446    | 3,324       | 77,471      | 68,433      | 9,038       | 90,668                                      | (89,707)      |
| TAM S.A. (*)                                 | 3,110,055   | 1,492,792 | 1,617,263   | 3,004,935   | 2,206,089   | 798,846     | 1,808,314                                   | (1,025,618)   |

(\*) Corresponds to consolidated information of TAM S.A. and subsidiaries



## (b) Non-controlling interest

| Equity  | Tax No.      | Country of origin | As of                | As of                | As of                | As of                |
|---|--------------|-------------------|----------------------|----------------------|----------------------|----------------------|
|   |              |                   | December 31,<br>2021 | December 31,<br>2020 | December 31,<br>2021 | December 31,<br>2020 |
|   |              |                   | %                    | %                    | ThUS\$               | ThUS\$               |
| Lata m Airlines Perú S.A                        | 0-E          | Peru              | 0.19000              | 0.19000              | (13,035)             | (7,238)              |
| Lan Cargo S.A. and Subsidiaries                 | 93.383.000-4 | Chile             | 0.10196              | 0.10196              | 2,481                | 666                  |
| Inversora Cordillera S.A. and Subsidiaries      | 0-E          | Argentina         | 0.00000              | 0.01630              | -                    | (276)                |
| Lan Argentina S.A.                              | 0-E          | Argentina         | 0.00000              | 0.00344              | -                    | 1                    |
| Americo n sult de Guatemala S.A.                | 0-E          | Guatemala         | 0.87000              | 0.87000              | -                    | 1                    |
| Americo n sult S.A. and Subsidiaries            | 0-E          | Mexico            | 0.20000              | 0.20000              | (6)                  | (6)                  |
| Americo n sult Costa Rica S.A.                  | 0-E          | Costa Rica        | 0.20000              | 0.20000              | 2                    | 2                    |
| Linea Aérea Carguera de Colombiana S.A.         | 0-E          | Colombia          | 9.54000              | 9.54000              | (422)                | (522)                |
| Aerolíneas Regionales de Integración Aires S.A. | 0-E          | Colombia          | 0.79880              | 0.79880              | (145)                | (13)                 |
| Transportes Aereos del Mercosur S.A.            | 0-E          | Paraguay          | 5.02000              | 5.02000              | 769                  | 713                  |
| Total   |              |                   |                      |                      | <u>(10,356)</u>      | <u>(6,672)</u>       |

  

| Incomes   | Tax No.      | Country of origin | For the yearended    |                      | For the yearended    |                      |
|---|--------------|-------------------|----------------------|----------------------|----------------------|----------------------|
|   |              |                   | December 31,<br>2021 | December 31,<br>2020 | December 31,<br>2021 | December 31,<br>2020 |
|   |              |                   | %                    | %                    | ThUS\$               | ThUS\$               |
| Lata m Airlines Perú S.A                        | 0-E          | Peru              | 0.19000              | 0.19000              | (5,553)              | (8,102)              |
| Lan Cargo S.A. and Subsidiaries                 | 93.383.000-4 | Chile             | 0.10196              | 0.10196              | (82)                 | (121)                |
| Inversora Cordillera S.A. and Subsidiaries      | 0-E          | Argentina         | 0.00000              | 0.01630              | (19)                 | 360                  |
| Lan Argentina S.A.                              | 0-E          | Argentina         | 0.00000              | 0.00344              | (5)                  | 70                   |
| Americo n sult S.A. and Subsidiaries            | 0-E          | Mexico            | 0.20000              | 0.20000              | (1)                  | 1                    |
| Linea Aérea Carguera de Colombiana S.A.         | 0-E          | Colombia          | 9.54000              | 9.54000              | 100                  | (943)                |
| Aerolíneas Regionales de Integración Aires S.A. | 0-E          | Colombia          | 0.79880              | 0.79880              | (158)                | (724)                |
| Transportes Aereos del Mercosur S.A.            | 0-E          | Paraguay          | 5.02000              | 5.02000              | 67                   | (189)                |
| Total   |              |                   |                      |                      | <u>(5,651)</u>       | <u>(9,648)</u>       |

(\*) See Note 1 letter (b)

## NOTE 15 - INTANGIBLE ASSETS OTHER THAN GOODWILL

The details of intangible assets are as follows:

|                     | Classes of intangible assets<br>(net) |                               | Classes of intangible assets<br>(gross) |                               |
|---------------------|---------------------------------------|-------------------------------|---|-------------------------------|
|                     | As of<br>December 31,<br>2021         | As of<br>December 31,<br>2020 | As of<br>December 31,<br>2021           | As of<br>December 31,<br>2020 |
|                     | ThUS\$                                | ThUS\$                        | ThUS\$                                  | ThUS\$                        |
| Airport slots       | 587,214                               | 627,742                       | 587,214                                 | 627,742                       |
| Loyalty program     | 190,542                               | 204,615                       | 190,542                                 | 204,615                       |
| Computer software   | 136,135                               | 139,113                       | 463,478                                 | 528,097                       |
| Developing software | 104,874                               | 68,521                        | 105,673                                 | 69,379                        |
| Trademarks (1)      | -                                     | 6,340                         | 36,723                                  | 39,803                        |
| Other assets        | 127                                   | 228                           | 1,315                                   | 1,315                         |
| Total               | <u>1,018,892</u>                      | <u>1,046,559</u>              | <u>1,384,945</u>                        | <u>1,470,951</u>              |

## Movement in Intangible assets other than goodwill:

|   | Computer<br>software<br>Net | Developing<br>software | Airport<br>slots (2) | Trademarks<br>and loyalty<br>program (1) (2) | Total            |
|---|-----------------------------|------------------------|----------------------|--|------------------|
|   | ThUS\$                      | ThUS\$                 | ThUS\$               | ThUS\$                                       | ThUS\$           |
| Opening balance as of January 1, 2020   | 221,324                     | 99,193                 | 845,959              | 281,765                                      | 1,448,241        |
| Additions                               | 45                          | 76,331                 | -                    | -  | 76,376           |
| Withdrawals                             | (333)                       | (454)                  | (36,896)             | -  | (37,683)         |
| Transfer software                       | 101,015                     | (99,890)               | -                    | -  | 1,125            |
| Foreign exchange                        | (20,242)                    | (6,659)                | (18,132)             | (63,478)                                     | (271,700)        |
| Amortization                            | (162,468)                   | -                      | -                    | (7,332)                                      | (169,800)        |
| Closing balance as of December 31, 2020 | <u>139,341</u>              | <u>68,521</u>          | <u>627,742</u>       | <u>210,955</u>                               | <u>1,046,559</u> |
| Opening balance as of January 1, 2021   | 139,341                     | 68,521                 | 627,742              | 210,955                                      | 1,046,559        |
| Additions                               | -                           | 82,798                 | -                    | -  | 82,798           |
| Withdrawals                             | (275)                       | (429)                  | -                    | -  | (704)            |
| Transfer software                       | 46,144                      | (45,657)               | -                    | (352)  | 135              |
| Foreign exchange                        | (3,571)                     | (359)                  | (40,528)             | (14,276)                                     | (58,734)         |
| Amortization                            | (45,377)                    | -                      | -                    | (5,785)                                      | (51,162)         |
| Closing balance as of December 31, 2021 | <u>136,262</u>              | <u>104,874</u>         | <u>587,214</u>       | <u>190,542</u>                               | <u>1,018,892</u> |

(1) In 2016, the Company resolved to adopt a unique name and identity, and announced that the group's brand will be LATAM, which united all the companies under a single image.

The estimate of the new useful life is 5 years, equivalent to the period necessary to complete the change of image.

At December 31, 2021 TAM's trademark is fully amortized

(2) See Note 2.5

(3) In 2020, a digital transformation was implemented (LATAM XP), as a result some projects became obsolete and were fully amortized.

For further detail on impairment test see Note 16.

The amortization of each period is recognized in the consolidated income statement in the administrative expenses. The cumulative amortization of computer programs, brands and other assets as of December 31, 2021, amounts to ThUS \$ 366,053 (ThUS \$ 424,932 as of December 31, 2020).

b) Impairment Test Intangible Assets with an indefinite useful life

As of December 31, 2021, the Company maintains only the CGU “Air Transport”.

The CGU “Air transport” considers the transport 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, Europe, Africa and Oceania.

As of December 31, 2021, in accordance with the accounting policy, the Company performed the annual impairment test.

The recoverable amount of the CGU was determined based on calculations of the value in use. These calculations use projections of 5 years cash flows after taxes from the financial budgets approved by the Administration. Cash flows beyond the budgeted period are extrapolated using growth rates and estimated average volumes, which do not exceed long-term average growth rates.

Management’s cash flow projections included significant judgements and assumptions related to annual revenue growth rates, discount rate, inflation rates, the exchange rate and price of fuel. The annual revenue growth rate is based on past performance and management’s expectations of market development in each of the countries in which it operates. The discount rates used, for the CGU "Air transport", are in determined in US dollars, after taxes, and reflect specific risks related to the relevant countries of each of the operations. Inflation rates and exchange rates are based on the data available from the countries and the information provided by the Central Banks of the various countries where it operates, and the price of fuel is determined based on estimated levels of production, the competitive environment of the market in which they operate and their commercial strategy.

The recoverable values were determined using the following assumptions:

|   |             | CGU<br>Air transport |
|---|-------------|----------------------|
| Annual growth rate (Terminal)   | %           | 1.1 – 2.5            |
| Exchange rate (1)   | R\$/US\$    | 5.4 – 5.7            |
| Discount rate based on the weighted average<br>Cost of Capital (WACC) | %           | 8.60 – 10.60         |
| Fuel Price from future prices curves<br>Commodities markets           | US\$/barrel | 71 - 73              |

(1) In line with expectations of the Central Bank of Brazil.

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

The CGU is sensitive to annual growth rates, discounts and exchange rates. The sensitivity analysis included the individual impact of changes in critical estimates in determining recoverable amounts, namely:

|                        | Increase<br>WACC<br>Maximum<br>% | Decrease rate<br>Terminal growth<br>Minimal<br>% |
|------------------------|----------------------------------|--|
| Air Transportation CGU | 10.6                             | 1.1  |

In none of the above scenarios an impairment of the cash-generating unit was identified.

#### NOTE 16 - GOODWILL

##### Movement of Goodwill, separated by CGU:

|  | Air<br>Transport | Coalition<br>and loyalty<br>program<br>Multiplus | Total       |
|--|------------------|--|-------------|
|  | ThUS\$           | ThUS\$   | ThUS\$      |
| Opening balance as of January 1, 2020                | 2,209,576        | -  | 2,209,576   |
| Increase (decrease) due to exchange rate differences | (480,601)        | -  | (480,601)   |
| Impairment loss                                      | (1,728,975)      | -  | (1,728,975) |
| Closing balance as of December 31, 2020              | -                | -  | -           |
| Opening balance as of January 1, 2021                | -                | -  | -           |
| Increase (decrease) due to exchange rate differences | -                | -  | -           |
| Impairment loss                                      | -                | -  | -           |
| Closing balance as of December 31, 2021              | -                | -  | -           |

During fiscal year 2020, the Company recognized an impairment for the total Goodwill.

## NOTE 17 - PROPERTY, PLANT AND EQUIPMENT

The composition by category of Property, plant and equipment is as follows:

|  | Gross Book Value              |                               | Accumulated depreciation      |                               | Net Book Value                |                               |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|  | As of<br>December 31,<br>2021 | As of<br>December 31,<br>2020 | As of<br>December 31,<br>2021 | As of<br>December 31,<br>2020 | As of<br>December 31,<br>2021 | As of<br>December 31,<br>2020 |
|  | ThUS\$                        | ThUS\$                        | ThUS\$                        | ThUS\$                        | ThUS\$                        | ThUS\$                        |
| a) Property, plant and equipment         |                               |                               |                               |                               |                               |                               |
| Construction in progress (1)             | 473,797                       | 377,961                       | -                             | -                             | 473,797                       | 377,961                       |
| Land                                     | 43,276                        | 42,979                        | -                             | -                             | 43,276                        | 42,979                        |
| Buildings                                | 121,972                       | 123,836                       | (61,521)                      | (58,629)                      | 60,451                        | 65,207                        |
| Plant and equipment                      | 11,024,722                    | 12,983,173                    | (4,462,706)                   | (5,292,429)                   | 6,562,016                     | 7,690,744                     |
| Own aircraft (3) (4)                     | 10,377,850                    | 12,375,500                    | (4,237,585)                   | (5,088,297)                   | 6,140,265                     | 7,287,203                     |
| Other (2)                                | 646,872                       | 607,673                       | (225,121)                     | (204,132)                     | 421,751                       | 403,541                       |
| Machinery                                | 25,764                        | 27,402                        | (23,501)                      | (23,986)                      | 2,263                         | 3,416                         |
| Information technology equipment         | 146,986                       | 147,754                       | (130,150)                     | (132,923)                     | 16,836                        | 14,831                        |
| Fixed installations and accessories      | 147,402                       | 154,414                       | (108,661)                     | (105,215)                     | 38,741                        | 49,199                        |
| Motor vehicles                           | 49,186                        | 49,345                        | (44,423)                      | (44,140)                      | 4,763                         | 5,205                         |
| Leasehold improvements                   | 248,733                       | 201,828                       | (115,758)                     | (127,420)                     | 132,975                       | 74,408                        |
| Subtotal Properties, plant and equipment | <u>12,281,838</u>             | <u>14,108,692</u>             | <u>(4,946,720)</u>            | <u>(5,784,742)</u>            | <u>7,335,118</u>              | <u>8,323,950</u>              |
| b) Right of use                          |                               |                               |                               |                               |                               |                               |
| Aircraft (3)                             | 5,211,153                     | 5,369,519                     | (3,109,411)                   | (3,031,477)                   | 2,101,742                     | 2,338,042                     |
| Other assets                             | 243,014                       | 244,847                       | (190,007)                     | (176,570)                     | 53,007                        | 68,277                        |
| Subtotal Right of use                    | <u>5,454,167</u>              | <u>5,614,366</u>              | <u>(3,299,418)</u>            | <u>(3,208,047)</u>            | <u>2,154,749</u>              | <u>2,406,319</u>              |
| Total                                    | <u>17,736,005</u>             | <u>19,723,058</u>             | <u>(8,246,138)</u>            | <u>(8,992,789)</u>            | <u>9,489,867</u>              | <u>10,730,269</u>             |

(1) As of December 31, 2021, includes advances paid to aircraft manufacturers for ThUS\$ 377,590 (ThUS\$ 360,387 as of December 31, 2020)

(2) Consider mainly rotables and tools.

(3) As of December 31, 2020, due to Chapter 11, 29 aircraft lease contract were rejected, 19 were presented as to Property, plant and equipment, (2 A350, 11 A321, 1 A320, 1 A320N and 4 B787) and 10 were presented as right of use assets, (1 A319, 7 A320 and 2 B767). As of December 31, 2021, due to Chapter 11, 13 aircraft lease contract were rejected, 4 were presented as to Property, plant and equipment, (4 A350) and 9 were presented as right of use assets, (2 A320 and 7 A350).

(4) As of December 31, 2020, eleven B767 aircraft were classified as non-current assets or groups of assets for disposal as held for sale.

## (a) Movement in the different categories of Property, plant and equipment:

|   | Construction<br>in progress | Land    | Buildings<br>net | Plant and<br>equipment<br>net | Information<br>technology<br>equipment<br>net | Fixed<br>installations<br>& accessories<br>net | Motor<br>vehicles<br>net | Leasehold<br>improvements<br>net | Property,<br>Plant and<br>equipment<br>net |
|---|-----------------------------|---------|------------------|-------------------------------|---|--|--------------------------|----------------------------------|--|
|   | ThUS\$                      | ThUS\$  | ThUS\$           | ThUS\$                        | ThUS\$  | ThUS\$   | ThUS\$                   | ThUS\$                           | ThUS\$                                     |
| Opening balance as of January 1, 2020   | 372,589                     | 48,406  | 74,862           | 9,374,516                     | 20,776  | 59,834   | 477                      | 98,460                           | 10,049,920                                 |
| Additions                               | 6,535                       | -       | -                | 485,800                       | 1,295   | 9  | -                        | -                                | 493,639                                    |
| Disposals                               | -                           | -       | -                | (1,439)                       | (112)   | (31)   | (4)                      | -                                | (1,586)                                    |
| Rejection fleet (*)                     | -                           | -       | -                | (1,081,496)                   | -   | -  | -                        | (82)                             | (1,081,578)                                |
| Retirements                             | (39)                        | -       | -                | (107,912)                     | (55)  | (3,250)  | -                        | -                                | (111,256)                                  |
| Depreciation expenses                   | -                           | -       | (4,819)          | (682,102)                     | (6,186)                                       | (9,037)  | (81)                     | (16,542)                         | (718,767)                                  |
| Foreign exchange                        | (2,601)                     | (5,428) | (4,836)          | (146,219)                     | (1,543)                                       | (7,195)  | 4                        | (2,587)                          | (170,405)                                  |
| Other increases (decreases) (**)        | 1,477                       | -       | -                | (142,179)                     | 656   | 8,869  | -                        | (4,841)                          | (136,018)                                  |
| Changes, total                          | 5,372                       | (5,428) | (9,655)          | (1,675,547)                   | (5,945)                                       | (10,635)                                       | (81)                     | (24,052)                         | (1,725,971)                                |
| Closing balance as of December 31, 2020 | 377,961                     | 42,978  | 65,207           | 7,698,969                     | 14,831  | 49,199   | 396                      | 74,408                           | 8,323,949                                  |
| Opening balance as of January 1, 2021   | 377,961                     | 42,978  | 65,207           | 7,698,969                     | 14,831  | 49,199   | 396                      | 74,408                           | 8,323,949                                  |
| Additions                               | 84,392                      | 1,550   | 92               | 563,023                       | 6,455   | 6  | 17                       | 6,543                            | 662,078                                    |
| Disposals                               | -                           | -       | -                | (169)                         | (26)  | (309)  | (17)                     | -                                | (521)                                      |
| Rejection fleet (*)                     | -                           | -       | -                | (469,878)                     | -   | -  | -                        | (46,816)                         | (516,694)                                  |
| Retirements                             | (279)                       | -       | -                | (44,684)                      | (212)   | (1,885)  | -                        | (26)                             | (47,086)                                   |
| Depreciation expenses                   | -                           | -       | (4,074)          | (620,349)                     | (4,345)                                       | (8,304)  | (61)                     | (11,649)                         | (648,782)                                  |
| Foreign exchange                        | (1,720)                     | (1,252) | (833)            | (19,199)                      | (404)   | (1,752)  | (11)                     | (13,074)                         | (38,245)                                   |
| Other increases (decreases) (**)        | 13,443                      | -       | 59               | (538,996)                     | 537   | 1,786  | 1                        | 123,589                          | (399,581)                                  |
| Changes, total                          | 95,836                      | 298     | (4,756)          | (1,130,252)                   | 2,005   | (10,458)                                       | (71)                     | 58,567                           | (988,831)                                  |
| Closing balance as of December 31, 2021 | 473,797                     | 43,276  | 60,451           | 6,568,717                     | 16,836  | 38,741   | 325                      | 132,975                          | 7,335,118                                  |

(\*) Include aircraft lease rejection due to Chapter 11.

(\*\*) As of December 31, 2021, it includes the lease contract amendment of two B787 aircraft ThUS\$ (397,569) and six A320N aircraft ThUS\$ (284,952). Include the reclassification of 4 A350 aircraft that were incorporated on property plant and equipment from available for sale for

ThUS\$ 464.812 and the reclassification of 11 B767 aircraft that were moved to available for sales for ThUS\$(606,522) (see note 13).

## (b) Right of use assets:

|  | Aircraft                | Others               | Net right<br>of use<br>assets |
|--|-------------------------|----------------------|-------------------------------|
|  | ThUS \$                 | ThUS \$              | ThUS \$                       |
| Opening balances as of January 1, 2020 | 2,768,540               | 101,158              | 2,869,698                     |
| Additions                              | -                       | 399                  | 399                           |
| Fleet rejection (*)                    | (9,090)                 | -                    | (9,090)                       |
| Depreciation expense                   | (395,936)               | (22,492)             | (418,428)                     |
| Cummulative translate adjustment       | (6,578)                 | (11,173)             | (17,751)                      |
| Other increases (decreases) **         | (18,894)                | 385                  | (18,509)                      |
| Total changes                          | <u>(430,498)</u>        | <u>(32,881)</u>      | <u>(463,379)</u>              |
| Final balances as of December 31, 2020 | <u>2,338,042</u>        | <u>68,277</u>        | <u>2,406,319</u>              |
| Opening balances as of January 1, 2021 | <u>2,338,042</u>        | <u>68,277</u>        | <u>2,406,319</u>              |
| Additions                              | 537,995                 | 1,406                | 539,401                       |
| Fleet rejection (*)                    | (573,047)               | (4,577)              | (577,624)                     |
| Depreciation expense                   | (317,616)               | (16,597)             | (334,213)                     |
| Cummulative translate adjustment       | (574)                   | (1,933)              | (2,507)                       |
| Other increases (decreases) **         | 116,942                 | 6,431                | 123,373                       |
| Total changes                          | <u>(236,300)</u>        | <u>(15,270)</u>      | <u>(251,570)</u>              |
| Final balances as of December 31, 2021 | <u><u>2,101,742</u></u> | <u><u>53,007</u></u> | <u><u>2,154,749</u></u>       |

(\*) Include aircraft lease rejection due to Chapter 11.

(\*\*) Include the amendment of 109 aircraft lease contract (1 A319, 37 A320, 12 A320N, 19 A321, 1 B767, 6 B777 and 16 B787).

## (c) Composition of the fleet

| Aircraft    | Model | Aircraft included<br>in Property,<br>plant and equipment |                      | Aircraft included<br>as Rights<br>of use assets |                      | Total<br>fleet       |                      |
|-------------|-------|--|----------------------|---|----------------------|----------------------|----------------------|
|             |       | As of  | As of                | As of   | As of                | As of                | As of                |
|             |       | December 31,<br>2021                                     | December 31,<br>2020 | December 31,<br>2021                            | December 31,<br>2020 | December 31,<br>2021 | December 31,<br>2020 |
| Boeing 767  | 300ER | 16   | 17                   | -   | -                    | 16                   | 17                   |
| Boeing 767  | 300F  | 12 (1)   | 11 (1)               | 1   | 1                    | 13 (1)               | 12 (1)               |
| Boeing 777  | 300ER | 4  | 4                    | 6   | 6                    | 10                   | 10                   |
| Boeing 787  | 800   | 4  | 6                    | 6   | 4                    | 10                   | 10                   |
| Boeing 787  | 900   | 2  | 2                    | 15  | 10                   | 17                   | 12                   |
| Airbus A319 | 100   | 37   | 37                   | 7   | 7                    | 44                   | 44                   |
| Airbus A320 | 200   | 94   | 96 (2)               | 39  | 38                   | 133                  | 134 (2)              |
| Airbus A320 | NEO   | -  | 6                    | 12  | 6                    | 12                   | 12                   |
| Airbus A321 | 200   | 18   | 19                   | 31  | 19                   | 49                   | 38                   |
| Airbus A350 | 900   | -  | 4                    | -   | 7                    | -                    | 11                   |
| Total       |       | 187  | 202                  | 117   | 98                   | 304                  | 300                  |

(1) One aircraft leased to Aerotransportes Mas de Carga S.A. de C.V.

(2) Two aircraft leased to Sundair.

## (d) Method used for the depreciation of Property, plant and equipment:

|                                     | Method   | Useful life (years) |         |
|-------------------------------------|--|---------------------|---------|
|                                     |  | minimum             | maximum |
| Buildings                           | Straight line without residual value   | 20                  | 50      |
| Plant and equipment                 | Straight line with residual value of 20% in the short-haul fleet and 36% in the long-haul fleet. (*) | 5                   | 30      |
| Information technology equipment    | Straight line without residual value   | 5                   | 10      |
| Fixed installations and accessories | Straight line without residual value   | 10                  | 10      |
| Motor vehicle                       | Straight line without residual value   | 10                  | 10      |
| Leasehold improvements              | Straight line without residual value   | 5                   | 8       |
| Assets for rights of use            | Straight line without residual value   | 1                   | 25      |

(\*) Except in the case of the Boeing 767 300ER and Boeing 767 300F fleets that consider a lower residual value, due to the extension of their useful life to 22 and 30 years respectively. Additionally, certain technical components are depreciated based on cycles and hours flown.



(e) Additional information regarding Property, plant and equipment:

(i) Property, plant and equipment pledged as guarantee:

Description of Property, plant and equipment pledged as guarantee:

| Guarantee agent (l)      | Creditor company | Committed Assets     | Fleet                | As of December 31, 2021 |            | As of December 31, 2020 |            |         |
|--------------------------|------------------|----------------------|----------------------|-------------------------|------------|-------------------------|------------|---------|
|                          |                  |                      |                      | Existing Debt           | Book Value | Existing Debt           | Book Value |         |
|                          |                  |                      |                      | ThUS\$                  | ThUS\$     | ThUS\$                  | ThUS\$     |         |
| Wilmington Trust Company | MUFG             | Aircraft and engines | Airbus A319          | 58,611                  | 259,036    | 69,375                  | 268,746    |         |
|                          |                  |                      | Airbus A320          | 51,543                  | 227,604    | 63,581                  | 257,613    |         |
|                          |                  |                      | Boeing 767           | 46,779                  | 168,315    | 43,628                  | 180,591    |         |
|                          |                  |                      | Boeing 777           | 144,358                 | 141,620    | -                       | -          |         |
|                          |                  |                      | Boeing 787           | -                       | -          | 114,936                 | 119,229    |         |
| Credit Agricole          | Credit Agricole  | Aircraft and engines | Airbus A319          | 1,073                   | 6,419      | 1,073                   | 6,936      |         |
|                          |                  |                      | Airbus A320          | 139,192                 | 117,130    | 139,192                 | 122,251    |         |
|                          |                  |                      | Airbus A321/ A350    | 30,733                  | 27,427     | 30,733                  | 28,127     |         |
|                          |                  |                      | Boeing 767           | 10,404                  | 30,958     | 10,404                  | 32,802     |         |
|                          |                  |                      | Boeing 787           | 91,797                  | 38,551     | 91,797                  | 43,020     |         |
| Bank Of Utah             | BNP Paribas      | Aircraft and engines | Airbus A320 / A350   | 198,475                 | 233,501    | 262,420                 | 289,946    |         |
|                          |                  |                      | Boeing 787           | -                       | -          | 211,849                 | 246,349    |         |
|                          | Investec<br>SMBC |                      | Aircraft and engines | Airbus A320 / A350      | -          | -                       | 37,870     | -       |
|                          |                  |                      | Aircraft and engines | Airbus A350             | -          | -                       | 130,000    | 134,780 |
| Natixis                  | Natixis          | Aircraft and engines | Airbus A321          | -                       | -          | 271,129                 | 375,645    |         |
| Citibank N.A.            | Citibank N.A.    | Aircraft and engines | Airbus A319          | 27,936                  | 45,849     | 27,936                  | 38,836     |         |
|                          |                  |                      | Airbus A320          | 128,030                 | 181,224    | 128,030                 | 214,597    |         |
|                          |                  |                      | Airbus A321          | 41,599                  | 75,092     | 41,599                  | 81,706     |         |
|                          |                  |                      | Airbus A350          | 15,960                  | 26,507     | 15,960                  | 26,823     |         |
|                          |                  |                      | Airbus B767          | 90,846                  | 181,246    | 90,846                  | 197,797    |         |
|                          |                  |                      | Airbus B787          | 23,156                  | 17,036     | 23,156                  | 19,047     |         |
|                          |                  |                      | Rotables             | 162,477                 | 134,846    | 162,477                 | 145,708    |         |
|                          |                  |                      |                      |                         |            |                         |            |         |
| UMB Bank                 | MUFG             | Aircraft and engines | Airbus A320          | 166,712                 | 258,875    | 167,371                 | 246,293    |         |
| MUFG Bank                | MUFG Bank        | Aircraft and engines | Airbus A320          | -                       | -          | 215,043                 | 295,036    |         |
| Total direct guarantee   |                  |                      |                      | 1,429,681               | 2,171,236  | 2,350,405               | 3,371,878  |         |

(1) For the syndicated loans, is the Guarantee Agent that represent different creditors.

The amounts of the current debt are presented at their nominal value. The net book value corresponds to the assets granted as collateral.

Additionally, there are indirect guarantees associated with assets registered in properties, plants and equipment whose total debt as of December 31, 2021, amounts to ThUS\$ 1,200,382 (ThUS\$ 1,642,779 as of December 31, 2020). The book value of the assets with indirect guarantees as of December 31, 2021, amounts to ThUS\$ 2,884,563 (ThUS\$ 3,496,397 as of December 31, 2020).

As of December 31, 2020, given Chapter 11, nineteen aircraft corresponding to Property, plant and equipment were rejected, of which eighteen had direct guarantees and one indirect guarantee.

As of December 31, 2021, the Company keeps valid letters of credit related to assets by right of use according to the following detail:

| Creditor Guarantee                           | Debtor                    | Type                    | Value<br>ThUS\$ | Release<br>date |
|--|---------------------------|-------------------------|-----------------|-----------------|
| GE Capital Aviation Services Ltd.            | Latam Airlines Group S.A. | Three letters of credit | 12,198          | Jan 20, 2022    |
| Merlin Aviation Leasing (Ireland) 18 Limited | Tam Linhas Aéreas S.A.    | Two letters of credit   | 3,852           | Mar 15, 2022    |
| RB Comercial Properties 49                   |                           |                         |                 |                 |
| Empreendimentos Imobiliarios LTDA            | Tam Linhas Aéreas S.A.    | One letter of credit    | 25,835          | Apr 29, 2022    |
|  |                           |                         | <u>41,885</u>   |                 |

## (ii) Commitments and others

Fully depreciated assets and commitments for future purchases are as follows:

|   | As of<br>December 31,<br><u>2021</u><br>ThUS\$ | As of<br>December 31,<br><u>2020</u><br>ThUS\$ |
|---|--|--|
| Gross book value of fully depreciated property,<br>plant and equipment still in use | 223,608  | 206,497  |
| Commitments for the acquisition of aircraft (*)                                     | 10,800,000                                     | 7,500,000                                      |

(\*) According to the manufacturer's price list.

## Purchase commitment of aircraft

| Manufacturer       | Year of delivery |              |
|--------------------|------------------|--------------|
|                    | <u>2022-2028</u> | <u>Total</u> |
| Airbus S.A.S.      | 70               | 70           |
| A320-NEO Family    | 70               | 70           |
| The Boeing Company | 2                | 2            |
| Boeing 787-9       | 2                | 2            |
| Total              | <u>72</u>        | <u>72</u>    |

As of December 31, 2021, as a result of the different aircraft purchase contracts signed with Airbus SAS, 70 Airbus A320 family aircraft remain to be received with deliveries between 2020 and 2028. The approximate amount, according to the manufacturer's list prices, is ThUS \$ 10,200,000.

As of December 31, 2021, as a result of the different aircraft purchase contracts signed with The Boeing Company, 2 Boeing 787 Dreamliner aircraft remain to be received with delivery dates between 2022. The approximate amount, according to list prices from the manufacturer, is ThUS \$ 600,000.

## (iii) Capitalized interest costs with respect to Property, plant and equipment.

|   |        | For the year ended                 |             |
|---|--------|------------------------------------|-------------|
|   |        | <u>December 31,</u><br><u>2021</u> | <u>2020</u> |
| Average rate of capitalization of<br>capitalized interest costs | %      | 5.06                               | 3.52        |
| Costs of capitalized interest                                   | ThUS\$ | 7,345                              | 11,627      |

## NOTE 18 - CURRENT AND DEFERRED TAXES

In the year ended December 31, 2021, the income tax provision was calculated for such period, applying the partially semi-integrated taxation system and a rate of 27%, in accordance with the Law No. 21,210, which modernizes the Tax Legislation, published in the Journal of the Republic of Chile, dated February 24, 2020.

The net result for deferred tax corresponds to the variation of the year, of the assets and liabilities for deferred taxes generated by temporary differences and tax losses.

For the permanent differences that give rise to a book value of assets and liabilities other than their tax value, no deferred tax has been recorded since they are caused by transactions that are recorded in the financial statements and that will have no effect on spending tax for income tax.

## (a) Current taxes

## (a.1) The composition of the current tax assets is the following:

|  | Current assets                |                               | Non-current assets            |                               | Total assets                  |                               |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|  | As of<br>December 31,<br>2021 | As of<br>December 31,<br>2020 | As of<br>December 31,<br>2021 | As of<br>December 31,<br>2020 | As of<br>December 31,<br>2021 | As of<br>December 31,<br>2020 |
|  | ThUS\$                        | ThUS\$                        | ThUS\$                        | ThUS\$                        | ThUS\$                        | ThUS\$                        |
| Provisional monthly<br>payments (advances) | 32,086                        | 36,788                        | -                             | -                             | 32,086                        | 36,788                        |
| Other recoverable credits                  | 9,171                         | 5,532                         | -                             | -                             | 9,171                         | 5,532                         |
| Total current tax assets                   | <u>41,257</u>                 | <u>42,320</u>                 | <u>-</u>                      | <u>-</u>                      | <u>41,257</u>                 | <u>42,320</u>                 |

## (a.2) The composition of the current tax liabilities are as follows:

|                               | Current liabilities           |                               | Non-current liabilities       |                               | Total liabilities             |                               |
|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                               | As of<br>December 31,<br>2021 | As of<br>December 31,<br>2020 | As of<br>December 31,<br>2021 | As of<br>December 31,<br>2020 | As of<br>December 31,<br>2021 | As of<br>December 31,<br>2020 |
|                               | ThUS\$                        | ThUS\$                        | ThUS\$                        | ThUS\$                        | ThUS\$                        | ThUS\$                        |
| Income tax provision          | 675                           | 656                           | -                             | -                             | 675                           | 656                           |
| Total current tax liabilities | <u>675</u>                    | <u>656</u>                    | <u>-</u>                      | <u>-</u>                      | <u>675</u>                    | <u>656</u>                    |

## (b) Deferred taxes

The balances of deferred tax are the following:

| Concept                              | Assets        |                | Liabilities    |                |
|--------------------------------------|---------------|----------------|----------------|----------------|
|                                      | As of         | As of          | As of          | As of          |
|                                      | December 31,  | December 31,   | December 31,   | December 31,   |
|                                      | <u>2021</u>   | <u>2020</u>    | <u>2021</u>    | <u>2020</u>    |
|                                      | ThUS\$        | ThUS\$         | ThUS\$         | ThUS\$         |
| Properties, Plants and equipment     | (1,128,225)   | (1,314,456)    | 80,468         | 81,881         |
| Assets by right of use               | 715,440       | 229,119        | (68)           | (136)          |
| Amortization                         | (44,605)      | (65,139)       | 10             | 9              |
| Provisions                           | 111,468       | 212,492        | 74,047         | 68,462         |
| Revaluation of financial instruments | (16,575)      | (18,133)       | -              | -              |
| Tax losses                           | 358,284       | 1,496,952      | (87,378)       | (60,785)       |
| Intangibles                          | -             | -              | 254,155        | 270,681        |
| Other                                | 19,503        | 23,981         | 19,777         | 24,168         |
| Total                                | <u>15,290</u> | <u>564,816</u> | <u>341,011</u> | <u>384,280</u> |

The balance of deferred tax assets and liabilities are composed primarily of temporary differences to be reversed in the long term.

## Movements of Deferred tax assets and liabilities

(a) From January 1 to December 31, 2020

|                                      | Opening<br>balance          | Recognized in<br>consolidated<br>income | Recognized in<br>comprehensive<br>income | Exchange<br>rate<br>variation | Ending<br>balance        |
|--------------------------------------|-----------------------------|---|--|-------------------------------|--------------------------|
|                                      | <u>Assets/(liabilities)</u> | <u>income</u>                           | <u>income</u>                            | <u>variation</u>              | <u>Asset (liability)</u> |
|                                      | ThUS\$                      | ThUS\$                                  | ThUS\$                                   | ThUS\$                        | ThUS\$                   |
| Property, plant and equipment        | (1,513,904)                 | 110,010                                 | -  | 7,557                         | (1,396,337)              |
| Assets for right of use              | 133,481                     | 95,774                                  | -  | -                             | 229,255                  |
| Amortization                         | (53,136)                    | (14,142)                                | -  | 2,130                         | (65,148)                 |
| Provisions                           | 43,567                      | 158,178                                 | 924                                      | (58,639)                      | 144,030                  |
| Revaluation of financial instruments | 10,279                      | (27,901)                                | 959                                      | (1,470)                       | (18,133)                 |
| Tax losses                           | 1,356,268                   | 216,897                                 | -  | (15,428)                      | 1,557,737                |
| Intangibles                          | (349,082)                   | 1,030                                   | -  | 77,371                        | (270,681)                |
| Others                               | (8,693)                     | 6,541                                   | -  | 1,965                         | (187)                    |
| Total                                | <u>(381,220)</u>            | <u>546,387</u>                          | <u>1,883</u>                             | <u>13,486</u>                 | <u>180,536</u>           |

(b) From January 1 to December 31, 2021

|                                      | Opening<br>balance          | Recognized in<br>consolidated | Recognized in<br>comprehensive | Exchange<br>rate | Ending<br>balance        |
|--------------------------------------|-----------------------------|-------------------------------|--------------------------------|------------------|--------------------------|
|                                      | <u>Assets/(liabilities)</u> | <u>income</u>                 | <u>income</u>                  | <u>variation</u> | <u>Asset (liability)</u> |
|                                      | ThUS\$                      | ThUS\$                        | ThUS\$                         | ThUS\$           | ThUS\$                   |
| Property, plant and equipment        | (1,396,337)                 | 187,644                       | -                              | -                | (1,208,693)              |
| Assets for right of use              | 229,255                     | 486,253                       | -                              | -                | 715,508                  |
| Amortization                         | (65,148)                    | 20,533                        | -                              | -                | (44,615)                 |
| Provisions                           | 144,030                     | (103,826)                     | (2,783)                        | -                | 37,421                   |
| Revaluation of financial instruments | (18,133)                    | 1,616                         | (58)                           | -                | (16,575)                 |
| Tax losses (*)                       | 1,557,737                   | (1,112,075)                   | -                              | -                | 445,662                  |
| Intangibles                          | (270,681)                   | (1,394)                       | -                              | 17,920           | (254,155)                |
| Others                               | (187)                       | (87)                          | -                              | -                | (274)                    |
| Total                                | <u>180,536</u>              | <u>(521,336)</u>              | <u>(2,841)</u>                 | <u>17,920</u>    | <u>(325,721)</u>         |

## Unrecognized deferred tax assets:

Deferred tax assets are recognized to the extent that it is probable that the corresponding tax benefit will be realized in the future. In total the company has not recognized deferred tax assets for ThUS\$ 2,638,473 (ThUS\$ 749,100 as of December 31, 2020) which include deferred tax assets related to negative tax results of ThUS\$ 9,030,059 (ThUS\$ 1,433,474 at December 31, 2020).

(\*) As stated in note 2c), on November 26th, 2021 the Company filed a Reorganization Plan and Disclosure Statement in which, among other items, financial forecasts are included together with the proposed issuance of new shares and convertible bonds. With the referred information, the Company management updated its analysis on the recoverability of deferred tax assets and determined that during the time covered by the financial forecast it will not be probable that part of such deferred tax assets may offset future taxable profits. Therefore, the Company during the fourth quarter of 2021 derecognized deferred tax assets not considered recoverable in the amount of THUS\$1,251,912.

## Deferred tax expense and current income/(loss) taxes:

|   | For the year ended<br>December 31, |                |
|---|------------------------------------|----------------|
|   | 2021                               | 2020           |
|   | ThUS\$                             | ThUS\$         |
| Current tax expense   |                                    |                |
| Current tax expense   | (47,139)                           | 3,602          |
| Adjustment to previous period's current tax   | (460)                              | 199            |
| Total current tax expense, net  | <u>(47,599)</u>                    | <u>3,801</u>   |
| Deferred tax expense  |                                    |                |
| Deferred expense for taxes related to the<br>creation and reversal of temporary differences | <u>(521,336)</u>                   | <u>546,387</u> |
| Total deferred tax expense, net   | <u>(521,336)</u>                   | <u>546,387</u> |
| Income/(loss) tax expense   | <u>(568,935)</u>                   | <u>550,188</u> |

## Composition of income/(loss) tax expense:

|                                    | For the year ended |                |
|------------------------------------|--------------------|----------------|
|                                    | December 31,       |                |
|                                    | 2021               | 2020           |
|                                    | ThUS\$             | ThUS\$         |
| Current tax expense, net, foreign  | (9,943)            | (4,232)        |
| Current tax expense, net, Chile    | (37,656)           | 8,033          |
| Total current tax expense, net     | <u>(47,599)</u>    | <u>3,801</u>   |
| Deferred tax expense, net, foreign | 4,309              | (235,963)      |
| Deferred tax expense, net, Chile   | (525,645)          | 782,350        |
| Deferred tax expense, net, total   | <u>(521,336)</u>   | <u>546,387</u> |
| Income tax (expense)/benefit       | <u>(568,935)</u>   | <u>550,188</u> |

## Income before tax from the Chilean legal tax rate (27% as of December 31, 2021 and 2020)

|   | For the year ended |                  | For the year ended |                |
|---|--------------------|------------------|--------------------|----------------|
|   | December 31,       |                  | December 31,       |                |
|   | 2021               | 2020             | 2021               | 2020           |
|   | ThUS\$             | ThUS\$           | %                  | %              |
| Tax expense using the legal rate                      | <u>1,102,736</u>   | <u>1,378,547</u> | <u>(27.00)</u>     | <u>(27.00)</u> |
| Tax effect of rates in other jurisdictions            | 54,775             | 58,268           | (1.34)             | (1.14)         |
| Tax effect of non-taxable operating revenues          | 9,444              | 19,529           | (0.23)             | (0.38)         |
| Tax effect of disallowable expenses                   | (30,928)           | (40,528)         | 0.76               | 0.79           |
| Other increases (decreases):                          |                    |                  |                    |                |
| Derecognition of deferred tax liabilities             |                    |                  |                    |                |
| for early termination of aircraft financing           | 205,458            | 294,969          | (5.03)             | (5.78)         |
| Tax effect for goodwill impairment losses             | -                  | (453,681)        | -                  | 8.89           |
| Derecognition of deferred tax assets not recoverable  | (1,251,912)        | (237,637)        | 30.65              | 4.65           |
| Deferred tax asset not recognized                     | (667,702)          | (414,741)        | 16.35              | 8.12           |
| Other increases (decreases):                          | 9,194              | (54,538)         | (0.23)             | 1.07           |
| Total adjustments to tax expense using the legal rate | <u>(1,671,671)</u> | <u>(828,359)</u> | <u>40.93</u>       | <u>16.22</u>   |
| Tax expense using the effective rate                  | <u>(568,935)</u>   | <u>550,188</u>   | <u>13.93</u>       | <u>(10.78)</u> |

## Deferred taxes related to items charged to equity:

|   | For the year ended |        |
|---|--------------------|--------|
|   | December 31,       |        |
|   | 2021               | 2020   |
|   | ThUS\$             | ThUS\$ |
| Aggregate deferred taxation of components of other comprehensive income | (2,841)            | 1,883  |

## NOTE 19 - OTHER FINANCIAL LIABILITIES

The composition of other financial liabilities is as follows:

|   | As of<br>December 31,<br>2021 | As of<br>December 31,<br>2020 |
|---|-------------------------------|-------------------------------|
|   | <u>ThUS\$</u>                 | <u>ThUS\$</u>                 |
| Current   |                               |                               |
| (a) Interest bearing loans                        | 3,869,040                     | 2,243,776                     |
| (b) Lease Liability                               | 578,740                       | 806,283                       |
| (c) Hedge derivatives                             | 2,734                         | 2,734                         |
| (d) Derivative non classified as hedge accounting | <u>2,937</u>                  | <u>2,937</u>                  |
| Total current                                     | <u>4,453,451</u>              | <u>3,055,730</u>              |
| Non-current                                       |                               |                               |
| (a) Interest bearing loans                        | 3,566,804                     | 5,489,078                     |
| (b) Lease Liability                               | <u>2,381,898</u>              | <u>2,314,723</u>              |
| Total non-current                                 | <u>5,948,702</u>              | <u>7,803,801</u>              |

## (a) Interest bearing loans

Obligations with credit institutions and debt instruments:

|   | As of<br>December 31,<br>2021 | As of<br>December 31,<br>2020 |
|---|-------------------------------|-------------------------------|
|   | <u>ThUS\$</u>                 | <u>ThUS\$</u>                 |
| Current                                       |                               |                               |
| Loans to exporters                            | 159,161                       | 151,701                       |
| Bank loans                                    | 415,087                       | 385,490                       |
| Guaranteed obligations (3)(4)(7)(8)(10)       | 75,593                        | 388,492                       |
| Other guaranteed obligations (1)(5)           | <u>2,546,461</u>              | <u>435,413</u>                |
| Subtotal bank loans                           | 3,196,302                     | 1,361,096                     |
| Obligation with the public                    | 396,345                       | 108,301                       |
| Financial leases (3)(4)(6)(7)(8)(9)           | 199,885                       | 774,379                       |
| Other loans                                   | <u>76,508</u>                 | <u>-</u>                      |
| Total current                                 | <u>3,869,040</u>              | <u>2,243,776</u>              |
| Non-current                                   |                               |                               |
| Bank loans                                    | 106,751                       | 139,783                       |
| Guaranteed obligations (3)(4)(7)(8)(10)       | 434,942                       | 930,364                       |
| Other guaranteed obligations (1)(5)           | <u>178,961</u>                | <u>1,503,703</u>              |
| Subtotal bank loans                           | 720,654                       | 2,573,850                     |
| Obligation with the public                    | 1,856,853                     | 2,075,106                     |
| Financial leases (3)(4)(6)(7)(8)(9)           | <u>989,297</u>                | <u>840,122</u>                |
| Total non-current                             | <u>3,566,804</u>              | <u>5,489,078</u>              |
| Total obligations with financial institutions | <u>7,435,844</u>              | <u>7,732,854</u>              |

(1) During March and April 2020, LATAM Airlines Group S.A. it drew down the entire (US\$ 600 million) of the committed credit line “Revolving Credit Facility (RCF)”. The financing expires on March 29, 2022. The line is guaranteed with collateral consisting of airplanes, engines and spare parts.

(2) On May 26, 2020, LATAM Airlines Group S.A. and its subsidiaries in Chile, Peru, Colombia and Ecuador availed themselves, in court for the southern district of New York, to the protection of Chapter 11 of the bankruptcy law of the United States. Under Section 362 of the Bankruptcy Code. The same happened for TAM LINHAS AÉREAS S.A and certain subsidiaries (all LATAM subsidiary in Brazil), on July 9, 2020. Having filed for Chapter 11 automatically suspends most actions against LATAM and its subsidiaries, including most actions to collect financial obligations incurred before the date of receipt of Chapter 11 or to exercise control over the property of LATAM and its subsidiaries. Consequently, although the bankruptcy filing may have led to breaches of some of the obligations of LATAM and its subsidiaries, the counterparties cannot take any action as a result of said breaches.

At the end of the period, Chapter 11 retains most of the actions on the debtors so the repayment of the debt is not accelerated. The Group continues to present its financial information as of September 30, 2021, including its interest bearing loan and leases, in accordance with the originally agreed conditions, pending future agreements that it may reach with its creditors under Chapter 11. For those agreements that have already been modified or extinguished, the financial information has been properly presented according to the new contracts' terms and conditions.

(3) On June 24, 2020, the United States Court for the Southern District of New York approved the motion filed by the Company to reject certain aircraft lease contracts. Rejected contracts include, 17 aircraft financed under the EETC structure with an amount of ThUS\$ 844.1 and an aircraft financed with a financial lease with an amount of ThUS\$ 4.5.

(4) On October 20, 2020, the United States Court for the Southern District of New York approved the motion presented by the Company to reject an aircraft lease contract financed as financial lease in the amount of ThUS\$ 34.3.

(5) On September 29, 2020, LATAM Airlines Group S.A. entered into a ThUS\$ 2,450 Debtor-in-Possession financing (the “DIP Financing”), consisting of a ThUS\$ 1,300 Tranche A Facility and a ThUS\$1,150 Tranche C Facility, of which ThUS\$ 750 are committed by related parties. The obligations under the DIP Financing are secured by collateral consisting of certain assets of LATAM and certain of its subsidiaries, including, but not limited to, equity, certain engines and spare parts.

On October 8, 2020, LATAM made a partial withdrawal for MUS\$ 1,150 from Tranche A and Tranche C, and then, on or around June 22, 2021, LATAM made an additional withdrawal for MUS\$ 500 from Tranche A and Tranche C.

On October 18, 2021, LATAM Airlines Group S.A. obtained court approval for a Tranche B (“Tranche B”) of the Debtor-in-Possession (“DIP”) Financing for up to a total of US\$ 750 million. The obligations of this Tranche B, like the previous tranches, are guaranteed with the same guarantees granted by LATAM and its subsidiaries subject to the Chapter 11 Procedure, without limitation, pledges on shares, certain engines and spare parts. The following turns of the DIP must be made to Tranche B until the proportion turned of the latter is equal to that of the previous tranches. Once this ratio is equal, spins are pro-rata.



On November 10, 2021, the company made a partial transfer for MUS\$ 200 from Tranche B and later on December 28, 2021, LATAM made a new transfer for MUS\$ 100. After these transfers, LATAM still It has ThUS\$1,250 of line available for future transfers.

The DIP has an expiration date of April 8, 2022, subject to a potential extension, at LATAM's decision, for an additional 60 days in the event that LATAM's reorganization plan has been confirmed by a United States Court order. for the Southern District of New York, but the plan is not yet effective.

(6) On March 31, 2021, the United States Court for the Southern District of New York approved and, subsequently, on April 13, 2021, issued an order approving the motion presented by the Company to extend certain leases of 3 aircraft.

(7) On June 17, 2021, the United States Court for the Southern District of New York approved the motion presented by the Company to reject the lease of an aircraft financed under a financial lease in the amount of ThUS \$ 130.7.

(8) On June 30, 2021, the United States Court for the Southern District of New York approved the motion filed by the Company to reject the lease contract for 3 aircraft financed under a financial lease in the amount of ThUS \$307.4.

(9) On November 1, 2021, the United States Court for the Southern District of New York approved the motion filed by the Company to reject the lease contract for 1 engine financed under a financial lease in the amount of ThUS\$19.5.

(10) In the year ended December 31, 2021, the Company transferred its ownership in 5 special purpose vehicules and ceased to control 6 Special Purpose entities. As a result of the foregoing, the classification of the financial liabilities associated with 18 aircraft was changed from guaranteed obligations; 10 to financial leases and 8 to lease liabilities..

Balances by currency of interest bearing loans are as follows:

|                     | As of<br>December 31,<br>2021 | As of<br>December 31,<br>2020 |
|---------------------|-------------------------------|-------------------------------|
| <u>Currency</u>     | ThUS\$                        | ThUS\$                        |
| Brazilian real      | 338,953                       | 300,659                       |
| Chilean peso (U.F.) | 639,710                       | 679,983                       |
| US Dollar           | 6,457,181                     | 6,752,212                     |
| Total               | 7,435,844                     | 7,732,854                     |

Interest-bearing loans due in installments to December 31, 2021

Debtor: LATAM Airlines Group S.A. and Subsidiaries, Tax No. 89.862.200-2, Chile.

| Tax No.                             | Creditor                 | Creditor country | Currency | Nominal values |                               |                              |                               |                      |                     | Accounting values |                               |                              |                               |                      |                        | Amortization      | Annual         |              |
|-------------------------------------|--------------------------|------------------|----------|----------------|-------------------------------|------------------------------|-------------------------------|----------------------|---------------------|-------------------|-------------------------------|------------------------------|-------------------------------|----------------------|------------------------|-------------------|----------------|--------------|
|                                     |                          |                  |          | Up to 90 days  | More than 90 days to one year | More than one to three years | More than three to five years | More than five years | Total nominal value | Up to 90 days     | More than 90 days to one year | More than one to three years | More than three to five years | More than five years | Total accounting value |                   | Effective rate | Nominal rate |
|                                     |                          |                  |          | ThUS\$         | ThUS\$                        | ThUS\$                       | ThUS\$                        | ThUS\$               | ThUS\$              | ThUS\$            | ThUS\$                        | ThUS\$                       | ThUS\$                        | ThUS\$               | ThUS\$                 |                   | ThUS\$         | %            |
| <b>Loans to exporters</b>           |                          |                  |          |                |                               |                              |                               |                      |                     |                   |                               |                              |                               |                      |                        |                   |                |              |
| 0-E                                 | CITIBANK                 | U.S.A.           | US\$     | 114,000        | -                             | -                            | -                             | -                    | 114,000             | 123,366           | -                             | -                            | -                             | -                    | 123,366                | At Expiration     | 2.96           | 2.96         |
| 76.645.030-K                        | ITAU                     | Chile            | US\$     | 20,000         | -                             | -                            | -                             | -                    | 20,000              | 22,742            | -                             | -                            | -                             | -                    | 22,742                 | At Expiration     | 4.20           | 4.20         |
| 0-E                                 | HSBC                     | England          | US\$     | 12,000         | -                             | -                            | -                             | -                    | 12,000              | 13,053            | -                             | -                            | -                             | -                    | 13,053                 | At Expiration     | 4.15           | 4.15         |
| <b>Bank loans</b>                   |                          |                  |          |                |                               |                              |                               |                      |                     |                   |                               |                              |                               |                      |                        |                   |                |              |
| 97.023.000-9                        | CORPBANCA                | Chile            | UF       | 10,106         | -                             | -                            | -                             | -                    | 10,106              | 11,040            | -                             | -                            | -                             | -                    | 11,040                 | Quarterly         | 3.35           | 3.35         |
| 0-E                                 | SANTANDER                | Spain            | US\$     | -              | -                             | 106,427                      | -                             | -                    | 106,427             | 135               | -                             | 106,427                      | -                             | -                    | 106,562                | Quarterly         | 2.80           | 2.80         |
| 0-E                                 | CITIBANK                 | U.S.A.           | UF       | 60,935         | -                             | -                            | -                             | -                    | 60,935              | 64,293            | -                             | -                            | -                             | -                    | 64,293                 | At Expiration     | 3.10           | 3.10         |
| <b>Obligations with the public</b>  |                          |                  |          |                |                               |                              |                               |                      |                     |                   |                               |                              |                               |                      |                        |                   |                |              |
| 97.030.000-7                        | BANCOESTADO              | Chile            | UF       | -              | 159,679                       | -                            | -                             | 343,218              | 502,897             | 49,584            | 159,679                       | -                            | -                             | 355,114              | 564,377                | At Expiration     | 4.81           | 4.81         |
| 0-E                                 | BANK OF NEW YORK         | U.S.A.           | US\$     | -              | -                             | 700,000                      | 800,000                       | -                    | 1,500,000           | 187,082           | -                             | 698,450                      | 803,289                       | -                    | 1,688,821              | At Expiration     | 7.16           | 6.94         |
| <b>Guaranteed obligations</b>       |                          |                  |          |                |                               |                              |                               |                      |                     |                   |                               |                              |                               |                      |                        |                   |                |              |
| 0-E                                 | BNP PARIBAS              | U.S.A.           | US\$     | 16,079         | 12,412                        | 34,958                       | 37,891                        | 97,135               | 198,475             | 17,926            | 12,412                        | 34,044                       | 37,466                        | 96,379               | 198,227                | Quarterly         | 1.48           | 1.48         |
| 0-E                                 | MUFG                     | U.S.A.           | US\$     | 29,054         | 11,661                        | 32,639                       | 34,970                        | 58,388               | 166,712             | 3,1375            | 11,661                        | 32,188                       | 34,733                        | 57,983               | 167,940                | Quarterly         | 1.64           | 1.64         |
| 0-E                                 | WILMINGTON TRUST COMPANY | U.S.A.           | US\$     | -              | 2,209                         | 24,703                       | 32,327                        | 85,119               | 144,358             | -                 | 2,209                         | 24,703                       | 32,327                        | 85,119               | 144,358                | Quarterly/Mensual | 3.17           | 1.60         |
| -                                   | SWAP Received aircraft   | -                | US\$     | 10             | -                             | -                            | -                             | -                    | 10                  | 10                | -                             | -                            | -                             | -                    | 10                     | Quarterly         | -              | -            |
| <b>Other guaranteed obligations</b> |                          |                  |          |                |                               |                              |                               |                      |                     |                   |                               |                              |                               |                      |                        |                   |                |              |
| 0-E                                 | CREDIT AGRICOLE          | France           | US\$     | 273,199        | -                             | -                            | -                             | -                    | 273,199             | 274,403           | -                             | -                            | -                             | -                    | 274,403                | At Expiration     | 1.82           | 1.82         |
| 0-E                                 | MUFG                     | U.S.A.           | US\$     | 7,551          | 33,131                        | 9,1435                       | 24,816                        | -                    | 156,933             | 8,259             | 33,131                        | 9,1255                       | 24,816                        | -                    | 157,461                | Quarterly         | 1.72           | 1.72         |
| 0-E                                 | CITIBANK                 | U.S.A.           | US\$     | -              | 600,000                       | -                            | -                             | -                    | 600,000             | 95                | 600,000                       | -                            | -                             | -                    | 600,095                | At Expiration     | 2.00           | 2.00         |
| 0-E                                 | BANK OF UTAH             | U.S.A.           | US\$     | -              | 1,644,876                     | -                            | -                             | -                    | 1,644,876           | -                 | 1,630,390                     | -                            | -                             | -                    | 1,630,390              | At Expiration     | 22.71          | 12.97        |
| 0-E                                 | EXIM BANK                | U.S.A.           | US\$     | -              | -                             | -                            | 25,876                        | 37,014               | 62,890              | 183               | -                             | -                            | 25,876                        | 37,014               | 63,073                 | Quarterly         | 1.84           | 1.84         |
| <b>Financial leases</b>             |                          |                  |          |                |                               |                              |                               |                      |                     |                   |                               |                              |                               |                      |                        |                   |                |              |
| 0-E                                 | CREDIT AGRICOLE          | France           | US\$     | 682            | 1,370                         | -                            | -                             | -                    | 2,052               | 694               | 1,370                         | -                            | -                             | -                    | 2,064                  | Quarterly         | 3.68           | 3.23         |
| 0-E                                 | CITIBANK                 | U.S.A.           | US\$     | 19,101         | 52,371                        | 12,513                       | -                             | -                    | 83,985              | 19,198            | 52,371                        | 12,359                       | -                             | -                    | 83,928                 | Quarterly         | 1.37           | 0.79         |
| 0-E                                 | BNP PARIBAS              | U.S.A.           | US\$     | 7,216          | 19,537                        | 28,165                       | -                             | -                    | 54,918              | 7,313             | 19,537                        | 27,905                       | -                             | -                    | 54,755                 | Quarterly         | 1.56           | 0.96         |
| 0-E                                 | NATIXIS                  | France           | US\$     | 1,335          | 15,612                        | 52,010                       | 54,443                        | 138,058              | 261,458             | 4,472             | 15,612                        | 51,647                       | 54,064                        | 137,430              | 263,225                | Quarterly         | 2.09           | 2.09         |
| 0-E                                 | US BANK                  | U.S.A.           | US\$     | 16,601         | 50,373                        | 135,201                      | 17,492                        | -                    | 219,667             | 17,755            | 50,373                        | 127,721                      | 17,188                        | -                    | 213,037                | Quarterly         | 4.03           | 2.84         |
| 0-E                                 | PK AIRFINANCE            | U.S.A.           | US\$     | 800            | 3,842                         | 11,562                       | 647                           | -                    | 16,851              | 903               | 3,842                         | 11,562                       | 647                           | -                    | 16,954                 | Quarterly         | 1.88           | 1.88         |
| 0-E                                 | EXIM BANK                | U.S.A.           | US\$     | -              | -                             | -                            | 248,354                       | 284,773              | 533,127             | 1,771             | -                             | -                            | 244,490                       | 280,341              | 526,602                | Quarterly         | 2.88           | 2.03         |
| <b>Others loans</b>                 |                          |                  |          |                |                               |                              |                               |                      |                     |                   |                               |                              |                               |                      |                        |                   |                |              |
| 0-E                                 | Various (**)             |                  | US\$     | 55,819         | -                             | -                            | -                             | -                    | 55,819              | 55,819            | -                             | -                            | -                             | -                    | 55,819                 | At Expiration     | -              | -            |
|                                     | Total                    |                  |          | 644,488        | 2,607,073                     | 1,229,613                    | 1,276,816                     | 1,043,705            | 6,801,695           | 9,114,71          | 2,592,587                     | 1,218,261                    | 1,274,896                     | 1,049,380            | 7,046,595              |                   |                |              |

(\*) Note that the obligations are due to expire and contractual obligations, for not presenting any resolution of chapter II.

(\*\*) Obligation to creditors for executed letters of credit resolution.

Interest-bearing loans due in installments to December 31, 2021

Debtor: TAM S.A. and Subsidiaries, Tax No. 02.012.862/0001-60, Brazil

| Tax No.                   | Creditor Country                 | Currency    | Nominal values |                     |                              |                               |                      |                     | Accounting values |                     |                              |                               |                      |                        | Amortization     | Annual         |              |       |
|---------------------------|----------------------------------|-------------|----------------|---------------------|------------------------------|-------------------------------|----------------------|---------------------|-------------------|---------------------|------------------------------|-------------------------------|----------------------|------------------------|------------------|----------------|--------------|-------|
|                           |                                  |             | Up to 90 days  | 90 days to one year | More than one to three years | More than three to five years | More than five years | Total nominal value | Up to 90 days     | 90 days to one year | More than one to three years | More than three to five years | More than five years | Total accounting value |                  | Effective rate | Nominal rate |       |
|                           |                                  |             | ThUS\$         | ThUS\$              | ThUS\$                       | ThUS\$                        | ThUS\$               | ThUS\$              | ThUS\$            | ThUS\$              | ThUS\$                       | ThUS\$                        | ThUS\$               | ThUS\$                 |                  | ThUS\$         | %            | %     |
| <b>Bank loans</b>         |                                  |             |                |                     |                              |                               |                      |                     |                   |                     |                              |                               |                      |                        |                  |                |              |       |
| 0-E                       | NCM                              | Netherlands | US\$           | 619                 | -                            | 324                           | -                    | -                   | 943               | 666                 | -                            | 324                           | -                    | -                      | 990              | Monthly        | 6.01         | 6.01  |
| 0-E                       | BANCO BRADESCO                   | Brazil      | BRL            | 74,661              | -                            | -                             | -                    | -                   | 74,661            | 98,864              | -                            | -                             | -                    | -                      | 98,864           | Monthly        | 4.33         | 4.33  |
| 0-E                       | Merril Lynch Credit Products LLC | U.S.A.      | BRL            | 185,833             | -                            | -                             | -                    | -                   | 185,833           | 240,089             | -                            | -                             | -                    | -                      | 240,089          | Monthly        | 3.95         | 3.95  |
| <b>Financial lease</b>    |                                  |             |                |                     |                              |                               |                      |                     |                   |                     |                              |                               |                      |                        |                  |                |              |       |
| 0-E                       | NATIXIS                          | France      | US\$           | 433                 | 2,482                        | 2,872                         | 11,539               | -                   | 17,326            | 637                 | 2,481                        | 2,872                         | 11,539               | -                      | 17,529           | Quarterly      | 2.74         | 2.74  |
| 0-E                       | GA Telessis LLC                  | U.S.A.      | US\$           | 320                 | 1,147                        | 2,695                         | 2,850                | 3,987               | 10,999            | 409                 | 1,147                        | 2,695                         | 2,850                | 3,987                  | 11,088           | Monthly        | 14.72        | 14.72 |
| <b>Others loans</b>       |                                  |             |                |                     |                              |                               |                      |                     |                   |                     |                              |                               |                      |                        |                  |                |              |       |
| 0-E                       | DEUTCHEBANK (*)                  | Brazil      | US\$           | 20,689              | -                            | -                             | -                    | -                   | 20,689            | 20,689              | -                            | -                             | -                    | -                      | 20,689           | At Expiration  | -            | -     |
| <b>Total</b>              |                                  |             |                | <b>282,555</b>      | <b>3,629</b>                 | <b>5,891</b>                  | <b>14,389</b>        | <b>3,987</b>        | <b>310,451</b>    | <b>361,354</b>      | <b>3,628</b>                 | <b>5,891</b>                  | <b>14,389</b>        | <b>3,987</b>           | <b>389,249</b>   |                |              |       |
| <b>Total consolidated</b> |                                  |             |                | <b>927,043</b>      | <b>2,610,702</b>             | <b>1,235,504</b>              | <b>1,291,205</b>     | <b>1,047,692</b>    | <b>7,112,146</b>  | <b>1,272,825</b>    | <b>2,596,215</b>             | <b>1,224,152</b>              | <b>1,289,285</b>     | <b>1,053,367</b>       | <b>7,435,844</b> |                |              |       |

(\*) Obligation to creditors for executed letters of credit

Interest-bearing loans due in installments to December 31, 2020

Debtor: LATAM Airlines Group S.A. and Subsidiaries, Tax No. 89.862.200-2, Chile.

| Tax No.                             | Creditor               | Creditor country | Currency | Nominal values |                               |                              |                               |                      |                     | Accounting values |                               |                              |                               |                      |                        | Amortization           | Annual         |              |
|-------------------------------------|------------------------|------------------|----------|----------------|-------------------------------|------------------------------|-------------------------------|----------------------|---------------------|-------------------|-------------------------------|------------------------------|-------------------------------|----------------------|------------------------|------------------------|----------------|--------------|
|                                     |                        |                  |          | Up to 90 days  | More than 90 days to one year | More than one to three years | More than three to five years | More than five years | Total nominal value | Up to 90 days     | More than 90 days to one year | More than one to three years | More than three to five years | More than five years | Total accounting value |                        | Effective rate | Nominal rate |
|                                     |                        |                  |          | ThUS\$         | ThUS\$                        | ThUS\$                       | ThUS\$                        | ThUS\$               | ThUS\$              | ThUS\$            | ThUS\$                        | ThUS\$                       | ThUS\$                        | ThUS\$               | ThUS\$                 |                        | ThUS\$         | %            |
| <b>Loans to exporters</b>           |                        |                  |          |                |                               |                              |                               |                      |                     |                   |                               |                              |                               |                      |                        |                        |                |              |
| 97.032.000-8                        | BBVA                   | Chile            | US\$     | 74,000         | -                             | -                            | -                             | -                    | 74,000              | 76,929            | -                             | -                            | -                             | -                    | 76,929                 | At Expiration          | 3.08           | 3.08         |
| 97.030.000-7                        | ESTADO                 | Chile            | US\$     | 40,000         | -                             | -                            | -                             | -                    | 40,000              | 41,542            | -                             | -                            | -                             | -                    | 41,542                 | At Expiration          | 3.49           | 3.49         |
| 76.645.030-K                        | ITAU                   | Chile            | US\$     | 20,000         | -                             | -                            | -                             | -                    | 20,000              | 20,685            | -                             | -                            | -                             | -                    | 20,685                 | At Expiration          | 4.20           | 4.20         |
| 97.951.000-4                        | HSBC                   | Chile            | US\$     | 12,000         | -                             | -                            | -                             | -                    | 12,000              | 12,545            | -                             | -                            | -                             | -                    | 12,545                 | At Expiration          | 4.15           | 4.15         |
| <b>Bank loans</b>                   |                        |                  |          |                |                               |                              |                               |                      |                     |                   |                               |                              |                               |                      |                        |                        |                |              |
| 97.023.000-9                        | CORPBANCA              | Chile            | UF       | 11,255         | -                             | -                            | -                             | -                    | 11,255              | 11,665            | -                             | -                            | -                             | -                    | 11,665                 | Quarterly              | 3.35           | 3.35         |
| 0-E                                 | SANTANDER              | Spain            | US\$     | -              | -                             | 139,459                      | -                             | -                    | 139,459             | 3,300             | -                             | 139,459                      | -                             | -                    | 142,759                | Quarterly              | 2.80           | 2.80         |
| 76.362.099-9                        | BTG PACTUAL CHILE      | Chile            | UF       | -              | 67,868                        | -                            | -                             | -                    | 67,868              | 1,985             | 67,237                        | -                            | -                             | -                    | 69,222                 | At Expiration          | 3.10           | 3.10         |
| <b>Obligations with the public</b>  |                        |                  |          |                |                               |                              |                               |                      |                     |                   |                               |                              |                               |                      |                        |                        |                |              |
| 97.030.000-7                        | ESTADO                 | Chile            | UF       | -              | -                             | 177,846                      | -                             | 382,267              | 560,113             | 25,729            | -                             | 177,715                      | -                             | 395,652              | 599,096                | At Expiration          | 4.81           | 4.81         |
| 0-E                                 | BANK OF NEW YORK       | U.S.A.           | US\$     | -              | -                             | -                            | 700,000                       | 800,000              | 1,500,000           | 82,572            | -                             | -                            | 698,450                       | 803,289              | 1,584,311              | At Expiration          | 7.16           | 6.94         |
| <b>Guaranteed obligations</b>       |                        |                  |          |                |                               |                              |                               |                      |                     |                   |                               |                              |                               |                      |                        |                        |                |              |
| 0-E                                 | BNP PARIBAS            | U.S.A.           | US\$     | 31,039         | 43,655                        | 91,002                       | 97,621                        | 210,956              | 474,273             | 40,931            | 47,668                        | 87,767                       | 96,513                        | 209,612              | 482,491                | Quarterly / Semiannual | 2.95           | 2.95         |
| 0-E                                 | NATIXIS                | France           | US\$     | 42,740         | 34,150                        | 77,693                       | 81,244                        | 35,302               | 271,129             | 50,001            | 34,150                        | 75,808                       | 80,316                        | 34,969               | 275,244                | Quarterly              | 3.11           | 3.11         |
| 0-E                                 | INVESTEC               | England          | US\$     | 6,329          | 11,606                        | 19,935                       | -                             | -                    | 37,870              | 7,952             | 12,522                        | 19,588                       | -                             | -                    | 40,062                 | Semiannual             | 6.21           | 6.21         |
| 0-E                                 | MUFG                   | U.S.A.           | US\$     | 30,590         | 24,080                        | 67,730                       | 72,881                        | 187,132              | 382,413             | 39,516            | 24,080                        | 67,014                       | 72,494                        | 186,283              | 389,387                | Quarterly              | 2.88           | 2.88         |
| 0-E                                 | SMBC                   | U.S.A.           | US\$     | 130,000        | -                             | -                            | -                             | -                    | 130,000             | 131,662           | -                             | -                            | -                             | -                    | 131,662                | At Expiration          | 1.73           | 1.73         |
| -                                   | SWAP Received aircraft | -                | US\$     | 10             | -                             | -                            | -                             | -                    | 10                  | 10                | -                             | -                            | -                             | -                    | 10                     | Quarterly              | -              | -            |
| <b>Other guaranteed obligations</b> |                        |                  |          |                |                               |                              |                               |                      |                     |                   |                               |                              |                               |                      |                        |                        |                |              |
| 0-E                                 | CREDIT AGRICOLE        | France           | US\$     | -              | 273,199                       | -                            | -                             | -                    | 273,199             | 1,395             | 272,794                       | -                            | -                             | -                    | 274,189                | At Expiration          | 1.92           | 1.92         |
| 0-E                                 | MUFG                   | U.S.A.           | US\$     | 82,498         | 72,206                        | 117,084                      | 19,731                        | -                    | 291,519             | 88,880            | 72,206                        | 114,589                      | 19,499                        | -                    | 295,174                | Quarterly              | 2.67           | 2.67         |
| 0-E                                 | CITIBANK               | U.S.A.           | US\$     | -              | -                             | 600,000                      | -                             | -                    | 600,000             | 138               | -                             | 600,000                      | -                             | -                    | 600,138                | At Expiration          | 2.27           | 2.27         |
| 0-E                                 | BANK OF UTAH           | U.S.A.           | US\$     | -              | -                             | 793,003                      | -                             | -                    | 793,003             | -                 | -                             | 769,615                      | -                             | -                    | 769,615                | At Expiration          | 18.95          | 12.26        |
| <b>Financial leases</b>             |                        |                  |          |                |                               |                              |                               |                      |                     |                   |                               |                              |                               |                      |                        |                        |                |              |
| 0-E                                 | ING                    | U.S.A.           | US\$     | 5,965          | -                             | -                            | -                             | -                    | 5,965               | 6,017             | -                             | -                            | -                             | -                    | 6,017                  | Quarterly              | 5.71           | 5.01         |
| 0-E                                 | CREDIT AGRICOLE        | France           | US\$     | 13,875         | 2,034                         | 2,052                        | -                             | -                    | 17,961              | 13,922            | 2,034                         | 2,052                        | -                             | -                    | 18,008                 | Quarterly              | 1.99           | 1.54         |
| 0-E                                 | CITIBANK               | U.S.A.           | US\$     | 77,994         | 58,993                        | 113,186                      | 43,778                        | 18,841               | 312,792             | 78,860            | 58,993                        | 109,086                      | 42,558                        | 18,619               | 308,116                | Quarterly              | 2.58           | 1.77         |
| 0-E                                 | PEFCO                  | U.S.A.           | US\$     | 1,926          | -                             | -                            | -                             | -                    | 1,926               | 1,938             | -                             | -                            | -                             | -                    | 1,938                  | Quarterly              | 5.65           | 5.03         |
| 0-E                                 | BNP PARIBAS            | U.S.A.           | US\$     | 14,834         | 2,326                         | 791                          | -                             | -                    | 17,951              | 14,909            | 2,326                         | 788                          | -                             | -                    | 18,023                 | Quarterly              | 1.81           | 1.41         |
| 0-E                                 | WELLS FARGO            | U.S.A.           | US\$     | 112,987        | 99,975                        | 230,416                      | 98,028                        | -                    | 541,406             | 114,994           | 99,975                        | 219,624                      | 96,556                        | -                    | 531,149                | Quarterly              | 2.43           | 1.74         |
| 97.036.000-K                        | SANTANDER              | Chile            | US\$     | 21,456         | 17,626                        | 26,165                       | -                             | -                    | 65,247              | 21,550            | 17,626                        | 25,840                       | -                             | -                    | 65,016                 | Quarterly              | 1.30           | 0.76         |
| 0-E                                 | RRPF ENGINE            | England          | US\$     | 2,058          | 3,644                         | 7,752                        | 5,035                         | -                    | 18,489              | 2,602             | 3,644                         | 7,752                        | 5,035                         | -                    | 19,033                 | Monthly                | 4.01           | 4.01         |
| 0-E                                 | APPLE BANK             | U.S.A.           | US\$     | 4,538          | 4,631                         | 12,808                       | 753                           | -                    | 22,730              | 4,599             | 4,632                         | 12,608                       | 752                           | -                    | 22,591                 | Quarterly              | 1.61           | 1.01         |
| 0-E                                 | BTMU                   | U.S.A.           | US\$     | 11,519         | 9,385                         | 25,937                       | 768                           | -                    | 47,609              | 11,595            | 9,386                         | 25,563                       | 767                           | -                    | 47,311                 | Quarterly              | 1.63           | 1.03         |
| 0-E                                 | US BANK                | U.S.A.           | US\$     | 58,512         | 49,240                        | 135,489                      | 84,178                        | -                    | 327,419             | 60,094            | 49,240                        | 125,274                      | 82,149                        | -                    | 316,757                | Quarterly              | 4.00           | 2.82         |
| 0-E                                 | PK AIRFINANCE          | U.S.A.           | US\$     | 8,996          | 9,062                         | 1,464                        | -                             | -                    | 19,522              | 9,319             | 9,009                         | 1,435                        | -                             | -                    | 19,763                 | Monthly                | 1.98           | 1.98         |
| <b>Total</b>                        |                        |                  |          | <b>815,121</b> | <b>783,680</b>                | <b>2,639,812</b>             | <b>1,204,017</b>              | <b>1,634,498</b>     | <b>7,077,128</b>    | <b>977,836</b>    | <b>787,522</b>                | <b>2,581,577</b>             | <b>1,195,089</b>              | <b>1,648,424</b>     | <b>7,190,448</b>       |                        |                |              |

Interest-bearing loans due in installments to December 31, 2020  
 Debtor: LATAM Airlines Group S.A. and Subsidiaries, Tax No. 89.862.200-2, Chile.

| Tax No.                   | Creditor<br>(Country)                           | Currency    | Nominal values      |  |                                       |  |                            | Accounting values         |                     |  |                                       |  | Amortization     | Annual                     |                              |                        |                 |       |
|---------------------------|---|-------------|---------------------|--|---------------------------------------|--|----------------------------|---------------------------|---------------------|--|---------------------------------------|--|------------------|----------------------------|------------------------------|------------------------|-----------------|-------|
|                           |   |             | Up to<br>90<br>days | More than<br>90 days<br>to one<br>year | More than<br>one to<br>three<br>years | More than<br>three to<br>five<br>years | More than<br>five<br>years | Total<br>nominal<br>value | Up to<br>90<br>days | More than<br>90 days<br>to one<br>year | More than<br>one to<br>three<br>years | More than<br>three to<br>five<br>years |                  | More than<br>five<br>years | Total<br>accounting<br>value | Effective<br>rate      | Nominal<br>rate |       |
|                           |   |             | ThUS\$              | ThUS\$                                 | ThUS\$                                | ThUS\$                                 | ThUS\$                     | ThUS\$                    | ThUS\$              | ThUS\$                                 | ThUS\$                                | ThUS\$                                 |                  | ThUS\$                     | ThUS\$                       | %                      | %               |       |
| <b>Bank loans</b>         |   |             |                     |  |                                       |  |                            |                           |                     |  |                                       |  |                  |                            |                              |                        |                 |       |
| 0-E                       | NEDERLANDSCHE<br>CREDIET VERZEKERING MAATSCHAPF | Netherlands | US\$                | 409                                    | 318                                   | 216                                    | -                          | -                         | 943                 | 333                                    | 311                                   | 324                                    | -                | -                          | 968                          | Monthly                | 6.01            | 6.01  |
| 0-E                       | BANCO BRADESCO                                  | Brazil      | BRL                 | 80,175                                 | -                                     | -                                      | -                          | -                         | 80,175              | 91,672                                 | -                                     | -                                      | -                | -                          | 91,672                       | Monthly                | 4.34            | 4.34  |
| 0-E                       | BANCO DO BRASIL                                 | Brazil      | BRL                 | 199,557                                | -                                     | -                                      | -                          | -                         | 199,557             | 208,987                                | -                                     | -                                      | -                | -                          | 208,987                      | Monthly                | 3.95            | 3.95  |
| <b>Financial lease</b>    |   |             |                     |  |                                       |  |                            |                           |                     |  |                                       |  |                  |                            |                              |                        |                 |       |
| 0-E                       | NATIXIS   | France      | US\$                | 30,253                                 | -                                     | 51,007                                 | -                          | -                         | 81,260              | 31,308                                 | -                                     | 51,007                                 | -                | -                          | 82,315                       | Quarterly / Semiannual | 4.09            | 4.09  |
| 0-E                       | WACAPOU LEASING S.A.                            | Luxembourg  | US\$                | 2,342                                  | 797                                   | 1,620                                  | -                          | -                         | 4,759               | 2,439                                  | 797                                   | 1,620                                  | -                | -                          | 4,856                        | Quarterly              | 2.00            | 2.00  |
| 0-E                       | SOCIÉTÉ GÉNÉRALE MILAN BRANCH                   | Italy       | US\$                | 144,120                                | -                                     | -                                      | -                          | -                         | 144,120             | 141,094                                | -                                     | -                                      | -                | -                          | 141,094                      | Quarterly              | 3.07            | 3.01  |
| 0-E                       | GA Telessis LLC                                 | U.S.A.      | US\$                | 486                                    | 950                                   | 2,623                                  | 2,772                      | 5,430                     | 12,261              | 486                                    | 991                                   | 2,623                                  | 2,772            | 5,642                      | 12,514                       | Monthly                | 14.72           | 14.72 |
| <b>Total</b>              |   |             |                     | <u>457,342</u>                         | <u>2,065</u>                          | <u>55,466</u>                          | <u>2,772</u>               | <u>5,430</u>              | <u>523,075</u>      | <u>476,319</u>                         | <u>2,099</u>                          | <u>55,574</u>                          | <u>2,772</u>     | <u>5,642</u>               | <u>542,406</u>               |                        |                 |       |
| <b>Total consolidated</b> |   |             |                     | <u>1,272,463</u>                       | <u>785,745</u>                        | <u>2,695,278</u>                       | <u>1,206,789</u>           | <u>1,639,928</u>          | <u>7,600,203</u>    | <u>1,454,155</u>                       | <u>789,621</u>                        | <u>2,637,151</u>                       | <u>1,197,861</u> | <u>1,654,066</u>           | <u>7,732,854</u>             |                        |                 |       |

## (b) Lease Liability:

The movement of the lease liabilities corresponding to the years reported are as follow:

|   | <u>Aircraft</u>         | <u>Others</u>        | <u>Lease<br/>Liability<br/>total</u> |
|---|-------------------------|----------------------|--------------------------------------|
|   | ThUS\$                  | ThUS\$               | ThUS\$                               |
| Opening balance as January 1, 2020      | <u>3,042,231</u>        | <u>129,926</u>       | <u>3,172,157</u>                     |
| New contracts                           | -                       | 543                  | 543                                  |
| Lease termination (*)                   | (7,435)                 | (285)                | (7,720)                              |
| Renegotiations                          | (35,049)                | 4,919                | (30,130)                             |
| Payments                                | (131,427)               | (36,689)             | (168,116)                            |
| Accrued interest                        | 158,253                 | 9,348                | 167,601                              |
| Exchange differences                    | -                       | (7,967)              | (7,967)                              |
| Cumulative translation adjustment       | -                       | (38)                 | (38)                                 |
| Other increases (decreases)             | -                       | (5,324)              | (5,324)                              |
| Changes                                 | <u>(15,658)</u>         | <u>(35,493)</u>      | <u>(51,151)</u>                      |
| Closing balance as of December 31, 2020 | <u><u>3,026,573</u></u> | <u><u>94,433</u></u> | <u><u>3,121,006</u></u>              |
| Opening balance as January 1, 2021      | <u>3,026,573</u>        | <u>94,433</u>        | <u>3,121,006</u>                     |
| New contracts                           | 518,478                 | 875                  | 519,353                              |
| Lease termination (*)                   | (724,193)               | (5,300)              | (729,493)                            |
| Renegotiations                          | 101,486                 | 5,717                | 107,203                              |
| Payments                                | (95,831)                | (24,192)             | (120,023)                            |
| Accrued interest                        | 88,245                  | 8,334                | 96,579                               |
| Exchange differences                    | -                       | 3,356                | 3,356                                |
| Cumulative translation adjustment       | -                       | (2,332)              | (2,332)                              |
| Other increases (decreases)             | <u>(31,097)</u>         | <u>(3,914)</u>       | <u>(35,011)</u>                      |
| Changes                                 | <u>(142,912)</u>        | <u>(17,456)</u>      | <u>(160,368)</u>                     |
| Closing balance as of December 31, 2021 | <u><u>2,883,661</u></u> | <u><u>76,977</u></u> | <u><u>2,960,638</u></u>              |

## (\*) Fleet rejections of the period

The company recognizes the interest payments related to the lease liabilities in the consolidated result under Financial expenses (See Note 27 (d)).

## (c) Hedge derivatives

|   | Current liabilities           |                               | Non-current liabilities       |                               | Total hedge derivatives       |                               |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|   | As of<br>December 31,<br>2021 | As of<br>December 31,<br>2020 | As of<br>December 31,<br>2021 | As of<br>December 31,<br>2020 | As of<br>December 31,<br>2021 | As of<br>December 31,<br>2020 |
|   | ThUS\$                        | ThUS\$                        | ThUS\$                        | ThUS\$                        | ThUS\$                        | ThUS\$                        |
| Fair value of interest rate derivatives | 2,734                         | 2,734                         | -                             | -                             | 2,734                         | 2,734                         |
| Total hedge derivatives                 | 2,734                         | 2,734                         | -                             | -                             | 2,734                         | 2,734                         |

## (d) Derivatives that do not qualify for hedge accounting

|  | Current liabilities           |                               | Non-current liabilities       |                               | Total derivatives of no coverage |                               |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|----------------------------------|-------------------------------|
|  | As of<br>December 31,<br>2021 | As of<br>December 31,<br>2020 | As of<br>December 31,<br>2021 | As of<br>December 31,<br>2020 | As of<br>December 31,<br>2021    | As of<br>December 31,<br>2020 |
|  | ThUS\$                        | ThUS\$                        | ThUS\$                        | ThUS\$                        | ThUS\$                           | ThUS\$                        |
| Derivative of foreign currency not registered as hedge | 2,937                         | 2,937                         | -                             | -                             | 2,937                            | 2,937                         |
| Total derived not qualify as hedge accounting          | 2,937                         | 2,937                         | -                             | -                             | 2,937                            | 2,937                         |

The foreign currency derivatives correspond to options, forwards and swaps.

Hedging operation

The fair values of net assets/ (liabilities), by type of derivative, of the contracts held as hedging instruments are presented below:

|                         | As of<br>December 31,<br>2021 | As of<br>December 31,<br>2020 |
|-------------------------|-------------------------------|-------------------------------|
|                         | ThUS\$                        | ThUS\$                        |
| Interest rate swaps (2) | (2,734)                       | (2,734)                       |
| Fuel options (3)        | 17,641                        | 1,296                         |

- (1) Hedge the significant variations in cash flows associated with market risk implicit in the increases in the 3 months LIBOR interest rates for long-term loans incurred in the acquisition of aircraft and bank loans. These contracts are recorded as cash flow hedges.
- (2) Hedge significant variations in cash flows associated with market risk implicit in the changes in the price of future fuel purchases. These contracts are recorded as cash flow hedges.

The Company only has cash flow and fair value hedges (in the case of CCS). In the case of fuel hedges, the cash flows subject to such hedges will occur and will impact results in the next 12 months from the date of the consolidated statement of financial position, while in the case of hedges of interest rates, these they will occur and will impact results throughout the life of the associated loans, up to their maturity. In the case of currency hedges through a CCS, there is a group of hedging relationships, in which two types of hedge accounting are generated, one of cash flow for the US \$ / UF component; and another of fair value, for the floating rate component US \$. The other group of hedging relationships only generates cash flow hedge accounting for the US \$ / UF component.

All hedging operations have been performed for highly probable transactions, except for fuel hedge. See Note 3.

Since none of the hedges resulted in the recognition of a non-financial asset, no portion of the result of derivatives recognized in equity was transferred to the initial value of that type of asset.

The amounts recognized in comprehensive income during the period and transferred from net equity to income are as follows:

|  | For the year ended |             |
|--|--------------------|-------------|
|  | December 31,       |             |
|  | <u>2021</u>        | <u>2020</u> |
|  | ThUS\$             | ThUS\$      |
| Debit (credit) recognized in comprehensive income during the year    | 38,870             | (105,776)   |
| Debit (credit) transferred from net equity to income during the year | 16,641             | (13,016)    |

See note 25 f) for reclassification to profit or loss for each hedging operation and Note 18 b) for deferred taxes related.

#### NOTE 20 - TRADE AND OTHER ACCOUNTS PAYABLES

The composition of Trade and other accounts payables is as follows:

|   | As of<br>December 31,<br>2021 | As of<br>December 31,<br>2020 |
|---|-------------------------------|-------------------------------|
|   | <u>ThUS\$</u>                 | <u>ThUS\$</u>                 |
| Current                                 |                               |                               |
| (a) Trade and other accounts payables   | 1,966,633                     | 1,757,799                     |
| (b) Accrued liabilities                 | 2,893,520                     | 564,326                       |
| Total trade and other accounts payables | <u>4,860,153</u>              | <u>2,322,125</u>              |

(a) Trade and other accounts payable:

|                        | As of<br>December 31,<br>2021 | As of<br>December 31,<br>2020 |
|------------------------|-------------------------------|-------------------------------|
|                        | <u>ThUS\$</u>                 | <u>ThUS\$</u>                 |
| Trade creditors        | 1,460,832                     | 1,281,432                     |
| Other accounts payable | 505,801                       | 476,367                       |
| Total                  | <u>1,966,633</u>              | <u>1,757,799</u>              |



The details of Trade and other accounts payables are as follows:

|   | As of<br>December 31,<br>2021 | As of<br>December 31,<br>2020 |
|---|-------------------------------|-------------------------------|
|   | ThUS\$                        | ThUS\$                        |
| Maintenance                             | 375,144                       | 116,103                       |
| Suppliers technical purchases           | 328,811                       | 281,452                       |
| Handling and ground handling            | 176,142                       | 137,626                       |
| Boarding Fees                           | 171,128                       | 181,049                       |
| Leases, maintenance and IT services     | 143,586                       | 110,472                       |
| Professional services and advisory      | 129,682                       | 146,753                       |
| Airport charges and overflight          | 104,241                       | 142,709                       |
| Other personnel expenses                | 90,410                        | 105,696                       |
| Aircraft Fuel                           | 77,171                        | 143,119                       |
| Services on board                       | 56,072                        | 58,099                        |
| Marketing                               | 49,865                        | 53,419                        |
| Air companies                           | 32,152                        | 27,668                        |
| Crew                                    | 12,007                        | 16,541                        |
| Achievement of goals                    | 11,144                        | 6,622                         |
| Jol Fleet                               | 9,891                         | 7,840                         |
| Land services                           | 6,553                         | 10,466                        |
| Others                                  | 192,634                       | 212,165                       |
|   | <u>1,966,633</u>              | <u>1,757,799</u>              |
| Total trade and other accounts payables |                               |                               |

(b) Liabilities accrued:

|                                     | As of<br>December 31,<br>2021 | As of<br>December 31,<br>2020 |
|-------------------------------------|-------------------------------|-------------------------------|
|                                     | ThUS\$                        | ThUS\$                        |
| Aircraft and engine maintenance (*) | 1,166,181                     | 460,082                       |
| Accrued personnel expenses          | 59,327                        | 72,696                        |
| Accounts payable to personnel (**)  | 58,153                        | 2,186                         |
| Other settled claims (***)          | 1,575,005                     | -                             |
| Others accrued liabilities (***)    | 34,854                        | 29,362                        |
|                                     | <u>2,893,520</u>              | <u>564,326</u>                |
| Total accrued liabilities           |                               |                               |

(\*) In addition to the account payable for maintenance in the normal course of operations, this amount includes some claims agreed with aircraft lessors, related to maintenance.

(\*\*) Profits and bonus participation (Note 23 letter b).

(\*\*\*) See Note 22.

(\*\*\*\*) This amount includes some agreed fleet claims, associated with the negotiations resulting from the Chapter 11 process.

The balances include the amounts that will be part of the reorganization agreement, product of the entry into the Chapter 11 process on May 26, 2020 for LATAM, and July 09 for certain subsidiaries in Brazil.

## NOTE 21 - OTHER PROVISIONS

|  | Current liabilities           |                               | Non-current liabilities       |                               | Total Liabilities             |                               |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|  | As of<br>December 31,<br>2021 | As of<br>December 31,<br>2020 | As of<br>December 31,<br>2021 | As of<br>December 31,<br>2020 | As of<br>December 31,<br>2021 | As of<br>December 31,<br>2020 |
|  | ThUS\$                        | ThUS\$                        | ThUS\$                        | ThUS\$                        | ThUS\$                        | ThUS\$                        |
| Provision for contingencies (1)                        |                               |                               |                               |                               |                               |                               |
| Tax contingencies                                      | 24,330                        | 21,188                        | 490,217                       | 364,342                       | 514,547                       | 385,530                       |
| Civil contingencies                                    | 3,154                         | 2,266                         | 92,955                        | 103,984                       | 96,109                        | 106,250                       |
| Labor contingencies                                    | 388                           | 320                           | 98,254                        | 48,115                        | 98,642                        | 48,435                        |
| Other  | -                             | -                             | 21,855                        | 17,821                        | 21,855                        | 17,821                        |
| Provision for European<br>Commission investigation (2) | -                             | -                             | 9,300                         | 10,097                        | 9,300                         | 10,097                        |
| Provisions for onerous contracts (3)                   | -                             | -                             | -                             | 44,000                        | -                             | 44,000                        |
| Total other provisions (4)                             | <u>27,872</u>                 | <u>23,774</u>                 | <u>712,581</u>                | <u>588,359</u>                | <u>740,453</u>                | <u>612,133</u>                |

## (1) Provisions for contingencies:

The tax contingencies correspond to litigation and tax criteria related to the tax treatment applicable to direct and indirect taxes, which are found in both administrative and judicial stage.

The civil contingencies correspond to different demands of civil order filed against the Company.

The labor contingencies correspond to different demands of labor order filed against the Company.

The Provisions are recognized in the consolidated income statement in administrative expenses or tax expenses, as appropriate.

- (2) Provision made for proceedings brought by the European Commission for possible breaches of free competition in the freight market.
- (3) Based on market information on the drop in the price of some assets, a provision was made for onerous contracts associated with the purchase commitments of aircraft.
- (4) Total other provision as of December 31, 2021, and December 31, 2020, include the fair value correspond to those contingencies from the business combination with TAM S.A and subsidiaries, with a probability of loss under 50%, which are not provided for the normal application of IFRS enforcement and that only must be recognized in the context of a business combination in accordance with IFRS 3.

## Movement of provisions:

|   | European       |                   |               | Total          |
|---|----------------|-------------------|---------------|----------------|
|   | Legal          | Commission        | Onerous       |                |
|   | claims (1)     | Investigation (2) | Contracts     |                |
|   | ThUS\$         | ThUS\$            | ThUS\$        | ThUS\$         |
| Opening balance as of January 1, 2020   | 282,392        | 9,217             | -             | 291,609        |
| Increase in provisions                  | 408,078        | -                 | 44,000        | 452,078        |
| Provision used                          | (47,238)       | -                 | -             | (47,238)       |
| Difference by subsidiaries conversion   | (58,654)       | -                 | -             | (58,654)       |
| Reversal of provision                   | (25,563)       | -                 | -             | (25,563)       |
| Exchange difference                     | (979)          | 880               | -             | (99)           |
| Closing balance as of December 31, 2020 | <u>558,036</u> | <u>10,097</u>     | <u>44,000</u> | <u>612,133</u> |
| Opening balance as of January 1, 2021   | 558,036        | 10,097            | 44,000        | 612,133        |
| Increase in provisions                  | 403,229        | -                 | -             | 403,229        |
| Provision used                          | (84,497)       | -                 | -             | (84,497)       |
| Difference by subsidiaries conversion   | (25,531)       | -                 | -             | (25,531)       |
| Reversal of provision                   | (119,029)      | -                 | (44,000)      | (163,029)      |
| Exchange difference                     | (1,055)        | (797)             | -             | (1,852)        |
| Closing balance as of December 31, 2021 | <u>731,153</u> | <u>9,300</u>      | <u>-</u>      | <u>740,453</u> |

- (1) Accumulated balances include a judicial deposit delivered in guarantee, with respect to the “Fundo Aeroviario” (FA), for MUS\$ 65, made in order to suspend the collection and the application of a fine. The Company is discussing in Court the constitutionality of the requirement made by FA calculated at the ratio of 2.5% on the payroll in a legal claim. Initially the payment of said contribution was suspended by a preliminary judicial decision and about 10 years later, this same decision was reversed. As the decision is not final, the Company has deposited the securities open until that date, in order to avoid collection processing and the application of the fine.

Finally, if the final decision is favorable to the Company, the deposit made and payments made later will return to TAM. On the other hand, if the court confirms the first decision, said deposit will become a final payment in favor of the Government of Brazil. The procedural stage as of December 31, 2021 is described in Note 31 in the Role of the case 2001.51.01.012530-0.

- (2) European Commission Provision

Provision constituted on the occasion of the process initiated in December 2007 by the General Competition Directorate of the European Commission against more than 25 cargo airlines, among which is Lan Cargo SA, which forms part of the global investigation initiated in 2006 for possible infractions of free competition in the air cargo market, which was carried out jointly by the European and United States authorities.

With respect to Europe, the General Directorate of Competition imposed fines totaling € 799,445,000 (seven hundred and ninety-nine million four hundred and forty-five thousand Euros) for infractions of European Union regulations on free competition against eleven (11) airlines, among which are LATAM Airlines Group SA and its subsidiary Lan Cargo S.A. For its part, LATAM Airlines Group S.A. and Lan Cargo S.A., jointly and severally, have been

ined for the amount of € 8,220,000 (eight million two hundred twenty thousand euros), for these infractions, an amount that was provisioned in the financial statements of LATAM. On January 24, 2011, LATAM Airlines Group S.A. and Lan Cargo S.A. They appealed the decision before the Court of Justice of the European Union. On December 16, 2015, the European Court resolved the appeal and annulled the Commission's Decision. The European Commission did not appeal the judgment, but on March 17, 2017, the European Commission again adopted its original decision to impose on the eleven lines original areas, the same fine previously imposed, amounting to a total of 776,465,000 Euros. In the case of LAN Cargo and its parent, LATAM Airlines Group S.A. imposed the same fine mentioned above. The procedural stage as of December 31, 2020 is described in Note 31 in section 2 judgments received by LATAM Airlines Group S.A. and Subsidiaries.

## NOTE 22 - OTHER NON-FINANCIAL LIABILITIES

|                                       | Current liabilities           |                               | Non-current liabilities       |                               | Total Liabilities             |                               |
|---------------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                                       | As of<br>December 31,<br>2021 | As of<br>December 31,<br>2020 | As of<br>December 31,<br>2021 | As of<br>December 31,<br>2020 | As of<br>December 31,<br>2021 | As of<br>December 31,<br>2020 |
|                                       | ThUS\$                        | ThUS\$                        | ThUS\$                        | ThUS\$                        | ThUS\$                        | ThUS\$                        |
| Deferred revenues (1)(2)              | 2,273,137                     | 2,036,880                     | 512,056                       | 702,008                       | 2,785,193                     | 2,738,888                     |
| Sales tax                             | 3,870                         | 7,609                         | -                             | -                             | 3,870                         | 7,609                         |
| Retentions                            | 31,509                        | 27,853                        | -                             | -                             | 31,509                        | 27,853                        |
| Others taxes                          | 4,916                         | 3,931                         | -                             | -                             | 4,916                         | 3,931                         |
| Dividends payable                     | -                             | -                             | -                             | -                             | -                             | -                             |
| Other sundry liabilities              | 19,144                        | 12,518                        | -                             | -                             | 19,144                        | 12,518                        |
| Total other non-financial liabilities | 2,332,576                     | 2,088,791                     | 512,056                       | 702,008                       | 2,844,632                     | 2,790,799                     |

### Deferred Income Movement

|  | Deferred income           |                              |               |   |                                    | Adjustment application |                      | Final balance<br>ThUS\$ |
|--|---------------------------|------------------------------|---------------|---|------------------------------------|------------------------|----------------------|-------------------------|
|  | Initial balance<br>ThUS\$ | (1)<br>Recognition<br>ThUS\$ | Use<br>ThUS\$ | Loyalty program<br>(Award and redeem)<br>ThUS\$ | Expiration of<br>tickets<br>ThUS\$ | IAS 29,<br>Argentina   |                      |                         |
|  |                           |                              |               |   |                                    | hyperinflation         | Others<br>provisions |                         |
| From January 1 to<br>December 31, 2020 | 3,540,466                 | 1,970,203                    | (2,554,476)   | (137,176)                                       | (72,670)                           | (3,485)                | (3,974)              | 2,738,888               |
| From January 1 to<br>December 31, 2021 | 2,738,888                 | 4,221,168                    | (4,053,345)   | (12,091)  | (114,227)                          | -                      | 4,800                | 2,785,193               |

- (1) The balance includes mainly, deferred income for services not provided as of December 31, 2021 and December 31, 2020; and for the frequent flyer LATAM Pass program.

LATAM Pass is LATAM's frequent flyer program that allows rewarding the preference and loyalty of its customers with multiple benefits and privileges, through the accumulation of miles or points that can be exchanged for tickets or for a varied range of products and services. Clients accumulate miles or LATAM Pass points every time they fly in LATAM and other connections associated with the program, as well as buy in stores or use the services of a vast network of companies that have agreements with the program around the world.

- (2) As of December 31, 2021, Deferred Income includes ThUS \$ 58,509 corresponding to the balance to be accrued from the committed compensation from Delta Air Lines, Inc., which is recognized in Income Statement, based on the estimation of differentials of income, until the implementation of the strategic alliance. During the period, the Company has recognized ThUS \$ 118,188 for this concept.

Additionally, the Company maintains a balance of ThUS \$ 29,507 in the Trade accounts payable item of the Statement of Financial Position, corresponding to the compensation of costs to be incurred.

#### NOTE 23 - EMPLOYEE BENEFITS

|                                       | As of<br>December 31,<br>2021<br><u>ThUS\$</u> | As of<br>December 31,<br>2020<br><u>ThUS\$</u> |
|---------------------------------------|--|--|
| Retirements payments                  | 35,075   | 51,007   |
| Resignation payments                  | 5,817  | 8,230  |
| Other obligations                     | 15,341   | 14,879   |
| Total liability for employee benefits | <u>56,233</u>                                  | <u>74,116</u>                                  |

#### (a) The movement in retirements and resignation payments and other obligations:

|  | Opening<br>balance<br><u>ThUS\$</u> | Increase (decrease)<br>current service<br>provision<br><u>ThUS\$</u> | Benefits<br>paid<br><u>ThUS\$</u> | Actuarial<br>(gains)<br>losses<br><u>ThUS\$</u> | Currency<br>translation<br><u>ThUS\$</u> | Closing<br>balance<br><u>ThUS\$</u> |
|--|-------------------------------------|--|-----------------------------------|---|--|-------------------------------------|
| From January 1 to<br>December 31, 2020 | 93,570                              | (18,759)   | (8,634)                           | 3,968   | 3,971                                    | 74,116                              |
| From January 1 to<br>December 31, 2021 | 74,116                              | (11,391)   | (5,136)                           | 10,018  | (11,374)                                 | 56,233                              |

The principal assumptions used in the calculation to the provision in Chile, are presented below:

| <u>Assumptions</u>               | For the year ended<br>December 31, |         |
|----------------------------------|------------------------------------|---------|
|                                  | 2021                               | 2020    |
| Discount rate                    | 5.81%                              | 2.67%   |
| Expected rate of salary increase | 3.00%                              | 2.80%   |
| Rate of turnover                 | 5.14%                              | 5.56%   |
| Mortality rate                   | RV-2014                            | RV-2014 |
| Inflation rate                   | 3.4%                               | 2.8%    |
| Retirement age of women          | 60                                 | 60      |
| Retirement age of men            | 65                                 | 65      |

The discount rate corresponds to the 20 years Central Bank of Chile Bonds (BCP). The RV-2014 mortality tables correspond to those established by the Commission for the Financial Market of

Chile and; for the determination of the inflation rates; the market performance curves of BCU Central Bank of Chile papers have been used and BCP long term at the scope date.

The calculation of the present value of the defined benefit obligation is sensitive to the variation of some actuarial assumptions such as discount rate, salary increase, rotation and inflation.

The sensitivity analysis for these variables is presented below:

|   | Effect on the liability                        |  |
|---|--|--|
|   | As of<br>December 31,<br><u>2021</u><br>ThUS\$ | As of<br>December 31,<br><u>2020</u><br>ThUS\$ |
| <u>Discount rate</u>  |  |  |
| Change in the accrued liability an closing for increase in 100 p.b. | (2,642)  | (4,576)  |
| Change in the accrued liability an closing for decrease of 100 p.b. | 2,959  | 5,244  |
| <u>Rate of wage growth</u>  |  |  |
| Change in the accrued liability an closing for increase in 100 p.b. | 2,849  | 4,946  |
| Change in the accrued liability an closing for decrease of 100 p.b. | (2,613)  | (4,678)  |

(b) The liability for short-term:

|                                | As of<br>December 31,<br><u>2021</u><br>ThUS\$ | As of<br>December 31,<br><u>2020</u><br>ThUS\$ |
|--------------------------------|--|--|
| Profit-sharing and bonuses (*) | <u>58,153</u>                                  | <u>2,186</u>                                   |

(\*) Accounts payables to employees (Note 20 letter b)

The participation in profits and bonuses related to an annual incentive plan for achievement of certain objectives.

(c) Employment expenses are detailed below:

|                              | For the year ended<br>December 31, |                       |
|------------------------------|------------------------------------|-----------------------|
|                              | <u>2021</u><br>ThUS\$              | <u>2020</u><br>ThUS\$ |
| Salaries and wages           | 825,792                            | 850,557               |
| Short-term employee benefits | 122,650                            | 41,259                |
| Other personnel expenses     | 93,457                             | 70,244                |
| Total                        | <u>1,041,899</u>                   | <u>962,060</u>        |

## NOTE 24 - ACCOUNTS PAYABLE, NON-CURRENT

|                                     | As of<br>December 31,<br>2021<br>ThUS\$ | As of<br>December 31,<br>2020<br>ThUS\$ |
|-------------------------------------|---|---|
| Aircraft and engine maintenance     | 276,816                                 | 392,347                                 |
| Fleet (JOL)                         | 124,387                                 | 208,037                                 |
| Airport and Overflight Taxes        | 26,321                                  | -                                       |
| Provision for vacations and bonuses | 14,545                                  | 15,036                                  |
| Other sundry liabilities            | 30,357                                  | 36,180                                  |
|                                     | <u>472,426</u>                          | <u>651,600</u>                          |
| Total accounts payable, non-current |   |   |

## NOTE 25 - EQUITY

## (a) Capital

The Company's objective is to maintain an appropriate level of capitalization that enables it to ensure access to the financial markets for carrying out its medium and long-term objectives, optimizing the return for its shareholders and maintaining a solid financial position.

The paid capital of the Company at December 31, 2021 amounts to ThUS\$ 3,146,265 divided into 606,407,693 common stock of a same series (ThUS\$ 3,146,265 divided into 606,407,693 shares as of December 31, 2020), a single series nominative, ordinary character with no par value. There are no special series of shares and no privileges. The form of its stock certificates and their issuance, exchange, disablement, loss, replacement and other similar circumstances, as well as the transfer of the shares, is governed by the provisions of Corporations Law and its regulations.

## (b) Subscribed and paid shares

The following table shows the movement of authorized and fully paid shares previously described above:

## Movement fully paid shares

|  | N° of<br>shares    | Movement<br>value<br>of shares<br>(1)<br>ThUS\$ | Cost of issuance<br>and placement<br>of shares (2)<br>ThUS\$ | Paid- in<br>Capital<br>ThUS\$ |
|--|--------------------|---|--|-------------------------------|
| Paid shares as of January 1, 2020                          | 606,407,693        | 3,160,718                                       | (14,453)   | 3,146,265                     |
| There are no movements of shares paid during the 2020 year | -                  | -   | -  | -                             |
| Paid shares as of December 31, 2020                        | <u>606,407,693</u> | <u>3,160,718</u>                                | <u>(14,453)</u>  | <u>3,146,265</u>              |
| Paid shares as of January 1, 2021                          | 606,407,693        | 3,160,718                                       | (14,453)   | 3,146,265                     |
| There are no movements of shares paid during the 2021 year | -                  | -   | -  | -                             |
| Paid shares as of December 31, 2021                        | <u>606,407,693</u> | <u>3,160,718</u>                                | <u>(14,453)</u>  | <u>3,146,265</u>              |

- (1) Amounts reported represent only those arising from the payment of the shares subscribed.  
 (2) Decrease of capital by capitalization of reserves for cost of issuance and placement of shares established according to Extraordinary Shareholder's Meetings, where such decreases were authorized.

(c) Treasury stock

At December 31, 2021, the Company held no treasury stock, the remaining of ThUS\$ (178) corresponds to the difference between the amount paid for the shares and their book value, at the time of the full right decrease of the shares which held in its portfolio.

(d) Reserve of share- based payments

Movement of Reserves of share- based payments:

| <u>Periods</u>                      | <u>Opening<br/>balance</u> | <u>Stock<br/>option<br/>plan</u> | <u>Closing<br/>balance</u> |
|-------------------------------------|----------------------------|----------------------------------|----------------------------|
|                                     | ThUS\$                     | ThUS\$                           | ThUS\$                     |
| From January 1 to December 31, 2020 | 36,289                     | 946                              | 37,235                     |
| From January 1 to December 31, 2021 | 37,235                     | -                                | 37,235                     |

These reserves are related to the "Share-based payments" explained in Note 34.

(e) Other sundry reserves

Movement of Other sundry reserves:

| <u>Periods</u>                      | <u>Opening<br/>balance</u> | <u>Transactions with<br/>non-controlling interest</u> | <u>Legal<br/>reserves</u> | <u>Closing<br/>balance</u> |
|-------------------------------------|----------------------------|---|---------------------------|----------------------------|
|                                     | ThUS\$                     | ThUS\$  | ThUS\$                    | ThUS\$                     |
| From January 1 to December 31, 2020 | 2,452,469                  | (3,125)   | 2,675                     | 2,452,019                  |
| From January 1 to December 31, 2021 | 2,452,019                  | (3,383)   | (538)                     | 2,448,098                  |

Balance of Other sundry reserves comprise the following:

|   | As of<br>December 31,<br><u>2021</u> | As of<br>December 31,<br><u>2020</u> |
|---|--------------------------------------|--------------------------------------|
|   | ThUS\$                               | ThUS\$                               |
| Higher value for TAM S.A. share exchange (1)                | 2,665,692                            | 2,665,692                            |
| Reserve for the adjustment to the value of fixed assets (2) | 2,620                                | 2,620                                |
| Transactions with non-controlling interest (3)              | (216,656)                            | (213,273)                            |
| Others  | <u>(3,558)</u>                       | <u>(3,020)</u>                       |
| Total   | <u>2,448,098</u>                     | <u>2,452,019</u>                     |



(1) Corresponds to the difference between the value of the shares of TAM S.A., acquired by Sister Holdco S.A. (under the Subscriptions) and by Holdco II S.A. (by virtue of the Exchange Offer), which is recorded in the declaration of completion of the merger by absorption, and the fair value of the shares exchanged by LATAM Airlines Group S.A. as of June 22, 2012.

(2) Corresponds to the technical revaluation of the fixed assets authorized by the Commission for the Financial Market in the year 1979, in Circular No. 1529. The revaluation was optional and could be made only once; the originated reserve is not distributable and can only be capitalized.

(3) The balance as of December 31, 2020 corresponds to the loss generated by: Lan Pax Group S.A. e Inversiones Lan S.A. in the acquisition of shares of Aerovías de Integración Regional Aires S.A. for ThUS \$ (3,480) and ThUS \$ (20), respectively; the acquisition of TAM S.A. of the minority interest in Aerolíneas Brasileiras S.A. for ThUS \$ (885), the acquisition of Inversiones Lan S.A. of the minority participation in Aires Integra Regional Airlines S.A. for an amount of ThUS \$ (2) and the acquisition of a minority stake in Aerolane S.A. by Lan Pax Group S.A. for an amount of ThUS \$ (21,526) through Holdco Ecuador S.A. (3) The loss due to the acquisition of the minority interest of Multiplus S.A. for ThUS \$ (184,135) (see Note 1), (4) and the acquisition of a minority interest in Latam Airlines Perú S.A through Latam Airlines Group S.A for an amount of ThUS \$ (3,225) and acquisition of the minority stake in LAN Argentina S.A. and Inversora Cordillera through Transportes Aéreos del Mercosur S.A. for an amount of ThUS \$ (3,383).

(f) Reserves with effect in other comprehensive income.

Movement of Reserves with effect in other comprehensive income:

|   | Currency<br>translation<br>reserve | Cash flow<br>hedging<br>reserve | Gains (Losses)<br>on change on value<br>of time value<br>of options | Actuarial gain<br>or loss on defined benefit<br>plans reserve | Total              |
|---|------------------------------------|---------------------------------|---|---|--------------------|
|   | ThUS\$                             | ThUS\$                          | ThUS\$  | ThUS\$  | ThUS\$             |
| Opening balance as of January 1, 2020                                 | (2,890,287)                        | 56,892                          | -   | (22,940)  | (2,856,335)        |
| Change in fair value of hedging instrument recognised in OCI          | -                                  | (105,776)                       | -   | -   | (105,776)          |
| Reclassified from OCI to profit or loss                               | -                                  | (13,016)                        | -   | -   | (13,016)           |
| Deferred tax  | -                                  | 959                             | -   | -   | 959                |
| Actuarial reserves  |                                    |                                 |   |   |                    |
| by employee benefit plans   | -                                  | -                               | -   | (3,968)   | (3,968)            |
| Deferred tax actuarial IAS  |                                    |                                 |   |   |                    |
| by employee benefit plans   | -                                  | -                               | -   | 923   | 923                |
| Translation difference subsidiaries                                   | (900,226)                          | -                               | -   | -   | (900,226)          |
| Closing balance as of December 31, 2020                               | <u>(3,790,513)</u>                 | <u>(60,941)</u>                 | <u>-</u>  | <u>(25,985)</u>   | <u>(3,877,439)</u> |
| Increase (decrease) due to application<br>of new accounting standards | -                                  | 380                             | (380)   | -   | -                  |
| Opening balance as of January 1, 2021                                 | (3,790,513)                        | (60,561)                        | (380)   | (25,985)  | (3,877,439)        |
| Change in fair value of hedging instrument recognised in OCI          | -                                  | 39,602                          | (23,692)  | -   | 15,910             |
| Reclassified from OCI to profit or loss                               | -                                  | (16,641)                        | 6,509   | -   | (10,132)           |
| Deferred tax  | -                                  | (58)                            | -   | -   | (58)               |
| Actuarial reserves  |                                    |                                 |   |   |                    |
| by employee benefit plans   | -                                  | -                               | -   | 10,017  | 10,017             |
| Deferred tax actuarial IAS  |                                    |                                 |   |   |                    |
| by employee benefit plans   | -                                  | -                               | -   | (2,782)   | (2,782)            |
| Translation difference subsidiaries                                   | 18,354                             | (732)                           | -   | -   | 17,622             |
| Closing balance as of December 31, 2021                               | <u>(3,772,159)</u>                 | <u>(38,390)</u>                 | <u>(17,563)</u>   | <u>(18,750)</u>   | <u>(3,846,862)</u> |

## (f.1) Cumulative translate difference

These are originate from exchange differences arising from the translation of any investment in foreign entities (or Chilean investment with a functional currency different to that of the parent), and from loans and other instruments in foreign currency designated as hedges for such investments. When the investment (all or part) is sold or disposed and a loss of control occurs, these reserves are shown in the consolidated statement of income as part of the loss or gain on the sale or disposal. If the sale does not involve loss of control, these reserves are transferred to non-controlling interests.

## (f.2) Cash flow hedging reserve

These are originate from the fair value valuation at the end of each period of the outstanding derivative contracts that have been defined as cash flow hedges. When these contracts expire, these reserves should be adjusted, and the corresponding results recognized.

## (f.3) Reserves of actuarial gains or losses on defined benefit plans

Correspond to the increase or decrease in the obligation present value for defined benefit plan due to changes in actuarial assumptions, and experience adjustments, which are the effects of differences between the previous actuarial assumptions and the actual event.

## (g) Retained earnings/(losses)

Movement of Retained earnings/(losses):

| <u>Periods</u>                      | <u>Opening<br/>balance</u><br>ThUS\$ | <u>Result<br/>for the<br/>year</u><br>ThUS\$ | <u>Dividends</u><br>ThUS\$ | <u>Closing<br/>balance</u><br>ThUS\$ |
|-------------------------------------|--------------------------------------|--|----------------------------|--------------------------------------|
| From January 1 to December 31, 2020 | 352,272                              | (4,545,887)                                  | -                          | (4,193,615)                          |
| From January 1 to December 31, 2021 | (4,193,615)                          | (4,647,491)                                  | -                          | (8,841,106)                          |

## (h) Dividends per share

During the year 2021 and 2020 no dividend was paid.

## NOTE 26 - REVENUE

The detail of revenues is as follows:

|            | For the year ended      |                         |
|------------|-------------------------|-------------------------|
|            | December 31,            |                         |
|            | <u>2021</u>             | <u>2020</u>             |
|            | ThUS\$                  | ThUS\$                  |
| Passengers | 3,342,381               | 2,713,774               |
| Cargo      | <u>1,541,634</u>        | <u>1,209,893</u>        |
| Total      | <u><u>4,884,015</u></u> | <u><u>3,923,667</u></u> |

## NOTE 27 - COSTS AND EXPENSES BY NATURE

## (a) Costs and operating expenses

The main operating costs and administrative expenses are detailed below:

|                                    | For the year ended |                  |
|------------------------------------|--------------------|------------------|
|                                    | December 31,       |                  |
|                                    | <u>2021</u>        | <u>2020</u>      |
|                                    | ThUS\$             | ThUS\$           |
| Aircraft fuel                      | 1,487,776          | 1,045,343        |
| Other rentals and landing fees (*) | 755,188            | 720,005          |
| Aircraft rentals (**)              | 120,630            | -                |
| Aircraft maintenance               | 533,738            | 472,382          |
| Comissions                         | 89,208             | 91,910           |
| Passenger services                 | 77,363             | 97,688           |
| Other operating expenses           | 959,427            | 1,221,183        |
| Total                              | <u>4,023,330</u>   | <u>3,648,511</u> |

(\*) Lease expenses are included within this amount (See Note 2.21)

(\*\*) During 2021, the Company amended its Aircraft Lease Contracts which included lease payment based on Power by the Hour (PBH) at the beginning of the contract and then switches to fixed-rent payments. A right of use asset and a lease liability was recognized as result of those amendments at the date of modification of the contract, even if they initially have a variable payment period. As a result of the application of the lease accounting policy, the right of use assets continues to be amortized on a straight-line basis over the term of the lease from the contract modification date. The expenses for the year include both: the lease expense for variable payments (Aircraft Rentals) as well as the expenses resulting from the amortization of the right of use assets from the beginning of the contract (included in the Depreciation line b) below) and interest from the lease liability (included in Lease Liabilities c) below).

|  | For the year ended |               |
|--|--------------------|---------------|
|  | December 31,       |               |
|  | <u>2021</u>        | <u>2020</u>   |
|  | ThUS\$             | ThUS\$        |
| Payments for leases of low-value assets                | 19,793             | 21,178        |
| Rent concessions recognized directly in profit or loss | -                  | (110)         |
| Total  | <u>19,793</u>      | <u>21,068</u> |

## (b) Depreciation and amortization

Depreciation and amortization are detailed below:

|                  | For the year ended |                  |
|------------------|--------------------|------------------|
|                  | December 31,       |                  |
|                  | <u>2021</u>        | <u>2020</u>      |
|                  | ThUS\$             | ThUS\$           |
| Depreciation (*) | 1,114,232          | 1,219,586        |
| Amortization     | 51,162             | 169,800          |
| Total            | <u>1,165,394</u>   | <u>1,389,386</u> |

(\*) Included within this amount is the depreciation of the Properties, plants and equipment (See Note 17 (a)) and the maintenance of the aircraft recognized as assets by right of use. The maintenance cost amount included in the depreciation line for the year ended December 31, 2021 is ThUS \$ 351,701, ThUS \$ 276,908 for year 2020 and ThUS \$ 445,680 for the same year 2019.

## (c) Financial costs

The detail of financial costs is as follows:

|                             | For the year ended |                |
|-----------------------------|--------------------|----------------|
|                             | December 31,       |                |
|                             | <u>2021</u>        | <u>2020</u>    |
|                             | ThUS\$             | ThUS\$         |
| Bank loan interest          | 580,193            | 314,468        |
| Financial leases            | 46,679             | 45,245         |
| Lease liabilities           | 121,147            | 170,918        |
| Other financial instruments | 57,525             | 56,348         |
| Total                       | <u>805,544</u>     | <u>586,979</u> |

Costs and expenses by nature presented in this Note plus the Employee expenses disclosed in Note 23, are equivalent to the sum of cost of sales, distribution costs, administrative expenses, other expenses and financing costs presented in the consolidated statement of income by function.

## (d) Restructuring activities expenses

The Restructuring activities expenses are detailed below:

|   | For the year ended |                |
|---|--------------------|----------------|
|   | December 31,       |                |
|   | <u>2021</u>        | <u>2020</u>    |
|   | ThUS\$             | ThUS\$         |
| Fair value adjustment of fleet available for sale | 73,595             | 331,522        |
| Rejection of aircraft lease contract              | 1,564,973          | 269,467        |
| Rejection of IT contracts                         | 26,368             | -              |
| Employee restructuring plan (*)                   | 46,938             | 290,831        |
| Legal advice                                      | 91,870             | 76,541         |
| Renegotiation of fleet contracts                  | 516,559            | -              |
| Others  | 16,879             | 21,648         |
| Total   | <u>2,337,182</u>   | <u>990,009</u> |

(\*) See note 2.1, letter c.

## (e) Other (gains) losses

Other (gains) losses are detailed below:

|   | For the year ended |                  |
|---|--------------------|------------------|
|   | December 31,       |                  |
|   | <u>2021</u>        | <u>2020</u>      |
|   | ThUS\$             | ThUS\$           |
| Fuel hedging  | -                  | 82,487           |
| Slot Write Off  | -                  | 36,896           |
| Provision for onerous contract related to purchase commitment | (44,000)           | 44,000           |
| Goodwill Impairment   | -                  | 1,728,975        |
| Other   | 13,326             | (17,569)         |
| Total   | <u>(30,674)</u>    | <u>1,874,789</u> |

## NOTE 28 - OTHER INCOME, BY FUNCTION

Other income, by function is as follows:

|  | For the year ended |                |
|--|--------------------|----------------|
|  | December 31,       |                |
|  | <u>2021</u>        | <u>2020</u>    |
|  | ThUS\$             | ThUS\$         |
| Tours  | 11,209             | 22,499         |
| Aircraft leasing                             | 6,852              | 46,045         |
| Customs and warehousing                      | 27,089             | 25,138         |
| Maintenance                                  | 15,602             | 18,579         |
| Income from non-airlines products Latam Pass | 40,481             | 42,913         |
| Other miscellaneous income (*)               | 126,098            | 255,828        |
| Total  | <u>227,331</u>     | <u>411,002</u> |

(\*) Included within this amount is ThUS\$118,188 of 2021 and ThUS\$132,467 of 2020 corresponding to the compensation of Delta Air Lines Inc for the JBA signed in 2019.

## NOTE 29 - FOREIGN CURRENCY AND EXCHANGE RATE DIFFERENCES

The functional currency of LATAM Airlines Group S.A. is the US dollar, also it has subsidiaries whose functional currency is different to the US dollar, such as the chilean peso, argentine peso, colombian peso, brazilian real and guaraní.

The functional currency is defined as the currency of the primary economic environment in which an entity operates and in each entity and all other currencies are defined as foreign currency.

Considering the above, the balances by currency mentioned in this Note correspond to the sum of foreign currency of each of the entities that make LATAM Airlines Group S.A. and Subsidiaries.

Following are the current exchange rates for the US dollar, on the dates indicated:

|                    | As of December 31, |             |             |             |
|--------------------|--------------------|-------------|-------------|-------------|
|                    | <u>2021</u>        | <u>2020</u> | <u>2019</u> | <u>2018</u> |
| Argentine peso     | 102.75             | 84.14       | 59.83       | 37.74       |
| Brazilian real     | 5.57               | 5.18        | 4.01        | 3.87        |
| Chilean peso       | 844.69             | 710.95      | 748.74      | 694.77      |
| Colombian peso     | 4,002.52           | 3,421.00    | 3,271.55    | 3,239.45    |
| Euro               | 0.88               | 0.81        | 0.89        | 0.87        |
| Australian dollar  | 1.38               | 1.30        | 1.43        | 1.42        |
| Boliviano          | 6.86               | 6.86        | 6.86        | 6.86        |
| Mexican peso       | 20.53              | 19.93       | 18.89       | 19.68       |
| New Zealand dollar | 1.46               | 1.39        | 1.49        | 1.49        |
| Peruvian Sol       | 3.98               | 3.62        | 3.31        | 3.37        |
| Uruguayan peso     | 44.43              | 42.14       | 37.24       | 32.38       |

## Foreign currency

The foreign currency detail of balances of monetary items in current and non-current assets is as follows:

| <u>Current assets</u>           | As of<br>December 31,<br><u>2021</u><br>ThUS\$ | As of<br>December 31,<br><u>2020</u><br>ThUS\$ |
|---------------------------------|--|--|
| Cash and cash equivalents       | 262,886  | 483,303  |
| Argentine peso                  | 6,440  | 16,885   |
| Brazilian real                  | 9,073  | 13,157   |
| Chilean peso                    | 9,759  | 32,368   |
| Colombian peso                  | 4,745  | 2,168  |
| Euro                            | 7,099  | 10,361   |
| U.S. dollar                     | 195,264  | 369,455  |
| Other currency                  | 30,506   | 38,909   |
| Other financial assets, current | 12,728   | 12,981   |
| Argentine peso                  | 4  | 311  |
| Brazilian real                  | 4  | 4  |
| Chilean peso                    | 4,440  | 3,987  |
| Colombian peso                  | 111  | 132  |
| Euro                            | 1,720  | 1,867  |
| U.S. dollar                     | 5,242  | 5,639  |
| Other currency                  | 1,207  | 1,041  |

| <u>Current assets</u>                              | As of<br>December 31,<br><u>2021</u><br>ThUS\$ | As of<br>December 31,<br><u>2020</u><br>ThUS\$ |
|--|--|--|
| Other non - financial assets, current              | 34,613   | 42,973   |
| Argentine peso                                     | 5,715  | 11,058   |
| Brazilian real                                     | 1,488  | 2,985  |
| Chilean peso                                       | 20,074   | 15,913   |
| Colombian peso                                     | 121  | 175  |
| Euro   | 1,936  | 2,667  |
| U.S. dollar  | 1,106  | 2,351  |
| Other currency                                     | 4,173  | 7,824  |
| Trade and other accounts receivable, current       | 156,824  | 177,491  |
| Argentine peso                                     | 6,850  | 1,881  |
| Brazilian real                                     | 53   | 841  |
| Chilean peso                                       | 47,392   | 38,340   |
| Colombian peso                                     | 455  | 209  |
| Euro   | 24,143   | 24,370   |
| U.S. dollar  | 56,676   | 98,385   |
| Other currency                                     | 21,255   | 13,465   |
| Accounts receivable from related entities, current | 502  | 430  |
| Chilean peso                                       | 19   | 9  |
| U.S. dollar  | 483  | 421  |
| Tax current assets                                 | 8,674  | 11,050   |
| Argentine peso                                     | 322  | 389  |
| Brazilian real                                     | 47   | 887  |
| Chilean peso                                       | 681  | 1,003  |
| Colombian peso                                     | 1,618  | 675  |
| Euro   | 70   | 235  |
| U.S. dollar  | 406  | 354  |
| Peruvian sun                                       | 4,450  | 5,220  |
| Other currency                                     | 1,080  | 2,287  |
| Total current assets                               | 476,227  | 728,228  |
| Argentine peso                                     | 19,331   | 30,524   |
| Brazilian real                                     | 10,665   | 17,874   |
| Chilean peso                                       | 82,365   | 91,620   |
| Colombian peso                                     | 7,050  | 3,359  |
| Euro   | 34,968   | 39,500   |
| U.S. Dollar  | 259,177  | 476,605  |
| Other currency                                     | 62,671   | 68,746   |



| Non-current assets                        | As of<br>December 31,<br><u>2021</u><br>ThUS\$ | As of<br>December 31,<br><u>2020</u><br>ThUS\$ |
|---|--|--|
| Other financial assets, non-current       | 10,700   | 9,486  |
| Brazilian real                            | 3,326  | 3,574  |
| Chilean peso                              | 62   | 69   |
| Colombian peso                            | 231  | 284  |
| Euro                                      | 2,384  | 1,369  |
| U.S. dollar                               | 2,524  | 2,490  |
| Other currency                            | 2,173  | 1,700  |
| Other non - financial assets, non-current | 12,197   | 36,251   |
| Argentine peso                            | 32   | 39   |
| Brazilian real                            | 6,924  | 12,974   |
| U.S. dollar                               | 5,241  | 3,732  |
| Other currency                            | -  | 19,506   |
| Accounts receivable, non-current          | 3,985  | 4,984  |
| Chilean peso                              | 3,985  | 4,984  |
| Deferred tax assets                       | 6,720  | 2,228  |
| Colombian peso                            | 4,717  | 221  |
| U.S. dollar                               | 10   | 13   |
| Other currency                            | 1,993  | 1,994  |
| Total non-current assets                  | 33,602   | 52,949   |
| Argentine peso                            | 32   | 39   |
| Brazilian real                            | 10,250   | 16,548   |
| Chilean peso                              | 4,047  | 5,053  |
| Colombian peso                            | 4,948  | 505  |
| Euro                                      | 2,384  | 1,369  |
| U.S. dollar                               | 7,775  | 6,235  |
| Other currency                            | 4,166  | 23,200   |

The foreign currency detail of balances of monetary items in current liabilities and non-current is as follows:

| <u>Current liabilities</u>                    | <u>Up to 90 days</u>        |                             | <u>91 days to 1 year</u>    |                             |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   | As of                       | As of                       | As of                       | As of                       |
|   | December 31,<br><u>2021</u> | December 31,<br><u>2020</u> | December 31,<br><u>2021</u> | December 31,<br><u>2020</u> |
|   | ThUS\$                      | ThUS\$                      | ThUS\$                      | ThUS\$                      |
| Other financial liabilities, current          | 179,777                     | 239,712                     | 177,471                     | 86,573                      |
| Argentine peso                                | 1                           | 2                           | -                           | -                           |
| Brazilian real                                | 31                          | 59                          | 210                         | 163                         |
| Chilean peso                                  | 135,431                     | 40,552                      | 159,541                     | 70,639                      |
| Euro  | 259                         | 87                          | 184                         | 258                         |
| U.S. dollar                                   | 43,919                      | 198,996                     | 17,460                      | 15,504                      |
| Other currency                                | 136                         | 16                          | 76                          | 9                           |
| Trade and other accounts                      |                             |                             |                             |                             |
| payables, current                             | 1,317,418                   | 1,285,233                   | 50,312                      | 20,908                      |
| Argentine peso                                | 234,358                     | 228,069                     | 2,335                       | 7,315                       |
| Brazilian real                                | 70,523                      | 71,446                      | 653                         | 37                          |
| Chilean peso                                  | 280,405                     | 312,921                     | 44,438                      | 10,991                      |
| Colombian peso                                | 7,673                       | 12,300                      | 1,134                       | 1,165                       |
| Euro  | 134,146                     | 143,780                     | 887                         | 41                          |
| U.S. dollar                                   | 472,800                     | 392,914                     | 73                          | 912                         |
| Peruvian sol                                  | 2,487                       | 11,759                      | 310                         | 222                         |
| Mexican peso                                  | 11,297                      | 16,546                      | 29                          | 60                          |
| Pound sterling                                | 45,096                      | 35,269                      | 86                          | 45                          |
| Uruguayan peso                                | 775                         | 441                         | 58                          | -                           |
| Other currency                                | 57,858                      | 59,788                      | 309                         | 120                         |
| Accounts payable to related entities, current | 57                          | (229)                       | -                           | -                           |
| Chilean peso                                  | 6                           | -                           | -                           | -                           |
| U.S. dollar                                   | 51                          | (229)                       | -                           | -                           |
| Other provisions, current                     | -                           | 14                          | 4,980                       | 1,628                       |
| Chilean peso                                  | -                           | -                           | 25                          | 29                          |
| Other currency                                | -                           | 14                          | 4,955                       | 1,599                       |

| <u>Current liabilities</u>               | <u>Up to 90 days</u>        |                             | <u>91 days to 1 year</u>    |                             |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|  | As of                       | As of                       | As of                       | As of                       |
|  | December 31,<br><u>2021</u> | December 31,<br><u>2020</u> | December 31,<br><u>2021</u> | December 31,<br><u>2020</u> |
|  | ThUS\$                      | ThUS\$                      | ThUS\$                      | ThUS\$                      |
| Other non-financial liabilities, current | 29,057                      | 42,467                      | -                           | 50                          |
| Argentine peso                           | 1,604                       | 961                         | -                           | -                           |
| Brazilian real                           | 859                         | 976                         | -                           | 3                           |
| Chilean peso                             | 1,332                       | 5,836                       | -                           | 1                           |
| Colombian peso                           | 941                         | 622                         | -                           | 38                          |
| Euro                                     | 1,375                       | 3,206                       | -                           | -                           |
| U.S. dollar                              | 21,174                      | 19,707                      | -                           | -                           |
| Other currency                           | 1,772                       | 11,159                      | -                           | 8                           |
| Total current liabilities                | 1,526,331                   | 1,567,596                   | 232,763                     | 109,159                     |
| Argentine peso                           | 235,963                     | 229,032                     | 2,335                       | 7,315                       |
| Brazilian real                           | 71,413                      | 72,481                      | 863                         | 203                         |
| Chilean peso                             | 417,174                     | 359,309                     | 204,004                     | 81,660                      |
| Colombian peso                           | 8,614                       | 12,922                      | 1,134                       | 1,203                       |
| Euro                                     | 135,780                     | 147,073                     | 1,071                       | 299                         |
| U.S. dollar                              | 537,944                     | 611,787                     | 17,533                      | 16,416                      |
| Other currency                           | 119,443                     | 134,992                     | 5,823                       | 2,063                       |

| <u>Non-current liabilities</u>           | <u>More than 1 to 3 years</u>  |                                | <u>More than 3 to 5 years</u>  |                                | <u>More than 5 years</u>       |                                |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|  | As of                          | As of                          | As of                          | As of                          | As of                          | As of                          |
|  | December 31,<br>2021<br>ThUS\$ | December 31,<br>2020<br>ThUS\$ | December 31,<br>2021<br>ThUS\$ | December 31,<br>2020<br>ThUS\$ | December 31,<br>2021<br>ThUS\$ | December 31,<br>2020<br>ThUS\$ |
| Other financial liabilities, non-current | 33,205                         | 268,320                        | 15,375                         | 4,250                          | 359,623                        | 403,841                        |
| Chilean peso                             | 1,512                          | 180,150                        | 896                            | 1,320                          | 355,636                        | 398,199                        |
| Brazillian real                          | 86                             | 351                            | -                              | -                              | -                              | -                              |
| Euro                                     | 135                            | 427                            | 90                             | -                              | -                              | -                              |
| U.S. dollar                              | 31,413                         | 87,280                         | 14,389                         | 2,930                          | 3,987                          | 5,642                          |
| Other currency                           | 59                             | 112                            | -                              | -                              | -                              | -                              |
| Accounts payable, non-current            | 114,097                        | 70,145                         | 1,451                          | 1,390                          | 342                            | 241                            |
| Chilean peso                             | 41,456                         | 47,752                         | 1,451                          | 1,390                          | 342                            | 241                            |
| U.S. dollar                              | 71,339                         | 21,051                         | -                              | -                              | -                              | -                              |
| Other currency                           | 1,302                          | 1,342                          | -                              | -                              | -                              | -                              |
| Other provisions, non-current            | 49,420                         | 45,834                         | -                              | -                              | -                              | -                              |
| Argentine peso                           | 1,074                          | 696                            | -                              | -                              | -                              | -                              |
| Brazillian real                          | 27,532                         | 26,872                         | -                              | -                              | -                              | -                              |
| Colombian peso                           | 255                            | 278                            | -                              | -                              | -                              | -                              |
| Euro                                     | 10,820                         | 11,736                         | -                              | -                              | -                              | -                              |
| U.S. dollar                              | 9,739                          | 6,252                          | -                              | -                              | -                              | -                              |
| Provisions for                           |                                |                                |                                |                                |                                |                                |
| employees benefits, non-current          | 44,816                         | 64,152                         | -                              | -                              | -                              | -                              |
| Chilean peso                             | 44,816                         | 64,152                         | -                              | -                              | -                              | -                              |
| Total non-current liabilities            | 241,538                        | 448,451                        | 16,826                         | 5,640                          | 359,965                        | 404,082                        |
| Argentine peso                           | 1,074                          | 696                            | -                              | -                              | -                              | -                              |
| Brazilian real                           | 27,618                         | 27,223                         | -                              | -                              | -                              | -                              |
| Chilean peso                             | 87,784                         | 292,054                        | 2,347                          | 2,710                          | 355,978                        | 398,440                        |
| Colombian peso                           | 255                            | 278                            | -                              | -                              | -                              | -                              |
| Euro                                     | 10,955                         | 12,163                         | 90                             | -                              | -                              | -                              |
| U.S. dollar                              | 112,491                        | 114,583                        | 14,389                         | 2,930                          | 3,987                          | 5,642                          |
| Other currency                           | 1,361                          | 1,454                          | -                              | -                              | -                              | -                              |

| <u>General summary of foreign currency:</u> | As of<br>December 31,<br>2021<br>ThUS\$ | As of<br>December 31,<br>2020<br>ThUS\$ |
|---|---|---|
| Total assets                                | 509,829                                 | 781,177                                 |
| Argentine peso                              | 19,363                                  | 30,563                                  |
| Brazilian real                              | 20,915                                  | 34,422                                  |
| Chilean peso                                | 86,412                                  | 96,673                                  |
| Colombian peso                              | 11,998                                  | 3,864                                   |
| Euro  | 37,352                                  | 40,869                                  |
| U.S. dollar                                 | 266,952                                 | 482,840                                 |
| Other currency                              | 66,837                                  | 91,946                                  |
| Total liabilities                           | 2,377,423                               | 2,534,928                               |
| Argentine peso                              | 239,372                                 | 237,043                                 |
| Brazilian real                              | 99,894                                  | 99,907                                  |
| Chilean peso                                | 1,067,287                               | 1,134,173                               |
| Colombian peso                              | 10,003                                  | 14,403                                  |
| Euro  | 147,896                                 | 159,535                                 |
| U.S. dollar                                 | 686,344                                 | 751,358                                 |
| Other currency                              | 126,627                                 | 138,509                                 |
| Net position                                |   |   |
| Argentine peso                              | (220,009)                               | (206,480)                               |
| Brazilian real                              | (78,979)                                | (65,485)                                |
| Chilean peso                                | (980,875)                               | (1,037,500)                             |
| Colombian peso                              | 1,995                                   | (10,539)                                |
| Euro  | (110,544)                               | (118,666)                               |
| U.S. dollar                                 | (419,392)                               | (268,518)                               |
| Other currency                              | (59,790)                                | (46,563)                                |

## NOTE 30 - EARNINGS / (LOSS) PER SHARE

|  | For the year ended<br>December 31, |                    |
|--|------------------------------------|--------------------|
|  | <u>2021</u>                        | <u>2020</u>        |
| Basic earnings / (loss) per share                                  |                                    |                    |
| Earnings / (loss) attributable to<br>owners of the parent (ThUS\$) | (4,647,491)                        | (4,545,887)        |
| Weighted average number<br>of shares, basic                        | 606,407,693                        | 606,407,693        |
| Basic earnings / (loss) per share (US\$)                           | (7.66397)                          | (7.49642)          |
|  |                                    |                    |
|  | For the year ended<br>December 31, |                    |
|  | <u>2021</u>                        | <u>2020</u>        |
| Diluted earnings / (loss) per share                                |                                    |                    |
| Earnings / (loss) attributable to<br>owners of the parent (ThUS\$) | (4,647,491)                        | (4,545,887)        |
| Weighted average number<br>of shares, basic                        | 606,407,693                        | 606,407,693        |
| Weighted average number<br>of shares, diluted                      | <u>606,407,693</u>                 | <u>606,407,693</u> |
| Diluted earnings / (loss) per share (US\$)                         | (7.66397)                          | (7.49642)          |

## NOTE 31 – CONTINGENCIES

## I. Lawsuits

## 1) Lawsuits filed by LATAM Airlines Group S.A. and Subsidiaries

| <u>Company</u>  | <u>Court</u>   | <u>Case Number</u>                                       | <u>Origin</u>   | <u>Stage of trial</u>  | <u>Amounts Committed (*)</u><br>ThUS\$ |
|---|--|--|---|--|--|
| Fidelidade Viagens e Turismo  | Fazenda Pública do Município de São Paulo.                           | 1004194-37.2018.8.26.0053 (EF 1526893-48.2018.8.26.0090) | This is a voidance action appealing the charges for violations and fines (67.168.795 / 67.168.833 / 67.168.884 / 67.168.906 / 67.168.914 / 67.168.965). We are arguing that numbers are missing from the ISS calculation base since the company supposedly made improper deductions.  | The lawsuit was assigned on January 31, 2018. That same day, a decision was rendered suspending the charges without any bond. The municipality filed an appeal against this decision on April 30, 2018. On November 11, 2019 there was a totally favorable decision for Tam Viagens S.A. The court issued a ruling in favor of Tam Viagens S/A on June 24, 2021. An appeal by the Municipality is pending.   | 99,198                                 |
| LATAM Airlines Group S.A., Aerovías de Integración Regional S.A., LATAM Airlines Perú S.A., Latam-Airlines Ecuador S.A., LAN Cargo S.A., TAM Linhas Aereas S.A. and 32 affiliates | United States Bankruptcy Court for the Southern District of New York | Case No. 20-11254  | LATAM Airlines initiated a reorganization proceeding in the United States of America in accordance with the regulations established in Chapter 11 of Title 11 of the Code of the United States of America, filing a voluntary request for relief pursuant thereto (the "Chapter 11 Proceeding"), which grants an automatic stay of enforcement for at least 180 days. | On May 26, 2020, LATAM Airlines Group S.A. and 28 subsidiaries (the "Initial Debtors") individually filed a voluntary petition for reorganization with the United States Bankruptcy Court for the Southern District of New York pursuant to Chapter 11 of the United States Bankruptcy Code. Subsequently, on July 7 and 9, 2020, 9 additional affiliated debtors (the "Subsequent Debtors" and together with the Initial Debtors, the "Subsequent Debtors"), including TAM Linhas Aereas S.A., filed voluntary bankruptcy applications with the Court pursuant to Chapter 11 of the United States Bankruptcy Code. The cases are pending resolution before the Honorable James L. Garrity Jr. in United States Bankruptcy Court for the Southern District Court of New York (the "Bankruptcy Court") and are being jointly administered under case number 20-11254. On September 18, 2020, the Debtors received approval of the modified funding proposal for Debtor in Possession ("DIP") funding filed on September 17, 2020 from the Bankruptcy Court. On October 18, 2021 the Bankruptcy Court approved the Debtors' request for certain additional DIP funding, namely a "Tranche B" facility. On November 26, 2021, the Debtors filed a joint plan of reorganization together with a disclosure statement. A hearing will be conducted on January 27, 2022 to rule on the adequacy of the disclosure statement. The Bankruptcy Court has extended the Debtors' exclusive period to solicit acceptances for the plan to January 26, 2022. The Subsequent Debtors have sought an additional extension of their exclusive periods to file and solicit acceptances for the plan, until January 7, 2022 and March 7, 2022 respectively. A hearing on that request will be conducted on January 27, 2022. LATAM has continued its process of reconciling claims and presenting objections. Likewise, LATAM continues to evaluate its contracts and has rejected some of them. It continues with the review of its existing fleet obligations, and pursuing solicitation and confirmation of its plan. | -0-                                    |

| <u>Company</u>                        | <u>Court</u>                   | <u>Case Number</u> | <u>Origin</u>   | <u>Stage of trial</u>  | <u>Amounts Committed (*)</u><br>ThUS\$ |
|---------------------------------------|--------------------------------|--------------------|---|--|--|
| LATAM Airlines Group S.A.             | 2° Juzgado Civil de Santiago   | C-8553-2020        | Request for recognition of the foreign reorganization proceeding. | On June 1, 2020, LATAM Airlines Group SA, in its capacity as foreign representative of the reorganization procedure under the rules of Chapter 11 of Title 11 of the United States Code, filed the request for recognition of the foreign reorganization proceeding as the main proceeding, pursuant to Law 20,720. On June 4, 2020, the Court issued the ruling recognizing in Chile the bankruptcy proceeding for the foreign reorganization of the company LATAM Airlines Group S.A. All remedies filed against the decision have been dismissed, so the decision is final. Currently the proceeding remains open.  | -0-                                    |
| Aerovías de Integración Regional S.A. | Superintendencia de Sociedades | -                  | Request for recognition of the foreign reorganization proceeding. | On June 12, 2020, the Superintendency of Companies recognized in Colombia the reorganization proceeding filed before the Bankruptcy Court of the United States of America for the Southern District of New York as a main process, under the terms of Title III of Law 1116 of 2006. On October 2, 2020, the Companies Commission of Colombia acknowledged the decision adopted September 18, 2020, by the United States District Court for the Southern District of New York that approved the Debtor in Possession financing proposal submitted by LATAM Airlines Group S.A. and the companies that voluntarily petitioned for Chapter 11, including the Colombian companies. The Companies Commission adopted the Cross-Border Communications Protocol on November 4, 2020. On December 14, 2020, that Commission recognized the order issued by the Bankruptcy Court on November 20, 2020 authorizing the stock issue, capital contributions and changes to the pledge agreements. On October 27, 2021, the Commission recognized the order issued by the Bankruptcy Court on October 18, 2021 approving the second proposed DIP loan submitted by LATAM Airlines Group S.A. and authorizing a change in the collateral provided in the first DIP loan and the signature of a petition accessory to the DIP loan agreement. The Commission was informed on December 22, 2021 that on November 26, 2021, LATAM Airlines Group S.A. had filed a Reorganization Agreement pursuant to Chapter 11 and that the hearing for the Bankruptcy Court to rule on that Agreement would be held January 27, 2022. That was the last action in the process. | -0-                                    |



| <u>Company</u>          | <u>Court</u>                      | <u>Case Number</u> | <u>Origin</u>                                 | <u>Stage of trial</u>  | <u>Amounts Committed (*)<br/>ThUS\$</u> |
|-------------------------|-----------------------------------|--------------------|---|--|---|
| LATAM Finance Limited   | Grand Court of the Cayman Islands | -                  | Request for a provisional bankruptcy process. | On May 26, 2020, LATAM Finance Limited submitted a request for a provisional liquidation, covered in the reorganization proceeding filed before the Bankruptcy Court of the United States of America, which was accepted on May 27, 2020 by the Grand Court of the Cayman Islands. Currently the proceeding remains open.      | -0-                                     |
| Peuco Finance Limited   | Grand Court of the Cayman Islands | -                  | Request for a provisional bankruptcy process. | On May 26, 2020, Peuco Finance Limited submitted a request for a provisional liquidation, covered in the reorganization proceeding filed before the Bankruptcy Court of the United States of America, which was accepted on May 27, 2020 by the Grand Court of the Cayman Islands. Currently the proceeding remains open.      | -0-                                     |
| Piquero Leasing Limited | Grand Court of the Cayman Islands | -                  | Request for a provisional bankruptcy process. | On July 07, 2020, Piquero Leasing Limited submitted a request for a provisional liquidation, covered in the reorganization proceeding filed before the Bankruptcy Court of the United States of America, which was accepted on July 10, 2020, by the Grand Court of the Cayman Islands. Currently the proceeding remains open. | -0-                                     |
| Peuco Finance Limited   | Grand Court of the Cayman Islands | -                  | A petition for a provisional liquidation.     | On September 28, 2020, Peuco Finance Limited filed a petition to suspend the liquidation. On October 9, 2020, the Grand Court of Cayman Islands accepted the petition and extended the status of temporary liquidation for a period of 6 months. The lawsuit continues to be active.   | -0-                                     |
| LATAM Finance Limited   | Grand Court of the Cayman Islands | -                  | A petition for a provisional liquidation.     | On September 28, 2020, LATAM Finance Limited filed a petition to suspend the liquidation. On October 9, 2020, the Grand Court of Cayman Islands accepted the petition and extended the status of temporary liquidation for a period of 6 months. The lawsuit continues to be active.   | -0-                                     |
| Piquero Leasing Limited | Grand Court of the Cayman Islands | -                  | A petition for a provisional liquidation.     | Piquero Leasing Limited entered a motion to suspend the liquidation on September 28, 2020. The Grand Court of the Cayman Islands granted the motion and extended the provisional liquidation status for 6 months. The procedure continues.   | -0-                                     |
| Peuco Finance Limited   | Grand Court of the Cayman Islands | -                  | A petition for a provisional liquidation.     | On May 13, 2021, Peuco Finance Limited filed a petition to suspend the liquidation. On May 18, 2021, the Grand Court of Cayman Islands accepted the petition and extended the status of temporary liquidation until October 9, 2021. The lawsuit continues to be active.   | -0-                                     |
| LATAM Finance Limited   | Grand Court of the Cayman Islands | -                  | A petition for a provisional liquidation.     | On May 13, 2021, LATAM Finance Limited filed a petition to suspend the liquidation. On May 18, 2021, the Grand Court of Cayman Islands accepted the petition and extended the status of temporary liquidation until October 9, 2021. The lawsuit continues to be active.   | -0-                                     |

| <u>Company</u>          | <u>Court</u>                      | <u>Case Number</u> | <u>Origin</u>                             | <u>Stage of trial</u>  | <u>Amounts Committed (*)</u><br>ThUS\$ |
|-------------------------|-----------------------------------|--------------------|---|--|--|
| Piquero Leasing Limited | Grand Court of the Cayman Islands | -                  | A petition for a provisional liquidation. | On May 13, 2021, Piquero Leasing Limited filed a petition to suspend the liquidation. On May 18, 2021, the Grand Court of Cayman Islands accepted the petition and extended the status of temporary liquidation until October 9, 2021. The lawsuit continues to be active. | -0-                                    |
| Peuco Finance Limited   | Grand Court of the Cayman Islands | -                  | A petition for a provisional liquidation. | On December 1, 2021, Peuco Finance Limited filed a petition to suspend the liquidation on December 1, 2021. The process continues.   | -0-                                    |
| LATAM Finance Limited   | Grand Court of the Cayman Islands | -                  | A petition for a provisional liquidation. | On December 1, 2021, LATAM Finance Limited filed a petition to suspend the liquidation on December 1, 2021. The process continues.   | -0-                                    |
| Piquero Leasing Limited | Grand Court of the Cayman Islands | -                  | A petition for a provisional liquidation. | On December 1, 2021, Piquero Leasing Limited filed a petition to suspend the liquidation on December 1, 2021. The process continues.   | -0-                                    |

## 2) Lawsuits received by LATAM Airlines Group S.A. and Subsidiaries.

| <u>Company</u>                             | <u>Court</u>         | <u>Case Number</u> | <u>Origin</u>   | <u>Stage of trial</u>  | <u>Amounts Committed (*)</u><br>ThUS\$ |
|--|----------------------|--------------------|---|--|--|
| LATAM Airlines Group S.A. y Lan Cargo S.A. | European Commission. |                    | Investigation of alleged infringements to free competition of cargo airlines, especially fuel surcharge. On December 26th, 2007, the General Directorate for Competition of the European Commission notified Lan Cargo S.A. and LATAM Airlines Group S.A. the instruction process against twenty five cargo airlines, including Lan Cargo S.A., for alleged breaches of competition in the air cargo market in Europe, especially the alleged fixed fuel surcharge and freight. | <p>On April 14th, 2008, the notification of the European Commission was replied. The appeal was filed on January 24, 2011.</p> <p>On May 11, 2015, we attended a hearing at which we petitioned for the vacation of the Decision based on discrepancies in the Decision between the operating section, which mentions four infringements (depending on the routes involved) but refers to Lan in only one of those four routes; and the ruling section (which mentions one single conjoint infraction).</p> <p>On November 9th, 2010, the General Directorate for Competition of the European Commission notified Lan Cargo S.A. and LATAM Airlines Group S.A. the imposition of a fine in the amount of THUS\$9,299 (8.220.000 Euros)</p> <p>This fine is being appealed by Lan Cargo S.A. and LATAM Airlines Group S.A. On December 16, 2015, the European Court of Justice revoked the Commission's decision because of discrepancies. The European Commission did not appeal the decision, but presented a new one on March 17, 2017 reiterating the imposition of the same fine on the eleven original airlines. The fine totals 776,465,000 Euros. It imposed the same fine as before on Lan Cargo and its parent, LATAM Airlines Group S.A., totaling 8.2 million Euros. On May 31, 2017 Lan Cargo S.A. and LATAM Airlines Group S.A. filed a petition with the General Court of the European Union seeking vacation of this decision. We presented our defense in December 2017. On July 12, 2019, we attended a hearing before the European Court of Justice to confirm our petition for vacation of judgment or otherwise, a reduction in the amount of the fine. LATAM AIRLINES GROUP, S.A. expects that the ruling by the General Court of the European Union, which is expected to be known at the end of March 2022, may reduce the amount of this fine. On December 17, 2020, the European Commission submitted proof of claim for the total amount of the fine (ThUS\$9.299 (€8,220,000)) to the New York Court hearing the Chapter 11 procedure petitioned by LATAM Airlines Group, S.A. and LAN Cargo, S.A. in May 2020.</p> | 9,299                                  |

| <u>Company</u>                             | <u>Court</u>   | <u>Case Number</u>        | <u>Origin</u>  | <u>Stage of trial</u>  | <u>Amounts Committed (*)</u><br>ThUS\$ |
|--|--|---------------------------|--|--|--|
| Lan Cargo S.A. y LATAM Airlines Group S.A. | In the High Court of Justice Chancery Division (England) Ovre Romerike District Court (Norway) y Directie Juridische Zaken Afdeling Ceveil Recht (Netherlands), Cologne Regional Court (Landgericht Köln Germany). |                           | Lawsuits filed against European airlines by users of freight services in private lawsuits as a result of the investigation into alleged breaches of competition of cargo airlines, especially fuel surcharge. Lan Cargo S.A. and LATAM Airlines Group S.A., have been sued in court proceedings directly and/or in third party, based in England, Norway, the Netherlands and Germany. | In the case in England, mediation was held with nearly all the airlines involved in the aim of attempting to reach an agreement. It began in September 2018, and LATAM Airlines Group S.A. reached an agreement for approximately GBP 636,000. A settlement was signed in December 2018 and payment was made in January 2019. This lawsuit ended for all plaintiffs in the class action, except for one who signed a settlement for approximately GBP 222,469.63 in December 2019. The payment was made in January 2020 and concluded the entire lawsuit in England. For the case in Germany, LATAM petitioned the German Court for a suspension on the basis of the financial reorganization petitioned by LATAM Airlines Group S.A. and Lan Cargo S.A. in the United States (Chapter 11) in May 2020. DB Barnsdale AG also filed a claim with the U.S. Court by the deadline that creditors have under Chapter 11 claims. An agreement was reached with Barnsdale AG before the Courts could rule and that ended all claims in Germany. British Airways; KLM; Martinair; Air France; Lufthansa; Lufthansa Cargo and Swiss Air filed claims with the U.S. Court. LATAM opposed these claims and the U.S. Court dismissed and voided them after a review on May 27, 2021. The two proceedings still pending in Norway and the Netherlands are in the evidentiary stages. There has been no activity in Norway since January 2014 and in the Netherlands, since February 2021. The amounts are indeterminate. | -0-                                    |
| Aerolinhas Brasileiras S.A.                | Federal Justice.   | 0008285-53.2015.403.6105  | An action seeking to quash a decision and petitioning for early protection in order to obtain a revocation of the penalty imposed by the Brazilian Competition Authority (CADE) in the investigation of cargo airlines alleged fair trade violations, in particular the fuel surcharge.  | This action was filed by presenting a guaranty – policy – in order to suspend the effects of the CADE's decision regarding the payment of the following fines: (i) ABSA: ThUS\$10,438; (ii) Norberto Jochmann: ThUS\$201; (iii) Hernan Merino: ThUS\$ 102; (iv) Felipe Meyer:ThUS\$ 102. The action also deals with the affirmative obligation required by the CADE consisting of the duty to publish the condemnation in a widely circulating newspaper. This obligation had also been stayed by the court of federal justice in this process. Awaiting CADE's statement. ABSA began a judicial review in search of an additional reduction in the fine amount. The Judge's decision was published on March 12, 2019, and we filed an appeal against it on March 13, 2019   | 8,643                                  |
| Aerolinhas Brasileiras S.A.                | Federal Justice.   | 0001872-58.2014.4.03.6105 | An annulment action with a motion for preliminary injunction, was filed on 28/02/2014, in order to cancel tax debts of PIS, CONFINS, IPI and II, connected with the administrative process 10831.005704/2006.43  | We have been waiting since August 21, 2015 for a statement by Serasa on TAM's letter of indemnity and a statement by the Union. The statement was authenticated on January 29, 2016. A new insurance policy was submitted on March 30, 2016 with the change to the guarantee requested by PGFN. On 05/20/2016 the process was sent to PGFN, which was manifested on 06/03/2016. The Decision denied the company's request in the lawsuit. The court (TRF3) made a decision to eliminate part of the debt and keep the other part (already owed by the Company, but which it has to pay only at the end of the process: KUS\$3.100– R\$ 17.302.858,00). We must await a decision on the Treasury appeal.  | 6,973                                  |

| <u>Company</u>         | <u>Court</u>                        | <u>Case Number</u>  | <u>Origin</u>  | <u>Stage of trial</u>  | <u>Amounts Committed (*)</u><br>ThUS\$ |
|------------------------|-------------------------------------|---|--|--|--|
| Tam Linhas Aéreas S.A. | Court of the Second Region.         | 2001.51.01.012530-0<br>(linked to the processes 19515.721154/2014-71, 19515.002963/2009-12) | Ordinary judicial action brought for the purpose of declaring the nonexistence of legal relationship obligating the company to collect the Air Fund. | Unfavorable court decision in first instance. Currently expecting the ruling on the appeal filed by the company. In order to suspend chargeability of Tax Credit a Guaranty Deposit to the Court was delivered for R\$ 260.223.373,10-original amount in 2012/2013, which currently equals THUS\$65.464. The court decision requesting that the Expert make all clarifications requested by the parties in a period of 30 days was published on March 29, 2016. The plaintiffs' submitted a petition on June 21, 2016 requesting acceptance of the opinion of their consultant and an urgent ruling on the dispute. No amount additional to the deposit that has already been made is required if this case is lost. | 65,464                                 |
| Tam Linhas Aéreas S.A. | Internal Revenue Service of Brazil. | 10880.725950/2011-05  | Compensation credits of the Social Integration Program (PIS) and Contribution for Social Security Financing (COFINS) Declared on DCOMPs.             | The objection (manifestação de inconformidade) filed by the company was rejected, which is why the voluntary appeal was filed. The case was assigned to the 1st Ordinary Group of Brazil's Administrative Council of Tax Appeals (CARF) on June 8, 2015. TAM's appeal was included in the CARF session held August 25, 2016. An agreement that converted the proceedings into a formal case was published on October 7, 2016. The amount has been reduced after some set-offs were approved by the Department of Federal Revenue of Brazil. We must wait until the due diligence is complete.  | 29,484                                 |

| <u>Company</u>                                | <u>Court</u>   | <u>Case Number</u> | <u>Origin</u>  | <u>Stage of trial</u>  | <u>Amounts Committed (*)</u><br>ThUSS |
|---|--|--------------------|--|--|---------------------------------------|
| Aerovías de Integración Regional, AIRE S.S.A. | United States Court of Appeals for the Eleventh Circuit, Florida, U.S.A. 45th Civil Court of the Bogota Circuit in Colombia. | 2013-20319 CA 01   | The July 30th, 2012 Aerovías de Integración Regional, Aires S.A. (LATAM AIRLINES COLOMBIA) initiated a legal process in Colombia against Regional One INC and Volvo Aero Services LLC, to declare that these companies are civilly liable for moral and material damages caused to LATAM AIRLINES COLOMBIA arising from breach of contractual obligations of the aircraft HK-4107. The June 20th, 2013 AIRE SA And / Or LATAM AIRLINES COLOMBIA was notified of the lawsuit filed in U.S. for Regional One INC and Dash 224 LLC for damages caused by the aircraft HK-4107 arguing failure of LATAM AIRLINES GROUP S.A. customs duty to obtain import declaration when the aircraft in April 2010 entered Colombia for maintenance required by Regional One.   | Colombia. This case is being heard by the 45th Civil Court of the Bogota Circuit in Colombia. Statements were taken from witnesses presented by REGIONAL ONE and VAS on February 12, 2018. The court received the expert opinions requested by REGIONAL ONE and VAS and given their petition, it asked the experts to expand upon their opinions. It also changed the experts requested by LATAM AIRLINES COLOMBIA. The case was brought before the Court on September 10, 2018 and these rulings are pending processing so that a new hearing can be scheduled. On October 31, 2018, the judge postponed the deadline for the parties to answer the objection because of a serious error brought to light by VAS regarding the translation submitted by the expert. The process has been in the judge's chambers since March 11, 2019 to decide on replacing the damage estimation expert as requested by LATAM AIRLINES COLOMBIA. The one previously appointed did not take office. A petition has also been made by VAS objecting to the translation of the documents in English into Spanish due to serious mistakes, which was served to the parties in October 2018. The 45th Civil Circuit Court issued an order on August 13, 2019 that did not decide on the pending matters but rather voided all actions since September 14, 2018 and ordered the case to be referred to the 46th Civil Circuit Court according to article 121 of the General Code of Procedure. Said article says that court decisions must be rendered in no more than one (1) year as from the service of the court order admitting the claim. If that period expires without any ruling being issued, the Judge will automatically forfeit competence over the proceedings and must give the Administrative Room of the Superior Council of the Judiciary notice of that fact the next day, in addition to referring the case file to the next sitting judge in line, who will have competence and will issue a ruling in no more than 6 months. The case was sent to the 46th Civil Circuit Court on September 4, 2019, which claims that there was a competence conflict and then sent the case to the Superior Court of Bogotá to decide which court, the 45th or 46th, had to continue with the case. The Court decided that 45 <sup>th</sup> Civil Circuit Court should continue with the case, so this Court on 01/15/2020 has reactivated the procedural process ordering the transfer to the parties of the objection presented by VAS for serious error of the translation to Spanish of documents provided in English. On 02/24/2020 it declares that the parties did not rule on the objection presented by VAS and requires the plaintiff to submit an expert opinion of damages corresponding to the claims of the lawsuit through its channel. Since 03/16/20 a suspension of terms is filed in Courts due to the pandemic. Judicial terms were reactivated on July 1, 2020. On September 18, 2020, an expert opinion on damages was submitted that had been requested by the Court. The Court ordered service of the ruling to the parties on December 14, 2020. The defendants, REGIONAL ONE and VAS, filed a motion for reconsideration of this decision, petitioning that the evidence of the expert opinion be eliminated because it was presented late. The motion was denied by the Court. On April 30, 2021, they petitioned for a clarification and supplement to the opinion, to which the Court agreed in a decision on May 19, 2021, giving the expert 10 business days to respond. The brief of clarification was filed June 2, 2021 and the docket was presented to the Judge on June 3, 2021. The parties were given notice of the objection on July 21, 2021 based on a serious mistake in the opinion presented by Regional One. The case entered the judgment phase on August 5, 2021. On October 7, 2021, the Court set a date for the instruction and judgment hearing, which will be February 3, 2022. Regional One, the defendant, filed a petition for reconsideration on October 13, 2021 that had not been decided on the date of this report. The claim was withdrawn on January 11, 2022 because the matter had been settled before the Bankruptcy Court hearing the Chapter 11 claim. The Court decreed the end of the proceedings because the claims were withdrawn in a ruling issued January 19, 2022. | 9,500                                 |
|   |  |                    | Florida. On June 4, 2019, the State Court of Florida allowed REGIONAL ONE to add a new claim against LATAM AIRLINES COLOMBIA for default on a verbal contract. Given the new claim, LATAM AIRLINES COLOMBIA petitioned that the Court postpone the trial to August 2019 to have the time to investigate the facts alleged by REGIONAL ONE to prove a verbal contract. The facts discovery phase continued, including the verbal statements of the experts of both sides, which have been taking place since March 2020. Given the Covid-19 pandemic and the suspension of trials in the County of Miami-Dade, the Court canceled the trial scheduled for June 2020. In addition, the claims against Aires have been suspended given the request for reorganization filed by LATAM AIRLINES GROUP SA and some of its subsidiaries, including Aires, on May 26, 2020, under Chapter 11 of the United States Bankruptcy Code. Dash and Regional One filed unsecured claims with the U.S. Bankruptcy Court by the deadline that creditors have according to Chapter 11. On October 18, 2021, the parties participated in a third mediation where they agreed on the terms of a global settlement. On December 16, 2021, the Bankruptcy Court for the Southern District of New York approved the global agreement and release. Therefore, Dash and Regional withdrew their claims against Aires in Florida on December 21, 2021, which put an end to the proceedings. |  |                                       |

| <u>Company</u>            | <u>Court</u>                       | <u>Case Number</u>    | <u>Origin</u>   | <u>Stage of trial</u>  | <u>Amounts Committed (*)</u><br>ThUS\$ |
|---------------------------|------------------------------------|-----------------------|---|--|--|
| Tam Linhas Aéreas S.A.    | Internal Revenue Service of Brazil | 10880.722.355/2014-52 | On August 19th, 2014 the Federal Tax Service issued a notice of violation stating that compensation credits Program (PIS) and the Contribution for the Financing of Social Security COFINS by TAM are not directly related to the activity of air transport.  | An administrative objection was filed on September 17th, 2014. A first-instance ruling was rendered on June 1, 2016 that was partially favorable. The separate fine was revoked. A voluntary appeal was filed on June 30, 2016, which is pending a decision by CARF. On September 9, 2016, the case was referred to the Second Division, Fourth Chamber, of the Third Section of the Administrative Council of Tax Appeals (CARF). In September 2019, the Court rejected the appeal of the Hacienda Nacional. Hacienda Nacional filed a complaint that was denied by the Court.  | 7,661                                  |
| LATAM Airlines Group S.A. | 22° Civil Court of Santiago        | C-29.945-2016         | The Company received notice of a civil liability claim by Inversiones Ranco Tres S.A. on January 18, 2017. It is represented by Mr. Jorge Enrique Said Yarur. It was filed against LATAM Airlines Group S.A. for an alleged contractual default by the Company and against Ramon Eblen Kadiz, Jorge Awad Mehech, Juan Jose Cueto Plaza, Enrique Cueto Plaza and Ignacio Cueto Plaza, directors and officers, for alleged breaches of their duties. In the case of Juan Jose Cueto Plaza, Enrique Cueto Plaza and Ignacio Cueto Plaza, it alleges a breach, as controllers of the Company, of their duties under the incorporation agreement. LATAM has retained legal counsel specializing in this area to defend it. | The claim was answered on March 22, 2017 and the plaintiff filed its replication on April 4, 2017. LATAM filed its rejoinder on April 13, 2017, which concluded the argument stage of the lawsuit. A reconciliation hearing was held on May 2, 2017, but the parties did not reach an agreement. The Court issued the evidentiary decree on May 12, 2017. We filed a petition for reconsideration because we disagreed with certain points of evidence. That petition was partially sustained by the Court on June 27, 2017. The evidentiary stage commenced and then concluded on July 20, 2017. Observations to the evidence must now be presented. That period expires August 1, 2017. We filed our observations to the evidence on August 1, 2017. We were served the decision on December 13, 2017 that dismissed the claim since LATAM was in no way liable. The plaintiff filed an appeal on December 26, 2017. Arguments were pled before the Santiago Court of Appeals on April 23, 2019, and on April 30, 2019, this Court confirmed the ruling of the trial court absolving LATAM. The losing party was ordered to pay costs in both cases. On May 18, 2019, Inversiones Ranco Tres S.A. filed a remedy of vacation of judgment based on technicalities and on substance against the Appellate Court decision. The Appellate Court admitted both appeals on May 29, 2019 and the appeals are pending a hearing by the Supreme Court. On August 11, 2021 Inversiones Ranco Tres S.A. requested the suspension of the hearing of the Appeal, after the recognition by the 2nd Civil Court of Santiago of the foreign reorganization procedure in accordance with Law No. 20,720, for the entire period that said procedure lasts, a request that was accepted by the Supreme Court. | 15,694                                 |

| <u>Company</u>                                     | <u>Court</u>  | <u>Case Number</u>        | <u>Origin</u>  | <u>Stage of trial</u>   | <u>Amounts Committed (*)</u><br>ThUS\$ |
|--|---|---------------------------|--|---|--|
| TAM Linhas Aéreas S.A.                             | 10th Jurisdiction of Federal Tax Enforcement of Sao Paulo | 0061196-68.2016.4.03.6182 | Tax Enforcement Lien No. 0020869-47.2017.4.03.6182 on Profit-Based Social Contributions from 2004 to 2007.   | This tax enforcement was referred to the 10th Federal Jurisdiction on February 16, 2017. A petition reporting our request to submit collateral was recorded on April 18, 2017. At this time, the period is pending for the plaintiff to respond to our petition. The bond was replaced. We are waiting for the evidentiary period to begin. | 27,129                                 |
| TAM Linhas Aéreas S.A.                             | Department of Federal Revenue of Brazil                   | 5002912.29.2019.4.03.6100 | A lawsuit disputing the debit in the administrative proceeding 16643.000085/2009-47, reported in previous notes, consisting of a notice demanding recovery of the Income and Social Assessment Tax on the net profit (SCL) resulting from the itemization of royalties and use of the TAM trademark          | The lawsuit was assigned on February 28, 2019. A decision was rendered on March 1, 2019 stating that no guarantee was required. Actualmente, debemos esperar la decisión final. On 04/06/2020 TAM Linhas Aéreas S.A. had a favorable decision (sentence). The National Treasury can appeal. Today, we await the final decision.             | 8,064                                  |
| TAM Linhas Aéreas S.A                              | Delegacia de Receita Federal                              | 10611.720630/2017-16      | This is an administrative claim about a fine for the incorrectness of an import declaration.   | The administrative defensive arguments were presented September 28, 2017. The Court dismissed the Company's appeal in August 2019. Then on September 17, 2019, Company filed a special appeal (CRSF (Higher Tax Appeals Chamber)) that is pending a decision.   | 15,646                                 |
| TAM Linhas Aéreas S.A                              | Delegacia de Receita Federal                              | 10611.720852/2016-58      | An improper charge of the Contribution for the Financing of Social Security (COFINS) on an import  | We are currently awaiting a decision. There is no predictable decision date because it depends on the court of the government agency.   | 11,193                                 |
| TAM Linhas Aéreas S.A                              | Delegacia de Receita Federal                              | 16692.721.933/2017-80     | The Internal Revenue Service of Brazil issued a notice of violation because TAM applied for credits offsetting the contributions for the Social Integration Program (PIS) and the Social Security Funding Contribution (COFINS) that do not bear a direct relationship to air transport (Referring to 2012). | An administrative defense was presented on May 29, 2018. The process has become a judicial proceeding.  | 22,136                                 |
| SNEA (Sindicato Nacional das empresas aeroviárias) | União Federal   | 0012177-54.2016.4.01.3400 | A claim against the 72% increase in airport control fees (TAT-ADR) and approach control fees (TAT-APP) charged by the Airspace Control Department ("DECEA").   | A decision is now pending on the appeal presented by SNEA.  | 63,585                                 |
| TAM Linhas Aéreas S/A                              | União Federal   | 2001.51.01.020420-0       | TAM and other airlines filed a recourse claim seeking a finding that there is no legal or tax basis to be released from collecting the Additional Airport Fee ("ATAERO").  | A decision by the superior court is pending. The amount is indeterminate because even though TAM is the plaintiff, if the ruling is against it, it could be ordered to pay a fee.   | -0-                                    |
| TAM Linhas Aéreas S/A                              | Delegacia da Receita Federal                              | 10880-900.424/2018-07     | This is a claim for a negative Legal Entity Income Tax (IRPJ) balance for the 2014 calendar year (2015 fiscal year) because set-offs were not allowed.   | The administrative defensive arguments were presented March 19, 2018. An administrative decision is now pending.  | 12,509                                 |
| TAM Linhas Aéreas S/A                              | Department of Federal Revenue of Brazil                   | 19515-720.823/2018-11     | An administrative claim to collect alleged differences in SAT payments for the periods 11/2013 to 12/2017.   | A defense was presented on November 28, 2018. The Court dismissed the Company's appeal in August 2019. Then on September 17, 2019, Company filed a voluntary appeal (CRSF (Administrative Tax Appeals Board)) that is pending a decision.   | 92,152                                 |



| <u>Company</u>   | <u>Court</u>   | <u>Case Number</u>        | <u>Origin</u>  | <u>Stage of trial</u>  | <u>Amounts Committed (*)</u><br>ThUS\$ |
|--|--|---------------------------|--|--|--|
| TAM Linhas Aéreas S/A  | Department of Federal Revenue of Brazil                  | 10880.938832/2013-19      | The decision denied the reallocation petition and did not equate the Social Security Tax (COFINS) credit declarations for the second quarter of 2011, which were determined to be in the non-cumulative system   | An administrative defense was argued on March 19, 2019. The Court dismissed the Company's defense in December 2020. The Company filed a voluntary appeal to the Brazilian Administrative Council of Tax Appeals (CARF) that is pending a decision.   | 17,153                                 |
| TAM Linhas Aéreas S/A  | Department of Federal Revenue of Brazil                  | 10880.938834/2013-16      | The decision denied the reallocation petition and did not equate the Social Security Tax (COFINS) credit declarations for the third quarter of 2011, which were determined to be in the non-cumulative system.   | An administrative defense was argued on March 19, 2019. The Court dismissed the Company's defense in December 2020. The Company filed a voluntary appeal to the Brazilian Administrative Council of Tax Appeals (CARF) that is pending a decision.   | 9,436                                  |
| TAM Linhas Aéreas S/A  | Department of Federal Revenue of Brazil                  | 10880.938837/2013-41      | The decision denied the reallocation petition and did not equate the Social Security Tax (COFINS) credit declarations for the fourth quarter of 2011, which were determined to be in the non-cumulative system.  | An administrative defense was argued on March 19, 2019. The Court dismissed the Company's defense in December 2020. The Company filed a voluntary appeal to the Brazilian Administrative Council of Tax Appeals (CARF) that is pending a decision.   | 16,750                                 |
| TAM Linhas Aéreas S/A  | Department of Federal Revenue of Brazil                  | 10880.938838/2013-96      | The decision denied the reallocation petition and did not equate the Social Security Tax (COFINS) credit declarations for the first quarter of 2012, which were determined to be in the non-cumulative system.   | We presented our administrative defense. The Court dismissed the Company's defense in December 2020. The Company filed a voluntary appeal to the Brazilian Administrative Council of Tax Appeals (CARF) that is pending a decision.  | 11,316                                 |
| TAM Linhas Aéreas S/A  | Department of Federal Revenue of Brazil                  | 0012541-56.2016.5.03.0144 | A class action in which the Union is petitioning that TAM be ordered to make payment of the correct calculation of Sundays and holidays.   | A hearing was set for December 17, 2019. On 04/30/2020, we were notified of the unfavorable court ruling in the first instance, filing an appeal. The Court of Appeals confirmed the trial court's decision. The case is now before the Superior Court of Labor.   | 12.256                                 |
| LATAM Airlines Argentina   | Commercial Trial Court No. 15 of Buenos Aires.           | 11479/2012                | Proconsumer and Rafaella Cabrera filed a claim citing discriminating fees charged to foreign users as compared to domestic users for services retained in Argentina.   | The trial court judge dismissed Mrs. Cabrera's claim on March 7, 2019 and sustained the motion of lack of standing entered by Proconsumer. The ruling was appealed by the plaintiff on April 8, 2019 and is pending a decision by the D Room. On July 30, 2020, the D Room ordered the General Prosecutor to appear.                                   | -0-                                    |
| LATAM Airlines Group Argentina, Brasil, Perú, Ecuador, y TAM Mercosur. | Commercial and Civil Trial Court No. 11 of Buenos Aires. | 1408/2017                 | Consumidores Libres Coop. Ltda. filed this claim on March 14, 2017 regarding a provision of services. It petitioned for the reimbursement of certain fees or the difference in fees charged for passengers who purchased a ticket in the last 10 years but did not use it. | Federal Commercial and Civil Trial Court No. 11 in the city of Buenos Aires. After two years of arguments on jurisdiction and competence, the claim was assigned to this court and an answer was filed on March 19, 2019. The Court ruled in favor of the defendants on March 26, 2021, denying the precautionary measure petitioned by the plaintiff. | -0-                                    |
| TAM Linhas Aéreas S.A  | Department of Federal Revenue of Brazil                  | 10.880.938842/2013-54     | The decision denied the petition for reassignment and did not equate the COFINS credit statements for the third quarter of 2012 that had been determined to be in the non-accumulative system.   | We presented our administrative defense. The Court dismissed the Company's defense in December 2020. The Company filed a voluntary appeal to the Brazilian Administrative Council of Tax Appeals (CARF) that is pending a decision.  | 12,406                                 |
| TAM Linhas Aéreas S.A  | Department of Federal Revenue of Brazil                  | 10.880.93844/2013-43      | The decision denied the petition for reassignment and did not equate the COFINS credit statements for the third quarter of 2012 that had been determined to be in the non-accumulative system.   | We presented our administrative defense. The Court dismissed the Company's defense in December 2020. The Company filed a voluntary appeal (CARF) that is pending a decision.   | 11,292                                 |
| TAM Linhas Aéreas S.A  | Department of Federal Revenue of Brazil                  | 10880.938841/2013-18      | The decision denied the petition for reassignment and did not equate the COFINS credit statements for the second quarter of 2012 that had been determined to be in the non-accumulative system.  | We presented our administrative defense. The Court dismissed the Company's defense in December 2020. The Company filed a voluntary appeal (CARF) that is pending a decision.   | 11,221                                 |

| <u>Company</u>              | <u>Court</u>   | <u>Case Number</u>   | <u>Origin</u>   | <u>Stage of trial</u>  | <u>Amounts Committed (*)<br/>ThUS\$</u> |
|-----------------------------|--|----------------------|---|--|---|
| TAM Linhas Aéreas S.A       | Receita Federal de Brasil                                  | 10840.727719/2019-71 | Collection of PIS / COFINS tax for the period of 2014.  | We presented our administrative defense on January 11, 2020. The Court dismissed the Company's defense in December 2020. The Company filed a voluntary appeal (CARF) that is pending a decision.   | 31,996                                  |
| Latam-Airlines Ecuador S.A. | Tribunal Distrital de lo Fiscal                            | 17509-2014-0088      | An audit of the 2006 Income Tax Return that disallowed fuel expenses, fees and other items because the necessary support was not provided, according to Management.   | On August 6, 2018, the District Tax Claims Court rendered a decision denying the request for a refund of a mistaken payment. An appeal seeking vacation of this judgment by the Court was filed on September 5th and we are awaiting a decision by the Appellate judges. As of December 31, 2018, the attorneys believed that the probability of recovering this sum had fallen to 30%-40% because of the pressure being put by the Executive Branch on the National Court of Justice and the Judiciary in general for rulings not to affect government revenues and because the case involves differences that are based on insufficient documentation supporting the expense. Given the percentage loss (above 50%), the accounting write-off of this recovery has been carried out. | 12,505                                  |
| Latam Airlines Group S.A.   | Southern District of Florida. United States District Court | 19cv23965            | A lawsuit filed by Jose Ramon Lopez Regueiro against American Airlines Inc. and Latam Airlines Group S.A. seeking an indemnity for damages caused by the commercial use of the Jose Marti International Airport in Cuba that he says were repaired and reconditioned by his family before the change in government in 1959. | Latam Airlines Group S.A. was served this claim on September 27, 2019. LATAM Airlines Group filed a motion to dismiss on November 26, 2019. In response, a motion to suspend discovery was filed on December 23, 2019 while the Court was deciding on the motion to dismiss. On April 6, 2020 the Court issued a Temporary Suspension Order given the inability to proceed with the case on a regular basis as a result of the indefinite duration and restrictions of the global pandemic. The parties must notify the Court monthly of the possibility of moving forward. The provision is undetermined.   | -0-                                     |
| TAM Linhas Aéreas S.A.      | Receita Federal de Brasil                                  | 10880.910559/2017-91 | Compensation non equate by Cofins   | It is about the non-approved compensation of Cofins. Administrative defense submitted (Manifestação de Inconformidade). The Court dismissed the Company's defense in December 2020. The Company filed a voluntary appeal (CARF) that is pending a decision.  | 9,612                                   |
| TAM Linhas Aéreas S.A.      | Receita Federal de Brasil                                  | 10880.910547/2017-67 | Compensation non equate by Cofins   | We presented our administrative defense (Manifestação de Inconformidade). The Court dismissed the Company's defense in December 2020. The Company filed a voluntary appeal (CARF) that is pending a decision.  | 12,068                                  |
| TAM Linhas Aéreas S.A.      | Receita Federal de Brasil                                  | 10880.910553/2017-14 | Compensation non equate by Cofins   | We presented our administrative defense (Manifestação de Inconformidade). The Court dismissed the Company's defense in December 2020. The Company filed a voluntary appeal (CARF) that is pending a decision.  | 11,830                                  |

| <u>Company</u>         | <u>Court</u>              | <u>Case Number</u>   | <u>Origin</u>                     | <u>Stage of trial</u>   | <u>Amounts Committed (*)</u><br>ThUS\$ |
|------------------------|---------------------------|----------------------|-----------------------------------|---|--|
| TAM Linhas Aéreas S.A. | Receita Federal de Brasil | 10880.910555/2017-11 | Compensation non equate by Cofins | We presented our administrative defense (Manifestação de Inconformidade). The Court dismissed the Company's defense in December 2020. The Company filed a voluntary appeal (CARF) that is pending a decision. | 12,046                                 |
| TAM Linhas Aéreas S.A. | Receita Federal de Brasil | 10880.910560/2017-16 | Compensation non equate by Cofins | We presented our administrative defense (Manifestação de Inconformidade). The Court dismissed the Company's defense in December 2020. The Company filed a voluntary appeal (CARF) that is pending a decision. | 10,713                                 |
| TAM Linhas Aéreas S.A. | Receita Federal de Brasil | 10880.910550/2017-81 | Compensation non equate by Cofins | We presented our administrative defense (Manifestação de Inconformidade). The Court dismissed the Company's defense in December 2020. The Company filed a voluntary appeal (CARF) that is pending a decision. | 12,559                                 |

| <u>Company</u>         | <u>Court</u>              | <u>Case Number</u>   | <u>Origin</u>   | <u>Stage of trial</u>   | <u>Amounts Committed (*)<br/>ThUS\$</u> |
|------------------------|---------------------------|----------------------|---|---|---|
| TAM Linhas Aéreas S.A. | Receita Federal de Brasil | 10880.910549/2017-56 | Compensation non equate by Cofins   | We presented our administrative defense (Manifestação de Inconformidade). The Court dismissed the Company's defense in December 2020. The Company filed a voluntary appeal (CARF) that is pending a decision. | 10,530                                  |
| TAM Linhas Aéreas S.A. | Receita Federal de Brasil | 10880.910557/2017-01 | Compensation non equate by Cofins   | We presented our administrative defense (Manifestação de Inconformidade). The Court dismissed the Company's defense in December 2020. The Company filed a voluntary appeal (CARF) that is pending a decision. | 9,592                                   |
| TAM Linhas Aéreas S.A. | Receita Federal de Brasil | 10840.722712/2020-05 | Administrative trial that deals with the collection of PIS/Cofins proportionality (fiscal year 2015). | We presented our administrative defense (Manifestação de Inconformidade). A decision is pending. The Company filed a voluntary appeal (CARF) that is pending a decision.                                      | 25,366                                  |
| TAM Linhas Aéreas S.A. | Receita Federal de Brasil | 10880.978948/2019-86 | It is about the non-approved compensation/reimbursement of Cofins for the 4th Quarter of 2015.        | TAM filed its administrative defense on July 14, 2020. A decision is pending. The Company filed a voluntary appeal (CARF) that is pending a decision.   | 14,377                                  |
| TAM Linhas Aéreas S.A. | Receita Federal de Brasil | 10880.978946/2019-97 | It is about the non-approved compensation/reimbursement of Cofins for the 3th Quarter of 2015         | TAM filed its administrative defense on July 14, 2020. A decision is pending. The Company filed a voluntary appeal (CARF) that is pending a decision.   | 8,713                                   |
| TAM Linhas Aéreas S.A. | Receita Federal de Brasil | 10880.978944/2019-06 | It is about the non-approved compensation/reimbursement of Cofins for the 2th Quarter of 2015         | TAM filed its administrative defense on July 14, 2020. A decision is pending. The Company filed a voluntary appeal (CARF) that is pending a decision.   | 9,281                                   |

| <u>Company</u>           | <u>Court</u>                  | <u>Case Number</u> | <u>Origin</u>   | <u>Stage of trial</u>   | <u>Amounts Committed (*)<br/>ThUS\$</u> |
|--------------------------|-------------------------------|--------------------|---|---|---|
| Latam Airlines Group S.A | 23° Juzgado Civil de Santiago | C-8498-2020        | Class Action Lawsuit filed by the National Corporation of Consumers and Users (CONADECUS) against LATAM Airlines Group S.A. for alleged breaches of the Law on Protection of Consumer Rights due to flight cancellations caused by the COVID-19 Pandemic, requesting the nullity of possible abusive clauses, the imposition of fines and compensation for damages in defense of the collective interest of consumers. LATAM has hired specialist lawyers to undertake its defense. | <p>On 06/25/2020 we were notified of the lawsuit. On 04/07/2020 we filed a motion for reversal against the ruling that declared the action filed by CONADECUS admissible, the decision is pending to date. On 07/11/2020 we requested the Court to comply with the suspension of this case, ruled by the 2nd Civil Court of Santiago, in recognition of the foreign reorganization procedure pursuant to Law No. 20,720, for the entire period that said proceeding lasts, a request that was accepted by the Court. CONADECUS filed a remedy of reconsideration and an appeal against this resolution should the remedy of reconsideration be dismissed. The Court dismissed the reconsideration on August 3, 2020, but admitted the appeal. The appeal is currently pending before the Santiago Court of Appeals. The amount at the moment is undetermined.</p> <p>New York Case. Parallel to the lawsuit in Chile, on August 31, 2020, CONADECUS filed on appeal with U.S. Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") because of the automatic suspension imposed by Section 362 of the U.S. Bankruptcy Code that, among other things, prohibits the parties from filing or continuing with claims that involve a preliminary petition against the Borrowers. CONADECUS petitioned (i) for a stay of the automatic suspension to the extent necessary to continue with the class action against LATAM in Chile and (ii) for a joint hearing by the Bankruptcy Court and the Second Civil Court of Santiago in Chile (the "Chile Insolvency Court") to hear the matters relating to the claims of CONADECUS in Chile. On December 18, 2020, the Bankruptcy Court sustained part of CONADECUS's petition, but only to allow it to continue its appeal against the decision by the 23rd Civil Court of Santiago and solely so that the Court of Appeals can decide whether or not a stay is admissible under Chilean insolvency law. On December 31, 2020, CONADECUS petitioned to continue with its appeal against the decision by the 25th Civil Court that approved the reconciliation between AGRECU and LATAM. On February 9, 2021, the Bankruptcy Court sustained just one of the petitions of CONADECUS. As a result, they can continue their appeal against the decision by the 25th Civil Court that approved the reconciliation of AGRECU and LATAM.</p> | -0-                                     |

| <u>Company</u>           | <u>Court</u>                        | <u>Case Number</u>                             | <u>Origin</u>  | <u>Stage of trial</u>  | <u>Amounts Committed (*)<br/>ThUS\$</u> |
|--------------------------|-------------------------------------|--|--|--|---|
| Latam Airlines Group S.A | 23° Juzgado Civil de Santiago       | C-8903-2020                                    | Class Action Lawsuit filed by AGRECU against LATAM Airlines Group S.A. for alleged breaches of the Law on Protection of Consumer Rights due to flight cancellations caused by the COVID-19 Pandemic, requesting the nullity of possible abusive clauses, the imposition of fines and compensation for damages in defense of the collective interest of consumers. LATAM has hired specialist lawyers to undertake its defense. | On July 7, 2020 we were notified of the lawsuit. We filed our answer to the claim on August 21, 2020. A settlement was reached with AGRECU at that hearing that was approved by the Court on October 5, 2020. On October 7, 2020, the 25th Civil Court confirmed that the decision approving the settlement was final and binding. CONADECUS filed a brief on October 4, 2020 to become a party and oppose the agreement, which was dismissed on October 5, 2020. It petitioned for an official correction on October 8, 2020 and the annulment of all proceedings on October 22, 2020, which were dismissed, costs payable by CONADECUS, on November 16, 2020 and November 20, 2020, respectively. LATAM presented reports on the implementation of the agreement on May 19, 2021 and November 19, 2021. CONADECUS still has appeals pending against these decisions. The amount at the moment is undetermined. | -0-                                     |
| TAM Linhas Aéreas S.A    | Receita Federal de Brasil           | 13074.726429/2021-41                           | It is about the non-approved compensation/reimbursement of Cofins for the periods 07/2016 to 06/2017.  | TAM filed its administrative defense. (Manifestação de Inconformidade). A decision is pending  | 14,232                                  |
| TAM Linhas Aéreas S.A    | Receita Federal de Brasil           | 2007.34.00.009919-3(0009850-54.2007.4.01.3400) | A lawsuit seeking to review the incidence of the Social Security Contribution taxed on 1/3 of vacations, maternity payments and medical leave for accident.  | A decision is pending  | 56,436                                  |
| Tam Linhas Aéreas S/A.   | Justicia Cível do Rio de Janeiro/RJ | 0117185-03.2013.8.19.0001                      | MAIS Linhas Aéreas filed a claim seeking an indemnity for alleged loss of profit during the period when one of its aircraft was being repaired at the LATAM Technology Center in Sao Carlos, Sao Paulo.  | TAM was ordered to pay an indemnity to Mais Linhas for loss of profit and moral damage, estimated to be R\$48 million. Both parties appealed the decision, but the Rio de Janeiro Court has not issued a ruling on the appeals. Before any appeals decision is rendered, Mais filed a provisional enforcement petition for R\$48 million. TAM appealed that petition on September 21, 2021, and presented guarantee insurance on the record to keep its accounts from being frozen.  | 8,330                                   |
| TAM Linhas Aéreas S.A.   | Delegacia da Receita Federal        | 13896.720385/2017-96                           | It is about the refund request regarding the negative balance of IRPJ, corresponding to the calendar year 2011.  | Presented the defense, which was denied by RFB. TAM resource partially accepted. A decision is pending   | 25,889                                  |

- In order to deal with any financial obligations arising from legal proceedings in effect at December 31, 2021, whether civil, tax, or labor, LATAM Airlines Group S.A. and Subsidiaries, has made provisions, which are included in Other non-current provisions that are disclosed in Note 21.
  - The Company has not disclosed the individual probability of success for each contingency in order to not negatively affect its outcome.
  - Considering the returns of aircrafts and engines made through the reorganization process, in accordance with the regulations established in Chapter 11 of Title 11 of the Code of the United States of America, which allows the rejection of some contracts, the counterparties could file claims that, in the case of being admitted by the Court, could result in contingent obligations for the Company (See Note 20 b).
- (\*) The Company has reported the amounts involved only for the lawsuits for which a reliable estimation can be made of the financial impacts and of the possibility of any recovery, pursuant to Paragraph 86 of IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

## II. Governmental Investigations.

1) On April 6, 2019, LATAM Airlines Group S.A. received notification of the resolution issued by the National Economic Prosecutor's Office (FNE), which begins an investigation Role No. 2530-19 into the LATAM Pass frequent passenger program. The last move in this investigation corresponds to the response to a trade in May 2019.

2) On July 9, 2019, LATAM Airlines Group S.A. received the resolution issued by the National Economic Prosecutor's Office (FNE) which begins an investigation Role No. 2565-19 into the Alliance Agreement between LATAM Airlines Group S.A. and American Airlines INC. The last move in this investigation corresponds to a request for information received on November 3, 2021.

3) On July 26, 2019, the National Consumer Service of Chile (SERNAC) issued the Ordinary Resolution No. 12,711 which proposed to initiate a collective voluntary mediation procedure on effectively informing passengers of their rights in cases of cancellation of flights or no show to boarding, as well as the obligation to return the respective boarding fees as provided by art. 133 C of the Aeronautical Code. The Company has voluntarily decided to participate in this proceeding, in which an agreement was reached on March 18, 2020, which implies the return of shipping fees from September 1, 2021, with an initial amount of ThUS\$ 5,165, plus ThUS\$ 565, as well as information to each passenger who has not flown since March 18, 2020, that their boarding fees are available. On January 18, 2021, the 14th Civil Court of Santiago approved the aforesaid agreement. LATAM published an abstract of the decision in nationwide newspapers in compliance with the law. LATAM began performance of the agreement on September 3, 2021.

4) On October 15, 2019, LATAM Airlines Group S.A. received the resolution issued by the National Economic Prosecuting Authority (FNE) which begins an investigation Role N°2585-19 into the agreement between LATAM Airlines Group S.A. and Delta Airlines, Inc. On August 13, 2021 FNE, Delta and LATAM reached an out-of-court agreement that put an end to this investigation. On 10/28/21, the Tribunal de Defensa de la Libre Competencia approved the out-of-court agreement reached by LATAM and Delta Air Lines with the National Economic Prosecuting Authority.

5) LATAM Airlines Group S.A. received a resolution by the National Economic Prosecutor (FNE) on February 1, 2018 beginning Investigation 2484-18 on air cargo carriage. The most recent activity in this investigation was received in January 2022.

6) LATAM Airlines Group S.A. received a resolution by the National Economic Prosecutor (FNE) on August 12, 2021 beginning Investigation N° 2669-21 on compliance with condition VII Res. N° 37/2011 H. TDLC. The last movement in this investigation corresponds to a letter received in December 2021 with a response date of January 14, 2022.

#### NOTE 32 - COMMITMENTS

(a) Commitments for loans obtained

In relation to certain contracts committed by the Company for the financing of the Boeing 777 aircraft, which are guaranteed by Export – Import Bank of the United States of America, commencing on January 1, 2023, limits have been established for some financial indicators of LATAM Airlines Group S.A. on a consolidated basis. Under any circumstance, non-compliance of this limits, does not generate credit acceleration.

The Company and its subsidiaries do not have credit agreements that indicate limits to some financial indicators of the Company or the subsidiaries, with the exception of those detailed below:

Regarding the revolving committed credit line (“Revolving Credit Facility”) established with a consortium of twelve banks led by Citibank, with a guarantee of aircraft, engines, spare parts and supplies for a total committed amount of US \$ 600 million, it includes restrictions of minimum liquidity, measured at the Consolidated Company level (with a minimum level of US \$ 750 million) and individually measured for LATAM Airlines Group S.A. companies and TAM Linhas Aéreas S.A. (with a minimum level of US \$ 400 million). Compliance with these restrictions is a prerequisite for using the line; if the line is used, said restrictions must be reported quarterly, and non-compliance with these restrictions will accelerate credit. As of December 31, 2021, this line of credit is fully used.

As of December 31, 2021, the Company is in compliance with all the financial indicators detailed above.

On the other hand, the financing agreements of the Company generally establish clauses regarding changes in the ownership structure and in the controller and disposition of assets (which mainly refers to significant transfers of assets).

Under Section 362 of the Bankruptcy Code, the filing of voluntary bankruptcy petitions by the Debtors automatically stayed most actions against the Debtors, including most actions to collect indebtedness incurred prior to the Petition Date or to exercise control over the Debtors’ property.

Accordingly, counterparties are stayed from taking any actions as a result of such purported defaults. Specifically, the financing agreements of the Company generally establish that the filing of bankruptcy or similar proceedings constitute an event of default, which are unenforceable under the



Bankruptcy Code. At the date of the issuance of these financial statements, the Company has not received notices of termination of financing arrangements, based on such an event of default.

On September 29, 2020 the company signed the so-called "DIP Financing", which contemplates minimum liquidity restrictions of at least US \$ 400 million at a consolidated level.

LATAM's obligations to the lenders of the DIP Financing have a super administrative preference recognized under Chapter 11 of the U.S. Bankruptcy Code with respect to the other liabilities of the company and entities of its corporate group that have filed for Chapter 11 Proceedings ("Related Subsidiaries") prior to the commencement of the Chapter 11 Proceeding.

In addition, in order to secure the debt under the DIP Financing, LATAM and the Related Subsidiaries granted certain guarantees, including, but not limited to, (i) in-rem guarantees to be granted over certain specified assets, such as spare engines, spare inventory, shares in certain subsidiaries (including, but not limited to, (a) a pledge over the shares owned by LATAM in LAN Cargo S.A., Inversiones Lan S.A., Lan Pax Group S.A., LATAM Travel II S.A., Technical Training Latam S.A. and Holdco I S.A., (b) pledge over the shares owned by LAN Cargo S.A. in Transporte Aéreo S.A., Inversiones Lan S.A., Fast Air Almacenes de Carga S.A. and Lan Cargo Inversiones S.A. and (c) pledge over the shares owned by Inversiones LAN S.A. in LAN Cargo S.A., Transporte Aéreo S.A., Lan Pax Group S.A., Fast Air Almacenes de Carga S.A., LATAM Travel Chile II S.A., Technical Training LATAM S.A. and Lan Cargo Inversiones S.A.), among others, under the laws of the jurisdictions in which they are located, (ii) personal guarantees of the Related Subsidiaries and (iii) a in-rem guarantee of general nature over the assets of LATAM and the Related Subsidiaries other than certain "Excluded Assets" comprising, among other things, the aircraft and the "Carve-Out" including, among other things, certain funds assigned for expenses of the Chapter 11 Proceedings.

## (b) Other commitments

At December 31, 2021 the Company has existing letters of credit, certificates of deposits and warranty insurance policies as follows:

| Creditor Guarantee   | Debtor                                | Type                               | Value<br>ThUS\$ | Release<br>Date |
|--|---------------------------------------|------------------------------------|-----------------|-----------------|
| Superintendencia Nacional de Aduanas<br>y de Administración Tributaria | Latam Airlines Perú S.A.              | Forty-five letters of credit       | 228,184         | Jan 14, 2022    |
| Superintendencia Nacional de Aduanas<br>y de Administración Tributaria | Latam Airlines Perú S.A.              | Four letters of credit             | 15,176          | Nov 23, 2022    |
| Lima Airport Partners S.R.L.   | Latam Airlines Perú S.A.              | Two letters of credit              | 1,150           | Nov 30, 2022    |
| Servicio Nacional de Aduana del Ecuador                                | Latam Airlines Ecuador S.A.           | Four letters of credit             | 2,130           | Aug 5, 2022     |
| Empresa Pública de Hidrocarburos<br>del Ecuador EP Petroecuador        | Latam Airlines Ecuador S.A.           | Four letters of credit             | 1,500           | Jun 20, 2022    |
| Aena Aeropuertos S.A.  | Latam Airlines Group S.A.             | Three letters of credit            | 1,237           | Nov 15, 2022    |
| American Alternative Insurance<br>Corporation                          | Latam Airlines Group S.A.             | Twelve letters of credit           | 4,585           | Mar 22, 2022    |
| Comisión Europea   | Latam Airlines Group S.A.             | One letter of credit               | 9,333           | Mar 29, 2022    |
| Metropolitan Dade County   | Latam Airlines Group S.A.             | Seven letters of credit            | 3,597           | Mar 13, 2022    |
| BBVA   | Latam Airlines Group S.A.             | One letter of credit               | 4,315           | Jan 16, 2022    |
| JFK International Air Terminal LLC.                                    | Latam Airlines Group S.A.             | One letter of credit               | 2,300           | Jan 27, 2022    |
| Servicio Nacional de Aduanas   | Latam Airlines Group S.A.             | Eight letters of credit            | 2,303           | Jul 30, 2022    |
| Isoceles   | Latam Airlines Group S.A.             | One letter of credit               | 12,750          | Aug 6, 2022     |
| Procon   | Tam Linhas Aéreas S.A.                | Two insurance policy guarantee     | 2,233           | Nov 17, 2025    |
| União Federal  | Tam Linhas Aéreas S.A.                | Two insurance policy guarantee     | 8,250           | Feb 4, 2025     |
| Vara das Execuções Fiscais Estaduais<br>Da Comarca De São Paulo.       | Tam Linhas Aéreas S.A.                | One insurance policy guarantee     | 8,531           | Apr 15, 2025    |
| Vara das Execuções Fiscais Estaduais<br>Da Comarca De São Paulo.       | Tam Linhas Aéreas S.A.                | One insurance policy guarantee     | 1,417           | Apr 4, 2025     |
| Vara das Execuções Fiscais Estaduais<br>Da Comarca De São Paulo.       | Tam Linhas Aéreas S.A.                | One insurance policy guarantee     | 1,323           | Jul 5, 2023     |
| Procon   | Tam Linhas Aéreas S.A.                | Seven insurance policy guarantee   | 9,542           | Apr 6, 2022     |
| 17a Vara Cível da Comarca da Capital<br>de João Pessoa/PB.             | Tam Linhas Aéreas S.A.                | One insurance policy guarantee     | 2,247           | Jun 25, 2023    |
| 14ª Vara Federal da Seção Judiciária<br>de Distrito Federal            | Tam Linhas Aéreas S.A.                | One insurance policy guarantee     | 1,342           | May 29, 2025    |
| Tribunal de Justiça de Rio de Janeiro.                                 | Tam Linhas Aéreas S.A.                | One insurance policy guarantee     | 11,198          | Aug 30, 2026    |
| Vara Cível Campinas SP.  | Tam Linhas Aéreas S.A.                | One insurance policy guarantee     | 1,577           | Jun 14, 2024    |
| JFK International Air Terminal LLC.                                    | Tam Linhas Aéreas S.A.                | One insurance policy guarantee     | 1,300           | Jan 25, 2022    |
| 7ª Turma do Tribunal Regional<br>Federal da 1ª Região                  | Tam Linhas Aéreas S.A.                | One insurance policy guarantee     | 41,029          | Apr 20, 2023    |
| Procon   | Tam Linhas Aéreas S.A.                | One insurance policy guarantee     | 1,931           | Feb 10, 2026    |
| Bond Safeguard Insurance Company                                       | Tam Linhas Aéreas S.A.                | One insurance policy guarantee     | 2,700           | Jul 20, 2022    |
| Fundacao de Protecao e Defesa<br>do Consumidor Procon                  | Tam Linhas Aéreas S.A.                | Two insurance policy guarantee     | 4,079           | Sep 20, 2023    |
| União Federal Fazenda Nacional   | Tam Linhas Aéreas S.A.                | One insurance policy guarantee     | 2,251           | Nov 16, 2025    |
| União Federal PGFN   | Tam Linhas Aéreas S.A.                | Three póliza de seguro de garantía | 17,621          | Jan 4, 2024     |
| União Federal Fazenda Nacional   | Tam Linhas Aéreas S.A.                | One insurance policy guarantee     | 27,446          | Jul 30, 2022    |
| União Federal Fazenda Nacional   | Absa Linhas Aereas<br>Brasileira S.A. | Three póliza de seguro de garantía | 25,839          | Apr 14, 2023    |
| União Federal PGFN   | Absa Linhas Aereas<br>Brasileira S.A. | Two póliza de seguro de garantía   | 19,732          | Oct 20, 2022    |
| Tribunal de Justiça<br>de São Paulo.                                   | Absa Linhas Aereas<br>Brasileira S.A. | One insurance policy guarantee     | 4,709           | Mar 31, 2022    |
| 7ª Turma do Tribunal Regional<br>Federal da 1ª Região                  | Absa Linhas Aereas<br>Brasileira S.A. | One insurance policy guarantee     | 1,600           | May 7, 2023     |
|  |                                       |                                    | 486,457         |                 |

Letters of credit related to assets for right of use are included in Note 17 Properties, plants and equipment letter (d) Additional information Properties, plants and equipment, in numeral (i) Properties, plants and equipment delivered in guarantee.

## NOTE 33 - TRANSACTIONS WITH RELATED PARTIES

(a) Details of transactions with related parties as follows:

| Tax No.                                      | Related party                        | Nature of relationship with related parties | Country of             | Nature of related parties transactions       | Currenc | Transaction amount with related parties As of December 31, |           |
|--|--------------------------------------|---|------------------------|--|---------|--|-----------|
|  |                                      |   |                        |  |         | 2021   | 2020      |
|  |                                      |   |                        |  |         | ThUS\$   | ThUS\$    |
| 96.810.370-9                                 | Inversiones Costa Verde Ltda. y CPA. | Related director                            | Chile                  | Tickets sales                                |         | 23   | 28        |
|  |                                      |   |                        | Loans received (*)                           | CLP     | (35,412)   | (100,013) |
|  |                                      |   |                        | Interest accrued (*)                         | CLP     | (34,694)   | (5,700)   |
| 87.752.000-5                                 | Granja Marina Tomagaleones S.A.      | Common shareholder                          | Chile                  | Services provided                            | CLP     | 26   | 13        |
| 96.989.370-3                                 | Rio Dulce S.A.                       | Related director                            | Chile                  | Tickets sales                                | CLP     | 9  | 5         |
| Foreign                                      | Patagonia Seafarms INC               | Related director                            | U.S.A                  | Services provided of cargo transport         |         | 15   | 40        |
| Foreign                                      | TAM Aviação Executiva e Taxi Aéreo   | Common shareholder                          | Brazil                 | Services provided                            | BRL     | 12   |           |
| Foreign                                      | Qatar Airways                        | Indirect shareholder                        | Qatar                  | Services provided of cargo transport         | BRL     | -  | 13        |
|  |                                      |   |                        | Services provided by aircraft lease          | US\$    | -  | 22,215    |
|  |                                      |   |                        | Interlineal received service                 | US\$    | (6,387)  | (4,736)   |
|  |                                      |   |                        | Interlineal provided service                 | US\$    | 6,283  | 3,141     |
|  |                                      |   |                        | Services provided of handling                | US\$    | 1,493  | 1,246     |
|  |                                      |   |                        | Compensation for early return of aircraft    | US\$    | -  | 9,240     |
|  |                                      |   |                        | Services provided / received others          | US\$    | (963)  | 1,160     |
|  |                                      |   |                        | Interlineal received service                 | US\$    | (11,768)   | (4,160)   |
|  |                                      |   |                        | Interlineal provided service                 | US\$    | 7,695  | 4,357     |
|  |                                      |   |                        | Compensation for cancellation of aircraft pu | US\$    | -  | 62,000    |
| Compensation for cancellation of aircraft pu | US\$                                 | (59)  | 3,310                  |  |         |  |           |
| Compensation for cancellation of aircraft pu | US\$                                 | (318)                                       | 30                     |  |         |  |           |
| Foreign                                      | QA Investments Ltd                   | Common shareholder                          | Jersey Channel Islands | (*)Loans received                            | US\$    | (8,853)  | (125,016) |
| Foreign                                      | QA Investments 2 Ltd                 | Common shareholder                          | Jersey Channel Islands | (*)Interest accrued                          | US\$    | (8,673)  | (7,125)   |
|  |                                      |   |                        | (*)Loans received                            | US\$    | (44,266)   | (125,016) |
| Foreign                                      | Lozuy S.A.                           | Common shareholder                          | Uruguay                | (*)Interest accrued                          | US\$    | (43,367)   | (7,125)   |
|  |                                      |   |                        | (*)Loans received                            | US\$    | (44,266)   | (25,003)  |
|  |                                      |   |                        | (*)Interest accrued                          | US\$    | (43,367)   | (1,425)   |

(\*) Corresponding to DIP tranche C.

The balances of Accounts receivable and accounts payable to related parties are disclosed in Note 9.

Transactions between related parties have been carried out at arm's length basis.

(b) Compensation of key management

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

|                       | For the year ended |               |
|-----------------------|--------------------|---------------|
|                       | December 31,       |               |
|                       | 2021               | 2020          |
|                       | ThUS\$             | ThUS\$        |
| Remuneration          | 9,981              | 8,395         |
| Management fees       | 1,016              | 257           |
| Non-monetary benefits | 501                | 1,719         |
| Short-term benefits   | 16,639             | 13,624        |
| Termination benefits  | 513                | 4,539         |
| Total                 | <u>28,650</u>      | <u>28,534</u> |

NOTE 34 - SHARE-BASED PAYMENTS

LP3 compensation plans (2020-2023)

The Company implemented a program for a group of executives, which lasts until March 2023, with a period of enforceability between October 2020 and March 2023, where the collection percentage is annual and cumulative. The methodology is an allocation, of quantity of units, where a goal of the value of the action is set.

The bonus is activated, if the target of the share price defined in each year is met. In case the bonus accumulates, up to the last year, the total bonus is doubled (in case the share price is activated).

This Compensation Plan has not yet been provisioned due to the fact that the action price required for collection is below the initial target.

## NOTE 35 - STATEMENT OF CASH FLOWS

(a) The Company has carried out non-monetary transactions mainly related to financial lease and lease liabilities, which are described in Note 19 Other financial liabilities.

(b) Other inflows (outflows) of cash:

|  | For the year ended |                  |
|--|--------------------|------------------|
|  | December 31,       |                  |
|  | 2021               | 2020             |
|  | ThUS\$             | ThUS\$           |
| Fuel hedge   | 14,269             | (46,579)         |
| Hedging margin guarantees                            | (4,900)            | 14,962           |
| Tax paid on bank transaction                         | (2,530)            | (1,261)          |
| Fuel derivatives premiums                            | (17,077)           | (3,949)          |
| Bank commissions, taxes paid and other               | (21,287)           | (5,828)          |
| Guarantees   | (39,728)           | (44,280)         |
| Court deposits                                       | (16,323)           | 38,528           |
| Delta Air Lines Inc. Compensation                    | -                  | 62,000           |
| Total Other inflows (outflows) Operation flow        | <u>(87,576)</u>    | <u>13,593</u>    |
| Tax paid on bank transaction                         | (425)              | (2,192)          |
| Guarantie deposit received from the sale of aircraft | 18,900             | -                |
| Total Other inflows (outflows) Investment flow       | <u>18,475</u>      | <u>(2,192)</u>   |
| Settlement of derivative contracts                   | -                  | (107,788)        |
| Fees paid to financial institutions                  | (11,034)           | -                |
| Total Other inflows (outflows) Financing flow        | <u>(11,034)</u>    | <u>(107,788)</u> |

(c) Dividends:

|                              | For the period ended |              |
|------------------------------|----------------------|--------------|
|                              | December 31,         |              |
|                              | 2021                 | 2020         |
|                              | ThUS\$               | ThUS\$       |
| Latam Airlines Perú S.A. (*) | -                    | (571)        |
| Total dividends paid         | <u>-</u>             | <u>(571)</u> |

(\*) Dividends paid to non-controlling shareholders

## (d) Reconciliation of liabilities arising from financing activities:

| Obligations with<br>financial institutions       | As of             | Cash flows     |                  |                  | Non cash-Flow Movements |                   | As of             |
|--|-------------------|----------------|------------------|------------------|-------------------------|-------------------|-------------------|
|  | December 31,      | Obtainment     | Payment          |                  | Interest accrued        | Reclassifications | December 31,      |
|  | 2020              | Capital        | Capital          | Interest         | and others (*)          | ThUS\$            | 2021              |
|  | ThUS\$            | ThUS\$         | ThUS\$           | ThUS\$           | ThUS\$                  | ThUS\$            | ThUS\$            |
| Loans to exporters                               | 151,701           | -              | -                | -                | 7,460                   | -                 | 159,161           |
| Bank loans                                       | 525,273           | -              | -                | (546)            | (2,889)                 | -                 | 521,838           |
| Guaranteed obligations                           | 1,318,856         | -              | (14,605)         | (17,405)         | (513,276)               | (263,035)         | 510,535           |
| Other guaranteed obligations                     | 1,939,116         | 661,609        | (26,991)         | (28,510)         | 135,405                 | 44,793            | 2,725,422         |
| Obligation with the public                       | 2,183,407         | -              | -                | -                | 69,791                  | -                 | 2,253,198         |
| Financial leases                                 | 1,614,501         | -              | (421,452)        | (40,392)         | (181,717)               | 218,242           | 1,189,182         |
| Other loans                                      | -                 | -              | -                | -                | 76,508                  | -                 | 76,508            |
| Lease liability                                  | 3,121,006         | -              | (103,366)        | (17,768)         | (39,234)                | -                 | 2,960,638         |
| Total Obligations with<br>financial institutions | <u>10,853,860</u> | <u>661,609</u> | <u>(566,414)</u> | <u>(104,621)</u> | <u>(447,952)</u>        | <u>-</u>          | <u>10,396,482</u> |

| Obligations with<br>financial institutions       | As of             | Cash flows       |                  |                  | Non cash-Flow Movements |                   | As of             |
|--|-------------------|------------------|------------------|------------------|-------------------------|-------------------|-------------------|
|  | December 31,      | Obtainment       | Payment          |                  | Interest accrued        | Reclassifications | December 31,      |
|  | 2019              | Capital          | Capital          | Interest         | and others              | ThUS\$            | 2020              |
|  | ThUS\$            | ThUS\$           | ThUS\$           | ThUS\$           | ThUS\$                  | ThUS\$            | ThUS\$            |
| Loans to exporters                               | 341,475           | 165,000          | (359,000)        | (4,140)          | 8,366                   | -                 | 151,701           |
| Bank loans                                       | 217,255           | 265,627          | (4,870)          | (2,397)          | 49,658                  | -                 | 525,273           |
| Guaranteed obligations                           | 2,157,327         | 192,972          | (48,576)         | (21,163)         | (823,984)               | (137,720)         | 1,318,856         |
| Other guaranteed obligations                     | 580,432           | 1,361,881        | (42,721)         | (27,744)         | 67,268                  | -                 | 1,939,116         |
| Obligation with the public                       | 2,064,934         | -                | (774)            | (55,613)         | 174,860                 | -                 | 2,183,407         |
| Financial leases                                 | 1,730,843         | -                | (236,744)        | (52,155)         | 34,837                  | 137,720           | 1,614,501         |
| Other loans                                      | 101,261           | -                | (101,026)        | (1,151)          | 916                     | -                 | -                 |
| Lease liability                                  | 3,172,157         | -                | (122,063)        | (46,055)         | 116,967                 | -                 | 3,121,006         |
| Total Obligations with<br>financial institutions | <u>10,365,684</u> | <u>1,985,480</u> | <u>(915,774)</u> | <u>(210,418)</u> | <u>(371,112)</u>        | <u>-</u>          | <u>10,853,860</u> |

(\*) Accrued interest and others, includes ThUS\$ 458,642 (ThUS\$ (891,407) as of December 31, 2020), associated with the rejection of fleet contracts.

## (e) Advances of aircraft

Below are the cash flows associated with aircraft purchases, which are included in the statement of consolidated cash flow, in the item Purchases of properties, plants and equipment:

|                      | For the year ended |                 |
|----------------------|--------------------|-----------------|
|                      | December 31,       |                 |
|                      | 2021               | 2020            |
|                      | ThUS\$             | ThUS\$          |
| Increases (payments) | -                  | (31,803)        |
| Recoveries           | -                  | 8,157           |
| Total cash flows     | <u>-</u>           | <u>(23,646)</u> |

## (f) Additions of property, plant and equipment and Intangibles

|  | For the year ended |             |
|--|--------------------|-------------|
|  | At December 31,    |             |
|  | <u>2021</u>        | <u>2020</u> |
|  | ThUS\$             | ThUS\$      |
| Net cash flows from                        |                    |             |
| Purchases of property, plant and equipment | 587,245            | 324,264     |
| Additions associated with maintenance      | 302,858            | 173,740     |
| Other additions                            | 284,387            | 150,524     |
| Purchases of intangible assets             | 88,518             | 75,433      |
| Other additions                            | 88,518             | 75,433      |

## (g) The net effect of the application of hyperinflation in the consolidated cash flow statement for the periods ended December 31 corresponds to:

|  | For the year ended |             |
|--|--------------------|-------------|
|  | December 31,       |             |
|  | <u>2021</u>        | <u>2020</u> |
|  | ThUS\$             | ThUS\$      |
| Net cash flows from (used in) operating activities                     | (65,901)           | 18,347      |
| Net cash flows from (used in) investment activities                    | 17,223             | (13,872)    |
| Net cash flows from (used in) financing activities                     | -                  | -           |
| Effects of variation in the exchange rate on cash and cash equivalents | 48,678             | (4,475)     |
| Net increase (decrease) in cash and cash equivalents                   | <u>-</u>           | <u>-</u>    |

## NOTE 36 - THE ENVIRONMENT

LATAM Airlines Group S.A is dedicated to sustainable development, seeking to generate social, economic, and environmental value for the countries where it operates and for all its stakeholders. The company manages socio-environmental issues at a corporate level, centralized in the Corporate Affairs and Sustainability Department. The company is committed to monitoring and mitigating its impact on the environment in all its ground and air operations, being a key element in the solution, and searching for alternatives to the challenges of the company and its environment.

Some functions of the Corporate Affairs and Sustainability Department in environmental issues, in conjunction with the various areas of the company, is to ensure that environmental legal compliance is maintained in all the countries where it is present, to implement and maintain corporate environmental management, the efficient use of non-renewable resources such as aircraft fuel, the responsible disposal of its waste, and the development of programs and actions that allow it to reduce its greenhouse gas emissions, seeking to generate environmental benefits, social and economic for the company and the countries where it operates.

LATAM's sustainability strategy launched in 2021 is based on 4 action fronts: Environmental Management System, Climate Change, Circular Economy and Shared Value, and from these, it manages different areas related to the environment. With these pillars, the company seeks to generate social, environmental, and economic value for society and business, anticipating the risks inherent in the sustainability challenges posed by the current and future scenario.

The aspects addressed in from each pillar of the strategy are presented below:

#### Environmental management system

The company is working to standardize its environmental management system at a cross-cutting level and under the same structure, this, it seeks to certify its operation under stage II of the IATA Environmental Assessment Program (IEnvA), which is designed to evaluate and improve, independently, the environmental management of airlines, given that in addition to being based on the ISO 14001 standard, it involves the best practices of the industry.

#### Climate Change Management

To manage its carbon footprint and contribute to the protection of strategic ecosystems in the region, LATAM has set a goal to offset 50% of domestic emissions by 2030 and be carbon-neutral by 2050, for this it has focused your strategy in:

**Efficient operation:** with the implementation of LATAM Fuel Efficiency, a corporate program for the efficient use of fuel that considers initiatives in all areas of the company that have an impact on fuel consumption.

**Sustainable Alternative Fuels (SAF):** Given the importance of Sustainable Aviation Fuel (SAF) to combat climate change in the long term, LATAM is developing a work plan focused on Brazil, which has recognized and long-standing experience in biofuels; and Chile, a country with high development potential in green hydrogen.

**Emission compensation:** LATAM has assumed a total commitment to the environment and has established different alliances that will allow it not only to acquire carbon credits for its compensation needs but also to contribute to the conservation of strategic ecosystems in the region.

#### Circular Economy

LATAM aims to eliminate single-use plastics before 2023 and be a zero waste to landfill group by 2027. To achieve these goals, it has reviewed its waste management to promote the circular economy within its processes, acting from materiality.

#### Shared Value

In creating shared value, the Solidarity Plane program stands out, created in 2011 and with which LATAM makes its structure, connectivity, and passenger and cargo transport capacity available to society for free in South America. The program acts in three areas of action: it supports health needs, promotes the conservation of natural resources, and provides support in the event of natural disasters.



Within the framework of the implementation of the strategy, during 2021, the company worked on the following initiatives:

- Recertification of the standard ISO 14001 in the cargo operation in Miami.
- Certification of all LATAM operations under the IATA Environmental Assessment Program IEnvA in stage 1.
- Measurement and management of the corporate carbon footprint
- Neutralization of domestic air operations in Colombia.
- Launching of the Vuela Neutral compensation program, aimed at corporate customers in the passenger and cargo business, allowing customers to know their emissions and choose to offset their emissions with a portfolio project evaluated by LATAM.
- Verification of the company's emissions under the EU-ETS and CORSIA schemes.
- Structuring of the baseline in waste management to advance in the fulfillment of its circular economy goals.
- Evaluation of processes for the elimination of single-use plastic in the operation.
- Strengthening of the Solidarity Plane program.

The group was part of the Dow Jones Sustainability Index for six consecutive years, being classified as one of the most sustainable in the world. Today, LATAM does not participate in the selection because it is in the process of financial reorganization, but it continues to use the analysis as benchmarking and as a guide to implementing improvements in its processes.

In 2021, according to the S&P Corporate Sustainability Assessment, LATAM was recognized as the most sustainable airline in the region and the fourth worldwide, according to this assessment, LATAM was included in the 2022 Yearbook in the Bronze category, maintaining its position as one of the best-performing companies in sustainability in the industry.

## NOTE 37 - EVENTS SUBSEQUENT TO THE DATE OF THE FINANCIAL STATEMENTS

(1) Within the context of the Chapter 11 Proceedings in which the Company and some of its subsidiaries find themselves:

- a. On February 8, 2022, the judge of the Court of the Southern District of New York approved the request to extend the exclusivity period related to the solicitation period for voting on LATAM's proposed Reorganization Plan until March 7, 2022.
- b. On February 10, 2022, an amendment to the restructuring support agreement, or "Restructuring Support Agreement (RSA)", dated November 26, 2021, was signed. Through said amendment, the Ad Hoc Group of LATAM Bondholders, represented by White & Case LLP (W&C), is incorporated as part of the RSA, agreeing among other things, to support the Reorganization Plan presented by LATAM. LATAM agreed mainly to pay certain of this group's professional fees up to a certain limit. With the subscription of this amendment to the RSA, the Reorganization Plan presented by LATAM has, as of this date, the support of more than 67% of the 2024 and 2026 LATAM Bonds, which adds to the support from creditors that represent more than 70% of LATAM's unsecured credits and shareholders that have more than 50% of LATAM's capital.
- c. On February 17, 2022, upon approval by the Board of Directors on the recommendation of the Committee of Directors, the proposal for the amendment and restatement of the existing DIP Credit Agreement, the "Proposed Amended and Restated DIP Credit Agreement", was filed for approval with the Court. This proposed Amended & Restated DIP Credit Agreement extends the expected maturity date of all tranches of the Existing DIP Agreement, refinances and replaces the existing Tranche C financing under the existing DIP Credit Agreement, and includes certain reductions in fees and interest.

Subsequently, on March 7, 2022, upon approval of the Board of Directors on the recommendation of the Committee of Directors, certain additional amendments (the "Additional Amendments") to the Proposed Amended & Restated DIP Credit Agreement that were agreed upon with potential creditors were submitted to the Court. The terms of the Proposed Consolidated and Amended DIP Credit Agreement (as amended by the Additional Amendments) maintain, in essence, the structure of the Proposed Amended & Restated DIP Credit Agreement submitted to the Court on 17 February 2022.

LATAM is awaiting the Court's decision in response to the Proposed Amended & Restated DIP Credit Agreement.

(2) On February 25, 2022, an agreement was closed to receive 6 aircraft of the A321NEO family under an operating lease, which will be delivered during 2023.

(3) During the month of February, the Company filed an application to register an additional 200 million ADRs (American Depositary Receipt) with the Securities Exchange Commission (“SEC”) with the sole purpose of having them available for issuance in the market, since most of the existing registered ADRs have already been issued. The Company informed that this does not mean that the Company is issuing new shares or increasing capital, but rather allowing investors in the United States to access the ADRs, which have as an underlying security LATAM’s previously issued common stock.

After December 31, 2021 and until the date of issuance of these financial statements, there is no knowledge of other events of a financial or other nature, which significantly affect the balances or interpretation thereof.

The consolidated financial statements of LATAM Airlines Group S.A. and Subsidiaries as of December 31, 2021, have been approved in the Extraordinary Meeting Session of March 8, 2022.