Abra Group Limited
Management Discussion and Analysis (MD&A) as of 31 March 2025

A. Background

Abra Group Limited ("Abra" or the "Company") is a company incorporated and existing under the laws of England and Wales as of February 18, 2022. Abra, together with its subsidiaries, will be referred to as the "Group" for the purposes of this Management Discussion and Analysis ("MD&A").

Abra was incorporated with the objective of facilitating the business combination of GOL and Investment Vehicle 1 Limited ("IV1L"), the parent company of Avianca Airlines ("Avianca"), resulting in the formation of a regional airline carrier group. This group operates in the Latin American, North American, European, and Caribbean aviation markets and owns, controls, and operates airlines within these regions.

Abra's investment in GOL is accounted for as an investment in a financial instrument (shares) due to Abra's lack of control or significant influence over GOL. This investment was fully written off by December 31, 2023. As a result, GOL's results and financial performance are not included in either the Abra Condensed Consolidated Interim Financial Statements as of March 31, 2025 or this MD&A.

This MD&A should be read in conjunction with last year's Audited Consolidated Financial Statements and the Condensed Consolidated Interim Financial Statements as of March 31, 2025, for a comprehensive understanding of Abra's consolidated financial performance.

B. Operations

Consolidated capacity, measured in Available Seat Kilometres (ASK), reached 17,318 million in the first quarter of 2025, a 14.4% increase compared to the same period in 2024. The recorded capacity growth was driven by a higher Stage Length (+9.0% year-over-year) and cabin reconfigurations of our Widebody fleet, offset by a meaningfully lower departure growth (+1.6% year-over-year), as the Company aims to drive market balance.

Group's passenger CASK ex-fuel improved to 3.8 cents (7.0% year-over-year reduction), demonstrating rigorous cost discipline. In addition, Q1-25 Passenger Fuel CASK was 1.8 cents (17.3% year-over-year reduction), driven by lower fuel prices, cabin reconfiguration of the Boeing 787 fleet, a more fuel-efficient narrowbody aircraft fleet, and the implementation of fuel conservation initiatives. Consequently, Total Passenger CASK was 5.5 cents for Q1-25, a 10.5% decrease relative to the same period in 2024.

The Group ended Q1-25 with a passenger operating fleet of 163 aircraft, including 134 Airbus A320 family aircraft, 15 Boeing 787s and 14 Airbus 330s.

Abra's network (excluding GOL as mentioned before) launched four new international routes and one new destination, reaching 169 routes to 82 destinations. Furthermore, the

Company announced six new routes that will start operations in the second quarter of 2025.

C. Factors Affecting our Financial Condition and Results of Operations

Our financial condition and results of operations have been affected, and will continue to be, affected by several important factors, including the following:

Macroeconomic Factors

We are generally affected by economic conditions in the markets in which we operate. Macroeconomic conditions in these countries and region including periods of recession that affect consumer purchasing power, high inflation and volatility in exchange rates, especially against the U.S. dollar, that impacts both of our revenue and our costs, affects demand for our services, our financing costs and our exposure to fuel prices, which are denominated in U.S. dollars.

Aircraft Fuel Prices

Aircraft fuel expenses constitute the largest portion of our total operating expenses, representing 27.8% of our total operating expenses for the three months ended March 31, 2025. International and local aircraft fuel prices are subject to wide price fluctuations and, in some cases, sudden disruptions, based on geopolitical issues, such as the Russia-Ukraine conflict and conflicts in the Middle East including the Israel-Hamas war, and supply and demand as well as market speculation. We may not be able to adjust our fares adequately or otherwise respond quickly to protect ourselves from volatility in aircraft fuel prices.

For the execution of its operations, the Group purchases a fuel called jet fuel, which is subject to the fluctuations of international fuel prices. The Group's operations require a significant volume of this fuel and accordingly remains watchful of price fluctuations.

Competition

The airline industry is highly competitive. The principal competitive factors in the airline industry are the fare and total price, flight schedules, number of routes served from a city, loyalty programs and passenger amenities, customer service, fleet type and reputation. The airline industry is particularly susceptible to price discounting as, once a decision to fly a scheduled flight has been made, airlines incur only nominal incremental costs to provide service to passengers occupying otherwise unsold seats. Price competition occurs on a market-by-market basis through price discounts, changes in pricing structures, fare matching, targeted promotions and loyalty initiatives. Airlines typically use discount fares and other promotions to stimulate traffic during normally slower travel periods to generate cash flow and to maximize PRASK. The prevalence of discount fares can be particularly acute when a competitor has excess seat capacity that it is under financial pressure to fill.

A key element of our competitive strategy is to maintain an efficient cost structure to permit us to compete successfully in price-sensitive markets. We have structurally transformed our business to a cost-efficient carrier, with a disciplined approach to CASK.

Since the Avianca reorganization under Chapter 11, we have implemented several strategic initiatives to achieve sustainable cost leadership, which have included simplifying and densifying our Fleet, renegotiating contracts with suppliers, including aircraft lessors and other suppliers, optimizing our network for improved utilization, implementing a buy-on-board program, and renegotiated our distribution model aiming at increasing ticket sales through direct channels, and implementing an unbundled fare and ancillary fee structure. We continue to improve across multiple areas to ensure continued cost leadership.

Our current and potential competitors include legacy carriers as well as LCCs and ULCCs. Some of our current or future competitors may have greater liquidity and access to capital and may serve more routes than we do.

Changes in Foreign Exchange Rates

Our functional currency is the U.S. dollar, and our consolidated financial statements are presented in U.S. dollars. Our freight rates, as well as our international passenger fares, are largely denominated in U.S. dollars. However, sales in domestic markets are made in local currencies, where prices may not be fully indexed to the U.S. dollar. While we price our tickets in U.S. dollars in many markets in which we operate, volatility in local currencies may still impact the purchasing power of our passengers. In addition, a portion of our operating revenue and expenses, such as remuneration expenses, is denominated in currencies other than the U.S. dollar, thereby exposing us to foreign exchange variation in translating our results denominated in other currencies into U.S. dollars, mainly in relation to the Colombian peso.

Labour

As of March 31, 2025, we had approximately 3,097 employees (out of a total of 13,719 employees), or approximately 22.6% that were members of labour unions, including in Colombia and Mexico. The wages, benefits and work rules of unionized airline industry employees are largely determined by collective bargaining agreements. Generally, our collective bargaining agreements contemplate a periodic salary adjustment based on inflation. Terms are reviewed when the applicable union files a request. If we are unable to reach an agreement with the respective unions in current or future negotiations regarding the terms of their collective bargaining agreements, subject to applicable law, we may be subject to operational slowdowns or stoppages, which would be likely to adversely affect our ability to conduct business. Any agreement we reach could increase our labour cost and related expenses.

Seasonality and Other Drivers of Fluctuations in Our Results

Our operating results fluctuate due to seasonality, including high vacation and leisure demand occurring during the Easter holiday, the months of July and August and the months of December and January. The lowest levels of passenger traffic are typically concentrated in the months of February, March (depending on whether the Easter holiday falls in March or April) and May. Consequently, our results for the second half of the year are usually better than our results for the first half of the year. The actions of our competitors may also contribute to fluctuations in our results of operations. As we enter new markets, we could be subject to additional seasonal variations along with any competitive responses to our entry by other airlines. We are more susceptible to adverse weather conditions, including hurricanes generally during the months of June to November, because of our operations being concentrated in Central America, the Caribbean and Colombia. Price changes in aircraft fuel as well as the timing and amount of maintenance and advertising expenditures also impact our operations. As a result of these factors, quarter-to-quarter comparisons of our operating results may not be a good indicator of our future performance.

D. Results

Total Operating Revenue

Passenger Operating Revenue. Passenger operating revenue was $1,110 million during the three months ended March 31, 2025, a 3.1% increase from $1,077 million during the three months ended March 31, 2024, mainly due to a 14.4 the increase in capacity was driven by the densification of the B787 fleet and a higher share of international markets within the total operation. Meanwhile, PRASK declined by 11%, mainly due to a 5-point drop in load factor and an approximately 5-point decrease in yield. A relevant impact in this line was a $34 million reduction in no-show revenue, primarily due to the recognition of $27 million in UATP breakage revenue in 2024, as well as a higher ticket utilization rate.

Cargo and Other Operating Revenue. Cargo and other operating revenue was $266 million during the three months ended March 31, 2025, a 41% increase from $188.3 million during the three months ended March 31, 2024 this performance was driven by a 3% increase in capacity, mainly due to greater belly cargo availability resulting from the expansion of wide-body (WB) operations compared to the same period last year, while freighter capacity declined by 3%. This increase was accompanied by an 11% higher yield per kilo versus Q1 2024, particularly in cargo operations, although partially offset by a one-point decrease in load factor.

Total Operating Expenses

Aircraft Fuel. Aircraft fuel expenses decreased by 7.1%, from $368.2 million in the first quarter of 2024 to $342.1 million in the same period of 2025. This decline was primarily driven by a reduction of $0.36 (or 12%) in the average into plane fuel price, which fell from $2.93 per gallon in Q1 2024 to $2.57 per gallon in Q1 2025. This effect was partially offset

by a 6% increase in fuel volume consumed, mainly explained by a 6% growth in block hours (BH). In terms of efficiency, fuel consumption per available seat kilometer (ASK) improved, with the gallons-per-ASK ratio decreasing by 7%.

Salaries, Wages and Benefits. Salaries totalled $205.5 million in the first quarter of 2025, representing a 12.8% increase compared to $191.3 million in the same period of 2024. This variation is primarily explained by $17 million associated with the incorporation of Wamos. Excluding this effect, the remaining $5 million increase is driven by inflationary pressure on wages, equivalent to $10 million, partially offset by the 7% depreciation of the Colombian peso, which had a favorable impact of $7 million. Additionally, a $1 million charge was recorded related to employee profit-sharing (PTU) in Ecuador. Headcount decreased by 84 employees compared to Q1 2024, representing a 0.6% reduction.

Ground Operations. Ground operations expenses increased by 6.7%, from $133.2 million in the first quarter of 2024 to $142.1 million in the same period of 2025. This growth was mainly driven by inflationary pressure on navigation, landing, and ramp service costs, totaling approximately $3 million. Additionally, a 2% increase in departures contributed to the rise, along with a greater share of operations to Europe and South America—stations that carry higher unit costs—which offset the reduction in domestic Colombia (DOMCO) operations.

Air Traffic. Air traffic expenses totaled $64.1 million in the first quarter of 2025, representing a 5.4% increase compared to $60.8 million in the same period of 2024. The variation was primarily driven by $2 million related to the incorporation of Wamos. Excluding this effect, the remaining $1 million increase resulted from inflationary pressure on airport facilities and service fees, which added $5 million in costs. This was partially offset by a 5% decrease in the number of passengers transported, reducing costs by approximately $3 million, and a favorable foreign exchange impact of around $1 million.
Additionally, there was a $1 million increase in VIP lounge costs due to higher passenger usage, and a $1 million increase in passenger compensation related to a rise in operational disruptions. These effects were partially offset by a $2 million reduction in call center expenses, driven by improved operational efficiency.

Flight operations expenses decreased by 18.6%, from $29.2 million in the first quarter of 2024 to $23.8 million in the same period of 2025. This figure includes a $3 million increase related to the consolidation of Wamos. Excluding this effect, the $8 million reduction is mainly explained by a $3 million decrease in pilot training expenses, as a significant number of initial training sessions took place in 2024 due to capacity growth during that period. In addition, pilot travel expenses declined by $2 million as a result of overnight stay (layover) optimizations. Lastly, aircraft insurance costs decreased by $2 million due to favorable renegotiation of insurance policy rates.

Passenger Services. Passenger services expenses totaled $28.0 million in the first quarter of 2025, representing an 8.0% increase compared to $25.9 million in the same period of 2024. This growth was mainly driven by the introduction of business class on Intra-America routes and enhancements to the service standards in the business cabin

(BC) on European flights. Additionally, passenger volume to Europe rose by 26%, and business class passenger volume also increased. These effects were partially offset by a $2 million reduction in losses from the buy-on-board program.

Maintenance and repairs expenses increased by 61.0%, rising from $49.2 million in the first quarter of 2024 to $79.1 million in the same period of 2025. This increase was primarily driven by a $12 million impact related to the incorporation of Wamos.

Selling expenses: totaled $82.6 million in the first quarter of 2025, representing a 7% decrease compared to $88.8 million in the same period of 2024. This reduction was mainly driven by a shift in the channel mix, with increased use of lower-cost direct channels—primarily reflecting a migration from travel agencies to the .com platform. Additionally, GDS costs decreased by $4 million, explained by lower usage and improved performance of the surcharge strategy.

Fees and Other Expenses. Fees and other expenses increased by 21.6%, from $68.9 million in the first quarter of 2024 to $83.7 million in the same period of 2025. This increase was mainly related to labor and consumer protection litigation in Brazil, as well as professional fees associated with financing projects.

Rentals. Rental expenses totaled $14.6 million in the first quarter of 2025, representing a 44.8% decrease compared to $26.5 million in the same period of 2024. This decline was primarily driven by a $11.8 million reduction in short-term lease costs versus Q1 2024, largely explained by an $8 million compensation from Rolls-Royce related to the engine contingency, as well as a $4 million decrease in cargo wet lease expenses due to lower utilization. These effects were partially offset by higher passenger wet lease costs, reflecting the net impact of increased use of ATR aircraft from Clic and reduced services from Wamos. Additionally, engine lease expenses increased by $1 million as a result of the ongoing engine contingency.

Depreciation of Right of Use Asset. Depreciation and amortization expenses increased by 50.5%, rising from $111.5 million in the first quarter of 2024 to $167.8 million in the same period of 2025. This growth was primarily driven by favorable adjustments recorded in 2024 totaling $23 million, related to the conversion of certain aircraft to finance leases, which also resulted in lower return condition depreciation following the conversion of six A320 aircraft. Additionally, the revaluation-driven reversal of a land impairment contributed to the lower base in 2024. In 2025, higher amortization of maintenance events added $7 million, reflecting an increased volume of executed events. Depreciation also rose due to the recognition of right-of-use assets related to the addition of five A320neo aircraft. Furthermore, the consolidation of Wamos contributed an additional $11.6 million.

Other Income and Expenses

Interest Expense. Interest expense totaled $230 million in the first quarter of 2025, representing a 19.1% increase compared to $193 million in the same period of 2024. The increase was primarily driven by $32 million in higher interest on corporate debt, including the full recognition of $10 million in debt fees related to LM, as well as $7 million in call premiums associated with the early repayment of Dynamo debt. Additionally, interest expense in return conditions increased by $10 million, mainly due to the incorporation of new aircraft, and there was a $5 million rise in interest on pre-delivery payment (PDP) financing. Those increases were offset by $10 million of Abra SSN and Abra SSEN forbearance fees agreed in a supplemental indenture in January 2024 that did not repeat in 2025.

Interest Income. Our interest income was $106 million during the first quarter of 2025, representing a 21.1% increase from $87.5 million during the three months ended March 31, 2024, due to higher interest-earning on GOL SSN and SSEN 2028 notes balances, partially offset by lower average interest-earning asset balances and lower interest rates.

E. Cash and Debt

Cash and cash equivalents

The Group reached a solid cash balance of $1,039 million by quarter's end despite seasonal and timing impacts, leveraging favourable market conditions to secure incremental liquidity.

At March 31, 2025, we had $821,3 of cash and cash equivalents and $217.9 million of short-term investments, which collectively represents $1,039 million, or 2% of our total operating revenue for the three months ended March 31, 2025.

Cash Flows Provided by Operating Activities

Net cash flows provided by operating activities for the three months ended March 31, 2025, were $192.4 million, representing an increase compared to the same period in 2024. This increase was primarily driven by an improvement in net income and higher non-cash adjustments such as depreciation and share-based payments. Additionally, working capital changes contributed positively due to favorable movements in accounts payable and accrued expenses, deposits and other assets, and employee benefits, partially offset by higher use of cash in trade and other receivables and fuel hedging paid.

Cash Flows Used in Investing Activities

During the three months ended March 31, 2025, we used $149.0 million in net cash flows in investing activities, representing an outflow increase of $62.2 million compared to the $86.9 million used during the same period in 2024. This increase was primarily driven by higher cash outflows for the acquisition of property and

equipment, which rose by $59.9 million, and for higher acquisition of short-term investments by $20.1 million. The increase was partially offset by $18.5 million in equipment acquisition reimbursements received during the first quarter of 2025, which were not present in the prior year.

Cash Flows Used in Financing Activities

During the three months ended March 31, 2025, we used $185.8 million in net cash flows for financing activities, which represents an increase of $23.7 million compared to the $162.1 million used during the same period in 2024. This increase was mainly due to higher outflows of payments of loans and borrowings, lease payments, interest, and transactions costs. The increase was partially offset by new financial arrangements.

Debt

As of March 31, 2025, we had an outstanding balance of long-term debt (including current portion), short-term borrowings and long-term lease liability (including current portion) of $7,067 million, comprising $6,605 million of long-term debt (including current portion) and short-term borrowings and $462 million in obligations under our lease liability. These figures exclude $131.4 million related to the equity component of the Abra SSENs and Equity Top-Up, both derivative instruments classified separately.

As of March 31, 2025 we had the issuance of $1.0 billion in new 9.625% Senior Secured Notes due 2030 and the successful exchange of 99.75% of the 9% Tranche A-1 Senior Notes due 2028. The average interest rate on long-term debt was 9.27%, with maturities extending through 2030. Of the total, $78.8 million was classified as short-term and $2.4 billion as long-term, supported by the Group's right to defer settlement beyond 12 months. In addition, Wamos Air secured a €22.0 million facility disbursed in January 2025. The Group's obligations are secured by various assets including aircraft, receivables, intellectual property, and shares of key subsidiaries. As of the reporting date, the Group was in full compliance with all financial and non-financial covenants and continues to proactively manage its capital structure.

F. Post-balance sheet events

On May 20, 2025, GOL Linhas Aéreas received court approval in the United States for its restructuring plan under Chapter 11, securing USD 1.9 billion in five-year exit financing led by Castlelake and Elliott. As part of the process, the company reduced approximately USD 850 million in obligations, obtained USD 1.1 billion in lease concessions, and signed an agreement with Boeing providing USD 262 million in financial support. GOL expects to formally exit the proceedings in June 2025, thereby strengthening its financial position and liquidity.