LATAM informs summary of key financial figures post Chapter 11 emergence

Santiago, Chile, December 22, 2022 – On November 3, 2022, LATAM Airlines Group S.A. (the “Company” or “LATAM”) informed that the effective date (the "Effective Date") of the reorganization and financing plan of LATAM (the "Reorganization Plan") that was approved and confirmed in its reorganization proceeding in the United States of America (the "Chapter 11 Proceeding") under the rules established in Chapter 11 of Title 11 of the United States Bankruptcy Code, occurred on such date. Consequently, on that date, the Company, together with its various subsidiaries that were part of the Chapter 11 Proceeding, emerged from it.

On December 15, 2022, LATAM, in accordance with the provisions of articles 9 and 10 of Law No. 18,045 of the Securities Market Law, and in the General Rule No. 30, duly authorized by the Board on the same date, informed a material fact regarding the delivery of the Monthly Operating Report (“MOR”)[1] for the month of October 2022, that it was required as part of the Chapter 11 Proceeding.

The MOR for October 2022 reported Total Assets for US$14,049 million that include Total Current Assets for US$3,301 million and Total Non-Current Assets for US$10,747 million. Total Liabilities at the end of the same month were US$23,506 million which were distributed between Total Current Liabilities for US$13,305 million and Total Non-Current Liabilities for US$9,734 million. Shareholder’s Equity was negative US$8,457 million and includes a Share Capital of US$3,146 million and Retained Losses for US$10,224 million. The entire report can be found in the following link: https://www.latamreorganizacion.com/en/publications/.

For informational and illustrative purposes only and not being indicative of the financial results that will be reported in subsequent periods, and based on currently available information and the reasonable assumption by the Company as of November 3, (i) that the total settlement of non-disputed claims be it through the issuance and placement of the New Convertible Notes (dación de pago) or cash payments and (ii) the placement and conversion of 100% of the New Convertible Notes into common shares of the Company, the following changes to the October MOR figures would be seen only as a result of adding the transactions that took place according to the Reorganization Plan on the Effective Date.

[1] The MOR does not replace in any way the financial information that the Company provides regularly according to the securities law or the applicable regulation and has been prepared for the sole purpose to comply with the obligations of the Chapter 11 Proceeding.

In consequence and without prejudice of the limitations detailed in the MOR, we state that the information contained in this report, solely prepared for complying with obligations as part of the Chapter 11 Proceeding, has not been audited, has a limited scope and covers a limited period of time for it is subject to material changes as the quarter advances along with the regulatory processes of the quarterly financial statement’s preparation, included the limited revision by the external auditors, if applicable.

Total Assets would be reduced from US$14,049 million to US$ 13,345 million. The change includes a positive net Cash variation of US$212 million due to the receipt of proceeds from the Exit Financing and the issuance of shares offset by the repayment of claims, financial debt and additional transaction costs; and a reduction of US$919 million in Property, Plant and Equipment carrying value, due to changes in the existing lease contracts (resulting from the implementation of the Plan), which affect both the Lease liability and the Right of Use asset.

Total Liabilities would be reduced from US$23,038 million to US$12,497 million due to the repayment and extinguishment of historical debt for US$6,043 million, including a reduction of US$1,068 million in lease liabilities, the repayment of Trade and other accounts payable for US$ 4,167 million and the repayment of Junior DIP Credit Facility (classified as Accounts payable to related entities) for US$536 million, offset by new debt for US$ 743 million, consisting of new Chilean Local Notes (F Series), Spare Engine Facility refinancing and incremental Term Loan B, which come on top of the 5 year Notes, 7 year Notes and initial Term Loan B issued in October, already included in the October MOR figures.

As a result of the placement of 100% of the common shares corresponding to the Equity Rights Offering ("ERO") and the aforementioned reasonable assumption as of November 3 consisting in the placement and conversion of 100% of the New Convertible Notes into common shares of the Company, the reported share capital of US$3,146 million would be increased to US$13,439 million. The other equity accounts (Retained Earnings, Other Reserves and Non-Controlling Interest) totaling negative US$11,603 million at the end of October, would be decreased to negative US$12,591 million mainly due to the recognition of the fair value of the Convertible Notes and the cost of the issuance of new shares and New Convertible Notes, offset by the recognition of the gain resulting from the settlement of claims and other transaction costs. None of these figures include any projection for the months of November or December 2022.

The company will no longer publish Monthly Operating Reports and expects to release its 2022 Audited Annual Financial Statements in March 2023.

The financial information contained herein and in the MOR does not constitute or replace the delivery of the financial statements corresponding to the CMF and the market, in terms of the content requirements, procedures and submission deadlines provided by said Service in current regulations.