PART I

ITEM 1 IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2 OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3 KEY INFORMATION

A. Reserved

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

The following risk factors, and those important risk factors described in other reports we submit to or file with the Securities and Exchange Commission (“SEC”), could affect our actual results and could cause our actual results to differ materially from those expressed in any forward-looking statements made by us or on our behalf.

In order to assess the risks outlined in the risk factors, we have a comprehensive risk model that encompasses various aspects of our business and it is reviewed quarterly. This risk model serves as a framework to identify, assess, and mitigate potential risks that may impact our organization. We understand that risk landscapes evolve, and therefore, we conduct continuous reviews of our risk model to ensure its relevance and effectiveness in addressing emerging risks.

In particular, as we are a non-U.S. company, there are risks associated with investing in our ADSs that are not typical for investments in the shares of U.S. companies. Prior to making an investment decision, you should carefully consider all of the information contained in this document, including those described below.

Risk Factors Summary

The following is a summary of the principal risks that could adversely affect our business, operations and financial results.

Risks Relating to our Business

- High levels of competition in the airline industry and the consolidation or mergers of competitors in the markets in which the group operates, may adversely affect the level of operations.
- Some of our competitors may receive external support, which could adversely impact our competitive position.
- The group’s business and results of operations may be adversely affected if we fail to obtain and maintain routes, suitable airport access, slots and other operating permits.
- It cannot be assured that in the future we will have access to adequate facilities and landing rights necessary to achieve our expansion plans.
- The group depends on strategic alliances or commercial relationships in many different countries, and the business may suffer if any of our strategic alliances or commercial relationships terminates.
- A failure to successfully implement the group’s strategy or a failure to adjust such strategy to the current economic situation would harm the group’s business and the market value of our ADSs and common shares.
- LATAM may experience difficulty finding, training and retaining employees, which can lead to increased costs and impair our ability to execute strategy and implement operational initiatives.

- If we lose senior management and other key employees and they are not replaced by individuals with comparable skills, or we otherwise fail to maintain our company culture, our business and results of operations could be materially adversely affected.
- Our business may experience adverse consequences if we are unable to reach satisfactory collective bargaining agreements with unionized employees. Collective action by employees could cause operating disruptions and adversely impact our business.
- We rely on maintaining a high aircraft utilization rate to increase our revenues and absorb our fixed costs, which makes us especially vulnerable to delays.
- Our operations are subject to fluctuations in the supply and cost of jet fuel, which could adversely impact our business.
- We are exposed to increases in landing fees and other airport service charges that could adversely affect our margin and competitive position.
- A significant portion of our cargo revenue comes from relatively few product types and may be impacted by events affecting their production, trade or demand.
- An accumulation of ticket refunds could have an adverse effect on our financial results.
- If we are unable to incorporate leased aircraft into the fleet at acceptable rates and terms in the future, our business could be adversely affected.
- Increases in insurance costs and/or significant reductions in coverage could harm our financial condition and results of operations.
- Increases in our labor costs, which constitute a substantial portion of our total operating expenses, could directly impact our earnings.
- We face reputational risks related to the use of social media.

Safety & Operational Risks

- We depend on a limited number of suppliers for certain aircraft and engine parts. LATAM flies and depends on Airbus and Boeing aircraft, and our business could be adversely affected if we do not receive timely deliveries of aircraft, if aircraft from these suppliers become unavailable or if the public develops a negative perception of the aircraft we use in our operations.
- Problems with air traffic control systems or other technical failures could interrupt our operations and have a material adverse effect on our business.
- Losses and liabilities in the event of an accident involving one or more of our aircraft could materially affect our business.
- Prolonged technical and operational issues with the airport infrastructure in cities where we have a significant presence may have a material adverse effect on our operations.
- Our business may be adversely affected by a downturn in the airline industry caused by exogenous events that affect travel behavior or increase costs, such as outbreak of disease, weather conditions and natural disasters, war or terrorist attacks.
- The impacts of a pandemic and the efforts to mitigate the spread of a virus may adversely impact the group’s business, operations and financial results.
- Disruptions or security breaches of our information technology infrastructure or systems could interfere with the operations, compromise passenger or employee information, and expose us to liability, which may adversely affect our business and reputation.

Risks Relating to the Airline Industry and the Countries in Which We Operate

- Because our performance is heavily dependent on economic conditions in the countries in which the group does business, negative economic conditions in those countries could adversely impact the group’s business and results of operations and cause the market price of our common shares and ADSs to decrease.
- Latin American governments have exercised and continue to exercise significant influence over their economies.
- Political instability and social unrest in Latin America may adversely affect our business.

- Because our business relies extensively on third-party service providers, failure of these parties to perform as expected, or interruptions in our relationships with these providers or in their provision of services to us, could have an adverse effect on our financial position and results of operations.
- Our financial results are exposed to foreign currency fluctuations.

Environmental and Regulatory Risks

- Our reputation and brand could be adversely impacted if we fail to make progress towards achieving our environmental sustainability and diversity, equity and inclusion goals.Our operations are subject to local, national and international environmental regulations; costs of compliance with applicable regulations, or the consequences of noncompliance, could adversely affect our results, our business or our reputation.
- Our business may be adversely affected by the consequences of climate change.
- The business is highly regulated and changes in the regulatory environment in the different countries may adversely affect our business and results of operations.
- We are subject to anti-corruption, anti-bribery, anti-money laundering and antitrust laws and regulations in Chile, Brazil, Peru, the United States and in the various other countries in which we operate. Violations of any such laws or regulations could have a material adverse impact on our reputation and results of operations and financial condition.
- We are subject to risks relating to litigation and administrative proceedings that could adversely affect the business and financial performance in the event of an unfavorable ruling.
- Rapid technological advancements and digitalization could generate risks in implementation and regulatory control.
- Our reputation and brand could be adversely impacted if we fail to make progress towards achieving our environmental sustainability and diversity, equity and inclusion goals.

Risks Related to our Indebtedness

- We have substantial liquidity needs and continue to pursue various financing options. Our business may be adversely affected if we are unable to service our debt or meet our future financing requirements.
- We have significant exposure to SOFR and other floating interest rates; increases in interest rates will increase our financing cost and may have adverse effects on our financial condition and results of operations.
- Our debt agreements contain various affirmative, negative and financial covenants, which could limit our ability to conduct our business. A breach of certain negative covenants could also trigger an event of default and acceleration of our indebtedness.

Risks Relating to our Common shares and ADRs

- Our major shareholders may have interests that differ from those of ADRs holders.
- Holders of ADRs may be adversely affected by the substantial dilution of the shares represented by ADRs.
- Trading of our ADSs and common shares in the securities markets is limited and could experience further illiquidity and price volatility.
- Holders of ADRs may be adversely affected by currency devaluations and foreign exchange fluctuations.
- Future changes in Chilean foreign investment controls and withholding taxes could negatively affect non-Chilean residents that invest in our shares.
- Our ADS holders may not be able to exercise preemptive rights in certain circumstances.
- We are not required to disclose as much information to investors as a U.S. issuer is required to disclose and, as a result, you may receive less information about us than you would receive from a comparable U.S. company.

Risks Relating to our Business

High levels of competition in the airline industry and the consolidation or mergers of competitors in the markets in which the group operates, may adversely affect the level of operations.

Our business, financial condition and results of operations could be adversely affected by high levels of competition within the industry, particularly the entrance of new competitors into the markets in which the group operates, and the potential implementation of aggressive pricing strategies by competitors. Airlines compete primarily over fare levels, frequency and dependability of service, brand recognition, passenger amenities (such as frequent flyer programs) and the availability and convenience of other passenger or cargo services. New and existing airlines (and companies providing ground cargo or passenger transportation) could enter our markets and compete with us on any of these bases, including by offering lower prices, more attractive services or increasing their route offerings in an effort to gain greater market share. For more information regarding our main competitors, see “Item 4. Information of the Company—Business Overview—Passenger Operations-International Passenger Operations” and “Item 4. Information of the Company—Business Overview—Passenger Operations—Business Model for Domestic Operations”.

Low-cost carriers have an important impact on the industry’s revenues given their low unit costs. Lower costs allow low-cost carriers to offer inexpensive fares which, in turn, allow price sensitive customers to fly or to shift from legacy carriers to low cost carriers. In past years we have seen more interest in the development of the low-cost model throughout Latin America. For example, Sky Airline and JetSmart are main competitors in the Chilean and Peruvian markets and both have low-cost business models. Moreover, the COVID-19 pandemic has prompted changes in business models, with Avianca transitioning to a low-cost model. Additionally, some of these airlines have pursued strategies of consolidation through alliances or mergers with legacy carriers. Examples include the creation of Abra Group (Avianca and Gol) and the recent approval by relevant authorities for American Airlines to acquire a minority stake in JetSmart.

In the Cargo business, companies such as Maersk, CMA CGM and MSC have begun to compete in air transportation, in part due to the COVID-19 pandemic and the scarcity of containers; CMA CGM and Air France-KLM airlines agreed to share cargo space in their airplanes; and American Airlines Cargo and Web Cargo have partnered to increase their destinations. These consolidations, mergers or new alliances might continue to appear, increasing the concentration and levels of competition.

Moreover, as a result of the competitive environment, there may be further consolidation in the Latin American and global airline industry, whether by means of acquisitions, joint ventures, partnerships or strategic alliances. We cannot predict the effects of further consolidation on the industry. Furthermore, consolidation in the airline industry and changes in international alliances will continue to affect the competitive landscape in the industry and may result in the development of airlines and alliances with increased financial resources, more extensive global networks and reduced cost structures.

International strategic growth plans rely, in part, upon receipt of regulatory approvals of the countries in which we plan to expand our operations with joint business agreements. The group may not be able to obtain those approvals, while other competitors might be approved. Accordingly, we might not be able to compete for the same routes as our competitors, which could diminish our market share and adversely impact our financial results. No assurances can be given as to any benefits, if any, that we may derive from such agreements.

Some of our competitors may receive external support, which could adversely impact our competitive position.

Some of our competitors may receive support from external sources, such as their national governments, which may be unavailable to us. Support may include, among others, subsidies, financial aid or tax waivers. This support could place the group at a competitive disadvantage and adversely affect operations and financial performance. For example, Aerolineas Argentinas has historically been government subsidized. Additionally, during the COVID-19 pandemic, some competitors on long-haul routes (such as American Airlines, Delta Airlines, Southwest, United and Airfrance-KLM) received government support. This support could place us at a competitive disadvantage and adversely affect our business, financial condition and results of operations

The group’s business and results of operations may be adversely affected if we fail to obtain and maintain routes, suitable airport access, slots and other operating permits.

LATAM’s business depends upon our access to key routes and airports. Bilateral aviation agreements between countries, open skies laws and local aviation approvals frequently involve political and other considerations outside of our control. The group’s operations could be constrained by any delay or inability to gain access to key routes or airports, including:

- limitations on our ability to transport more passengers;
- the imposition of flight capacity restrictions;

- the inability to secure or maintain route rights in local markets or under bilateral agreements; or
- the inability to maintain our existing slots and obtain additional slots.

The group operates numerous international routes subject to bilateral agreements, as well as domestic flights within Chile, Peru, Brazil, Ecuador and Colombia, subject to local route and airport access approvals. See “Item 4. Information on the Company—Business Overview—Regulation.”

There can be no assurance that existing bilateral agreements with the countries in which the group’s companies are based and permits from foreign governments will continue to be in effect. A modification, suspension or revocation of one or more bilateral agreements could have a material adverse effect on our business, financial condition and results of operations. The suspension of our permission to operate at certain airports, destinations or slots, or the imposition of other sanctions could also have a material adverse effect on our business. A change in the administration of current laws and regulations or the adoption of new laws and regulations in any of the countries in which the group operates that restrict our routes, airports or other access may have a material adverse effect on our business, financial condition and results of operations.

It cannot be assured that in the future we will have access to adequate facilities and landing rights necessary to achieve our expansion plans.

Certain airports that we currently serve or plan to serve in the future may have capacity constraints and impose various restrictions. These restrictions include limitations on takeoff and landing slots during specific periods of the day and restrictions on aircraft noise levels. We cannot guarantee that our group will be able to secure an adequate number of slots, gates, and other facilities at airports to expand our services in line with our growth strategy. Additionally, airports that are currently not subject to capacity constraints may face such constraints in the future.

Furthermore, airlines must use their slots regularly and promptly, or they risk losing them to other carriers. If slots or other airport resources are unavailable or restricted in any way, we may need to modify schedules, alter routes, or reduce aircraft utilization. It is also possible that aviation authorities in the countries where our group operates may change the rules for assigning takeoff and landing slots. An example of this is the São Paulo airport (Congonhas), where slots previously operated by Avianca Brazil were reassigned primarily to Azul in 2019, after the Agência Nacional de Aviação Civil in Brazil (ANAC) approved new rules for slot distribution. Likewise, on June 7, 2022, ANAC passed Resolution No. 682, by which the ANAC approved new regulation for airport coordination and defined the rules for allocating and monitoring the use of airport infrastructure through the use of slots (e.g., coordination of arrival and departure times) at coordinated airports. It also updated the parameters applicable to the airports of Congonhas, Guarulhos (Governador André Franco Montoro International Airport), Rio de Janeiro (Santos Dumont Airport), Recife (Gilberto Freyre International Airport) and Pampulha (Carlos Drummond de Andrade Airport). The occurrence of any of these scenarios involving LATAM operations could have a negative financial impact on our business.

Moreover, we cannot guarantee that airports without current restrictions will not implement restrictions in the future, or that existing restrictions will not become more burdensome. These restrictions may limit our ability to continue providing services or expanding our operations at these airports.

The group depends on strategic alliances or commercial relationships in many different countries, and the business may suffer if any of our strategic alliances or commercial relationships terminates.

We maintain a number of alliances and other commercial relationships in many of the jurisdictions in which LATAM and its affiliates operate. These alliances or commercial relationships allow us to enhance our network and, in some cases, to offer our customers services that we could not otherwise offer. If any of our strategic alliances or commercial relationships deteriorate, or any of these agreements are terminated, the group’s business, financial condition and results of operations could be adversely affected.

A failure to successfully implement the group’s strategy or a failure to adjust such strategy to the current economic situation would harm the group’s business and the market value of our ADSs and common shares.

We have developed a strategic plan with the goal of becoming one of the most admired airlines in the world and renewing our commitment to sustained profitability and superior returns to shareholders. Our strategy requires us to identify value propositions that are attractive to our clients, to find efficiencies in our daily operations, and to transform ourselves into a stronger and more risk-resilient company. A tenet of our strategic plan is the continuing adoption of a new travel model for domestic and international services to address the changing dynamics of customers and the industry, and to increase our competitiveness. The new travel model is based on passenger segmentation and fare unbundling, allowing air travel to be accessible to a wider audience and, with a special focus on those who wish to fly more frequently and those seeking a premium service. This model requires continued cost reduction efforts and increasing revenues from ancillary activities. In connection with these efforts, the group continues to implement a series of initiatives to reduce cost per ASK in all its operations as well as developing new ancillary revenue initiatives.

Difficulties in implementing our strategy may adversely affect the group’s business, results of operation and the market value of our ADSs and common shares.

LATAM may experience difficulty finding, training and retaining employees, which can lead to increased costs and impair our ability to execute strategy and implement operational initiatives.

The airline industry is labor intensive. We employ a large number of pilots, flight attendants, maintenance technicians and other operating and administrative personnel, such as specialized technology personnel. The airline industry has, from time to time, experienced a shortage of qualified personnel, especially pilots and maintenance technicians, which has somewhat intensified during the recovery phase of air traffic following the peak of the pandemic. Should turnover of employees, particularly pilots and maintenance technicians, sharply increase, our training costs will be significantly higher. LATAM cannot assure that it will be able to recruit, train and retain the managers, pilots, technicians and other qualified employees that are needed to continue the current operations or replace departing employees. An increase in turnover or failure to recruit, train and retain qualified employees at a reasonable cost could materially adversely affect the business, financial condition, and results of operations. A loss of key personnel or material erosion of employee morale could impair the ability to execute strategy and implement operational initiatives, thereby adversely affecting the group.

If we lose senior management and other key employees and they are not replaced by individuals with comparable skills, or we otherwise fail to maintain our company culture, our business and results of operations could be materially adversely affected.

We are dependent on the experience and industry knowledge of our officers and other key employees to design and execute our business plans. If we experience a substantial turnover in our leadership and other key employees and we are not able to replace these persons with individuals with comparable skills, or we otherwise fail to maintain our company culture, our performance could be materially adversely impacted. Furthermore, we may be unable to attract and retain additional qualified senior management and other key personnel as needed in the future.

Our business may experience adverse consequences if we are unable to reach satisfactory collective bargaining agreements with unionized employees. Collective action by employees could cause operating disruptions and adversely impact our business.

As of December 31, 2023, approximately 45% of the group’s employees, including administrative personnel, cabin crew, flight attendants, pilots and maintenance technicians are members of unions and have contracts and collective bargaining agreements which expire on a regular basis. The business, financial condition and results of operations could be materially adversely affected by a failure to reach agreement with any labor union representing such employees or by an agreement with a labor union that contains terms that are not in line with expectations or that prevent the group from competing effectively with other airlines. For further information regarding the unions representing employees in each country in which the group operates and where we have established collective bargaining agreements, see “Item 6. Directors, Senior Management and Employees—Employees—Labor Relations.”

Certain employee groups such as pilots, flight attendants, mechanics and our airport personnel have highly specialized skills. As a consequence, actions by these groups, such as strikes, walk-outs or stoppages, could severely disrupt operations and adversely impact our operating and financial performance, as well as our image.

A strike, work interruption or stoppage or any prolonged dispute with employees who are represented by any of these unions could have an adverse impact on operations. These risks are typically exacerbated during periods of renegotiation with the unions, which typically occurs every two to four years depending on the jurisdiction and the union. Any renegotiated collective bargaining agreement could feature significant wage increases and a consequent increase in our operating expenses. Any failure to reach an agreement during negotiations with unions may require us to enter into arbitration proceedings, use financial and management resources, and potentially agree to terms that are less favorable to us than our existing agreements. Employees who are not currently members of unions may also form new unions that may seek further wage increases or benefits.

On October 6, 2023, the unionized air traffic controllers affiliated with the Chilean College of Air Traffic Controllers (*Colegio de Controladores de Tránsito Aéreo, ATC*) held a partial nationwide strike to demand several concessions from national authorities. The strike lasted 2 days and affected only domestic flights at Arturo Merino Benitez Airport in Chile.

On October 3, 2023 airport employees at Governador André Franco Montoro International Airport, in Guarulhos, Brazil, protested against the ban on the use of cell phones in loading and unloading areas during working hours. This event caused delays in LATAM Airlines Brazil’s domestic flights which also impacted on the group’s international operations. However, this event lasted 2 days, after which we took mitigation actions (such as changes of date, flight, rerouting and destinations) to regularize our operations.

Although LATAM has established protocols to contain these type of situations, there is no guarantee that we will be able to reach a mutually beneficial agreement in the event of any future disagreements with our employees and unions.

We rely on maintaining a high aircraft utilization rate to increase our revenues and absorb our fixed costs, which makes us especially vulnerable to delays.

Generally, a key element of our strategy is to maintain a high daily aircraft utilization rate, which measures the number of hours we use our aircraft per day. High daily aircraft utilization allows us to maximize the amount of revenue we generate from our aircraft and absorb the fixed costs associated with our fleet and is achieved, in part, by reducing turnaround times at airports and developing schedules that enable us to increase the average hours flown per day. Our rate of aircraft utilization could be adversely affected by a number of different factors that are beyond our control, including air traffic and airport congestion, adverse weather conditions, unanticipated maintenance and delays by third-party service providers relating to matters such as fueling, catering and ground handling. If aircraft fall behind schedule, the resulting delays could cause a disruption in our operating performance and have a financial impact on our results.

Our operations are subject to fluctuations in the supply and cost of jet fuel, which could adversely impact our business.

Higher jet fuel prices could have a materially adverse effect on our business, financial condition and results of operations. Jet fuel costs have historically accounted for a significant amount of our operating expenses, and accounted for 37.2% of our total costs of sales in 2023. For additional information, see “Item 11. Quantitative and Qualitative Disclosures about Market Risk—Risk of Fluctuations in Fuel Prices.” Both the cost and availability of fuel are subject to many economic and political factors and events that we can neither control nor predict, including international political and economic circumstances such as the political instability in major oil-exporting countries. Any future fuel supply shortage (for example, as a result of production curtailments by the Organization of the Petroleum Exporting Countries, or “OPEC”), a disruption of oil imports, supply disruptions resulting from severe weather or natural disasters, labor actions such as the 2018 trucking strike in Brazil, the continued unrest in the Middle East, the conflict in Ukraine or other events could result in higher fuel prices or reductions in scheduled airline services. We cannot ensure that we would be able to offset any increases in the price of fuel. In addition, lower fuel prices may result in lower fares through the reduction or elimination of fuel surcharges. We have entered into fuel hedging arrangements, but there can be no assurance that such arrangements will be adequate to protect us from an increase in fuel prices in the near future or in the long term. See “Item 11. Quantitative and Qualitative Disclosures About Market Risk—Risk of Fluctuations in Fuel Prices.”

We are exposed to increases in landing fees and other airport service charges that could adversely affect our margins and competitive position.

The group must pay fees to airport operators for the use of their facilities. Any substantial increase in airport charges, including at Guarulhos International Airport in São Paulo, Jorge Chavez International Airport in Lima or Comodoro Arturo Merino Benitez International Airport in Santiago, could have a material adverse impact on our results of operations. Passenger taxes and airport charges have increased substantially in recent years. We cannot assure that the airports in which the group operates will not increase or maintain high passenger taxes and service charges in the future. Any such increases could have an adverse effect on our financial condition and results of operations.

A significant portion of our cargo revenue comes from relatively few product types and may be impacted by events affecting their production, trade or demand.

The group’s cargo demand, especially from Latin American exporters, is concentrated in a small number of product categories, such as exports of fish, shell fish and fruit from Chile, asparagus from Peru and fresh flowers from Ecuador and Colombia. Events that adversely affect the production, trade or demand for these goods may adversely affect the volume of goods that are transported and may have a significant impact on the results of operations. Future trade protection measures by or against the countries for which we provide cargo services may have an impact on cargo traffic volumes and adversely affect our financial results. Some of the cargo products are sensitive to foreign exchange rates and, therefore, traffic volumes could be impacted by the appreciation or depreciation of local currencies.

An accumulation of ticket refunds could have an adverse effect on our financial results.

If the group is required to pay out a substantial amount of ticket refunds in cash, this could have an adverse effect on our financial results or liquidity position. Furthermore, LATAM has agreements with financial institutions that process customer credit card transactions for the sale of air travel and other services. Under certain of LATAM’s credit card processing agreements, the financial institutions in certain circumstances have the right to require that LATAM maintain a reserve equal to a portion of advance ticket sales that have been processed by that financial institution, but for which LATAM has not yet provided the service (i.e., air transportation). Such financial institutions may require cash or other collateral reserves to be established or withholding of payments related to receivables to be collected, including if LATAM does not maintain certain minimum levels of unrestricted cash, cash equivalents and short-term investments. Refunds lower our liquidity and put us at risk of triggering liquidity covenants in these processing agreements and, in doing so, could force us to post cash collateral with the credit card companies for advance ticket sales.

If we are unable to incorporate leased aircraft into the fleet at acceptable rates and terms in the future, our business could be adversely affected.

A large portion of the aircraft fleet is subject to long-term leases. The leases typically run from 3 to 12 years from the date of execution. We may face more competition for, or a limited supply of, leased aircraft, making it difficult to negotiate on competitive terms upon expiration of the current leases or to lease additional capacity required for the targeted level of operations. If we are forced to pay higher lease rates in the future to maintain our capacity and the number of aircraft in the fleet, our profitability could be adversely affected.

Increases in insurance costs and/or significant reductions in coverage could harm our financial condition and results of operations.

Significant events affecting the aviation insurance industry (such as terrorist attacks, airline crashes or accidents and health epidemics and the related widespread government-imposed travel restrictions) may result in significant increases of airlines’ insurance premiums and/or relevant decreases of insurance coverage. Further increases in insurance costs and/or reductions in available insurance coverage could have a material impact on our financial results, change the insurance strategy, and also increase the risk of uncovered losses.

Increases in our labor costs, which constitute a substantial portion of our total operating expenses, could directly impact our earnings.

Labor costs constitute a significant percentage of our total cost of sales (14.9%% in 2023) and at times in our operating history we have experienced pressure to increase wages and benefits for our employees. A significant increase in our labor costs could result in a material reduction in our earnings.

We face reputational risks related to the use of social media.

LATAM frequently uses social media platforms as marketing tools. These platforms provide LATAM, as well as individuals, with access to a broad audience of consumers and other interested persons. Negative commentary regarding LATAM or the products it sells may be posted on social media platforms and similar devices at any time and may be adverse to LATAM’s reputation or business. Further, as laws, regulations, and different platforms’ terms of service rapidly evolve to govern the use of social media, the failure by LATAM, its employees or third parties acting on LATAM’s behalf to abide by applicable laws and regulations in the use of these platforms and devices could adversely impact the LATAM’s business, financial condition, and results of operations or subject it to fines or other penalties.

Safety & Operational Risks

We depend on a limited number of suppliers for certain aircraft and engine parts. LATAM flies and depends on Airbus and Boeing aircraft, and our business could be adversely affected if we do not receive timely deliveries of aircraft, if aircraft from these suppliers become unavailable or if the public develops a negative perception of the aircraft we use in our operations.

We depend on a limited number of suppliers for aircraft, aircraft engines and many aircraft and engine parts. As a result, we are vulnerable to problems associated with the supply of those aircraft, parts and engines, including design defects, mechanical problems, contractual performance by the suppliers, or adverse perception by the public that would result in unscheduled maintenance requirements, in customer avoidance or in actions by the aviation authorities resulting in an inability to operate our aircraft. During the year 2023, LATAM Airlines Group’s main suppliers were aircraft manufacturers Airbus and Boeing.

In addition to Airbus and Boeing, LATAM Airlines has a number of other suppliers, primarily related to aircraft accessories, spare parts, and components, including Pratt & Whitney Canada, MTU Maintenance, Rolls-Royce, General Electric Commercial Aviation Services Ltd., General Electric Celma, General Electric Engines Service, CMF International and Honeywell, among others.

As of December 31, 2023, LATAM Group had a total fleet of 256 Airbus and 77 Boeing aircraft (38 of these aircraft are non-current assets classified as held for sale). Risks relating to Airbus and Boeing include:

- our failure or inability to obtain Airbus or Boeing aircraft, parts or related support services on a timely basis because of high demand, aircraft delivery backlog or other factors;
- the interruption of fleet service as a result of unscheduled or unanticipated maintenance requirements for these aircraft;
- the issuance by the Chilean or other aviation authorities of directives restricting or prohibiting the use of our Airbus or Boeing aircraft, or requiring time-consuming inspections and maintenance;
- adverse public perception of a manufacturer as a result of safety concerns, negative publicity or other problems, whether real or perceived, in the event of an accident;
- delays between the time we realize the need for new aircraft and the time it takes us to arrange for Airbus and Boeing or for a third-party provider to deliver this aircraft; or
- the delay, for any reason, to conclude cabin upgrade projects that could result in aircraft unavailability for a certain period of time.

The COVID-19 pandemic and its impact on the aviation industry, along with the subsequent global supply chain challenges faced by manufacturers and distributors, resulted in a widespread shortage of aircraft and delays in scheduled deliveries. Consequently, the waiting period for obtaining new aircraft as well as the time between a new order and its delivery became longer, affecting both Airbus and Boeing, as well as LATAM.

On July 25, 2023, Pratt & Whitney disclosed a powder metal contamination issue affecting PW1100 GTF engines, which power Airbus Neo Family aircraft. Pratt & Whitney also disclosed that they had designed a plan to remove and inspect those engines. As of December 31, 2023, LATAM group reported 31 Airbus Neo family aircraft within its fleet (approximately 9% of the total fleet). The total number of AOG (Aircraft on Ground) affecting LATAM group’s operations is a fraction of this number and will depend on the turnaround time of the shop inspection and engine repair, and the level of cycles that the engines have. While we do not yet know the full impact of these operational disruptions resulting from engine shortages from Pratt & Whitney, potential reduction of air traffic could have an adverse effect on our business, result of operations and financial condition. Our business could also be materially adversely affected if the passengers avoid flying on our aircraft due to an adverse perception of aircraft manufacturing, whether because of safety concerns or other problems, real or perceived, or in the event of an accident involving such aircraft or its engines.

The occurrence of any one or more of the above mentioned factors could restrict our ability to use aircraft to generate profits, respond to increased demands, or could otherwise limit our operations and adversely affect our business

Problems with air traffic control systems or other technical failures could interrupt our operations and have a material adverse effect on our business.

The operations, including the ability to deliver customer service, are dependent on the effective operation of the equipment, including aircraft, maintenance systems and reservation systems. The operations are also dependent on the effective operation of domestic and international air traffic control systems and the air traffic control infrastructure by the corresponding authorities in the markets in which the group operates. Equipment failures, personnel shortages, air traffic control problems and other factors that could interrupt operations could adversely affect our financial results as well as our reputation.

Losses and liabilities in the event of an accident involving one or more of our aircraft could materially affect our business.

We are exposed to potential catastrophic losses in the event of an aircraft accident, terrorist incident or any other similar event. There can be no assurance that, as a result of an aircraft accident or significant incident:

- we will not need to increase our insurance coverage;
- our insurance premiums will not increase significantly;
- our insurance coverage will fully cover all of our liabilities; and
- we will not be forced to bear substantial losses.

Substantial claims resulting from an accident or significant incident in excess of our related insurance coverage could have a material adverse effect on our business, financial condition and results of operations. Moreover, any aircraft accident, even when comprehensively insured, could cause the negative public perception that our operations or aircraft are less safe or reliable than those operated by other airlines, or by other flight operators, which could have a material adverse effect on our business, financial condition and results of operations.

On November 18, 2022, LATAM Airlines Peru reported that during the take-off of flight LA 2213 at Lima’s Jorge Chávez International Airport a fire truck entered the runway while performing an emergency drill and collided with its aircraft. Authorities subsequently confirmed fatalities of three firefighters who were in the fire truck that struck the aircraft. There were no fatalities among the 102 passengers and 6 crew members of the aircraft. According to the final report of the Aviation Accidents Investigation Commission (*Comisión de Investigación de Accidentes de Aviación,* “CIAA”) issued in September 2023, this chain of events was originated by the airport operator's inadequate planning and coordination, as well as the failure to use the communication and International Civil Aviation Organization (“ICAO”) standardized phraseology. The aircraft damage from this event was covered by LATAM’s insurance policies.

Prolonged technical and operational problems with the airport infrastructure in cities where we have a significant presence may have a material adverse effect on our operations.

Our operations and growth strategy are dependent on the facilities and infrastructure of key airports, including Santiago’s International Airport, São Paulo’s Guarulhos International and Congonhas Airports, Brasilia’s International Airport, Bogota's El Dorado International Airport, and Lima’s Jorge Chavez International Airport.

Santiago’s International Airport opened its new International Terminal, called Terminal 2, at the end of February 2022. The new terminal reduced assisted check-in counters by 50%, which poses a challenge to the airlines as it obligates them to implement self-service models. Additionally, Terminal 1 is currently undergoing a remodeling plan for the national terminal, which is being carried out in two phases (east and west). During the initial phase, LATAM has effectively maintained and concentrated operations in the east sector, utilizing the existing facilities. However, in August 2024, the concessionaire will start with the second phase of the remodeling, and the entire operation of the national terminal will be shifted to the west sector, resulting in significant impact on LATAM’s use of the facilities. The completion of this phase and the entire remodeling project is scheduled to be finalized by August 2025.

Furthermore, due to the previous airport concessions provided by the Chilean government in 2019, there are two airports currently under construction in Chile: Iquique’s Diego Aracena International Airport and Arica’s Chacalluta International Airport, which are both undergoing terminal and platform expansions. These works are expected to be completed by the first half 2024 and they imply a risk of adverse effects to the airports’ operations. In addition, there are three other new concessions in Chile planning to start terminal construction work during 2024 and 2026: Balmaceda Airport, Calama Airport, La Florida International Airport and Presidente Carlos Ibáñez del Campo International Airport.

In Peru, the Jorge Chávez International Airport in Lima has a limited growth capacity on the air side (including the runway and apron, as well as parking spaces), and faces challenges relating to the interior infrastructure of the airport, which is overly crowded. The airport concessionaire is currently in the process of building a second runway and a new terminal to be completed at the end of 2024. Any delay or limitation due to ongoing works could negatively affect our operations, limit our ability to grow and affect our competitiveness in the country and region.

On the other hand, Jaén Airport and Jauja Airport in Perú have experienced significant runway infrastructure issues, resulting in severe operational challenges and flight cancellations. Urgent intervention was requested to the Peruvian government in 2023 to address these needs and rectify these problems, in order to ensure the efficient and safe functioning of air operations.

Brazilian airports, such as the Brasília and São Paulo (Guarulhos) International Airports, have limited the number of takeoff and landing slots per day due to infrastructural limitations. Any condition that would prevent or delay our access to airports or routes that are vital to our strategy, or our ability to maintain our existing slots and obtain additional slots, could materially adversely affect our operations.

In 2022, under the state government airport concession program in Brazil (the “Concession Program”), 15 airports in Brazil were granted under new concessions, 8 of those airports are operated by LATAM, including the Congonhas Airport located at downtown São Paulo. The Concession Program allows for important investments in infrastructure, but it implies a high volume of work to be undertaken simultaneously. Over the next 5 years, 29 of the 55 Airports operated by LATAM in Brazil will undergo infrastructure improvement works, which may generate temporary restrictions and could affect our revenues.

In 2023, after two years of delay due to the COVID-19 pandemic, GRU Airport, the concessionaire of Guarulhos Airport, began the last phase of infrastructure expansion works, including the construction of a new fast exit on the main runway and a new taxiway. In addition, there are plans to build a new pier and expand of the apron, which are expected to be completed by 2025. These developments will facilitate an increase in operations at the country's busiest airport.

While LATAM is closely coordinating with and supporting the airport concessionaires, any delays on the completion of the ongoing remodeling or expansion works of any of the airports indicated above would materially adversely affect our operations.

Our business may be adversely affected by a downturn in the airline industry caused by exogenous events that affect travel behavior or increase costs, such as outbreak of disease, weather conditions and natural disasters, war or terrorist attacks.

Demand for air transportation may be adversely impacted by exogenous events, such as epidemics (such as Ebola and Zika) and pandemics (such as the COVID-19 pandemic), terrorist attacks, war or political and social instability. Increasing geopolitical tensions and hostilities in connection with the conflict in Ukraine, and in the Middle East, and the trade and monetary sanctions that have been imposed in connection with those developments, have affected, and could significantly affect, worldwide oil prices and demand, cause turmoil in the global financial system and negatively impact air travel. Situations such as these could have a material impact on the business, financial condition and results of operations.

Following a terrorist attack by Hamas in the Gaza strip on October 7, 2023, Israel declared war on Hamas and other terrorist organizations in Gaza. The military conflict is ongoing, and its length and outcome are highly unpredictable. The Israel conflict and any future terrorist attacks or threat of attacks, whether or not involving commercial aircraft, any increase in hostilities relating to reprisals against terrorist organizations or otherwise and any related economic impact could result in decreased passenger traffic and materially and negatively affect the business, financial condition and results of operations.

Revenues for airlines depend on the number of passengers carried, the fare paid by each passenger and service factors, such as the timelines of flight departures and arrivals. During periods of fog, ice, low temperatures, storms or other adverse weather conditions or natural disasters outside of our control, some or all of our flights may be canceled or significantly delayed, affecting and disrupting our operations and reducing profitability. For example, in 2022, a LATAM aircraft was severely damaged after flying through stormy weather on approach to Asuncion Airport in Paraguay, and was required to make an emergency landing. Increases in the frequency, severity or duration of thunderstorms, hurricanes, typhoons, floods or other severe weather events, including from changes in the global climate and rising global temperatures, could result in increases in delays and cancellations, turbulence-related injuries and fuel consumption to avoid such weather, any of which could result in loss of revenue and higher costs. For example, in October 2023, there were significant delays and cancellations due to strong weather conditions in Guarulhos airport, Brazil. Likewise, in

February, 2024, forest fires in Chile affecting the Valparaiso Region and La Araucanía Region impacted LATAM's operations at the Arturo Merino Benitez International Airport and at La Araucanía International Airport, respectively, delaying flights and increasing operational costs derived from certain commercial flexibility measures granted to passengers affected by the fires.

In addition, fuel prices and supplies, which constitute a significant cost for us, may increase as a result of any future terrorist attacks, a general increase in hostilities or a reduction in output of fuel, voluntary or otherwise, by oil-producing countries. Such increases may result in both higher airline ticket prices and decreased demand for air travel generally, which could have an adverse effect on revenues and results of operations.

The impacts of a pandemic and the efforts to mitigate the spread of a virus may adversely impact the group's business, operations and financial results.

A pandemic, such as COVID-19, and its variants may negatively affect global economic conditions, disrupt supply chains and negatively affect aircraft manufacturing operations and reduce the availability of aircraft spare parts.

There is a possibility of changes in consumer behavior in the medium and long term as a result of a pandemic and its variants that may generate adverse financial impacts for LATAM. The COVID-19 pandemic and the accompanying fear of widespread outbreaks of communicable diseases materially reduced the demand for and availability of air travel around the world, materially affecting our business, operations and financial performance .

By the end of 2023, our operations in domestic markets were fully recovered, while the international segment is expected to recover during the first quarter of 2024. LATAM corporate segment is close to reaching pre-pandemic RPK levels. Nevertheless, we cannot assure that a new pandemic or any of its variants will not affect the business in the future.

Disruptions or security breaches of our information technology infrastructure or systems could interfere with the operations, compromise passenger or employee information, and expose us to liability, which may adversely affect our business and reputation.

A serious internal technology error, failure, or cybersecurity incident impacting systems hosted internally at our data centers, externally at third-party locations or cloud providers, or large-scale interruption in technology infrastructure we depend on, such as power, telecommunications or the internet, may disrupt our technology network with potential impact on our operations. Our technology systems and related data may also be vulnerable to a variety of sources of interruption, including natural disasters, terrorist attacks, telecommunications failures, computer viruses, cyber-attacks, security breaches in the supply chain (suppliers) and other security issues. These systems include our computerized airline reservation system, flight operations system, telecommunications systems, website, customer, self-service applications ("apps"), maintenance systems, check-in kiosks, in-flight entertainment systems and data centers.

Furthermore, in light of the rise of generative Artificial Intelligence technology (AI), generative AI systems have the potential to create deceptive or harmful content, such as deep fakes or fake news, leading to misinformation and manipulation. The misuse or malicious intent of generative AI could pose a threat to our operations and reputation.

In addition, as a part of our ordinary business operations, we collect and store sensitive data, including personal information of our customers and employees and information of our business partners. The secure operation of the networks and systems on which this type of information is stored, processed and maintained is critical to our business operations and strategy. Unauthorized parties may attempt to gain access to our systems or information through fraud, deception, or cybersecurity incidents. Hardware or software we develop or acquire may contain defects that could unexpectedly compromise information security. The compromise of our technology systems resulting in the loss, disclosure, misappropriation of, or access to, customers', employees' or business partners' information could result in legal claims or proceedings, liability or regulatory penalties under laws protecting the privacy of personal information, disruption to our operations and damage to our reputation, any or all of which could adversely affect our business.

To date we have not experienced any major incidents related to cybersecurity or our information systems. Any such incident could cause damage to our reputation and may require us to expend substantial resources to remedy the situation, and could therefore have a material adverse effect on our business and results of operations. In addition, there can be no assurance that any efforts we make to prevent these incidents will be successful in avoiding harm to our business. See "Item 16K. Cybersecurity."

Risks Relating to the Airline Industry and the Countries in Which the Group Operates

Because our performance is heavily dependent on economic conditions in the countries in which the group does business, negative economic conditions in those countries could adversely impact the group's business and results of operations and cause the market price of our common shares and ADSs to decrease.

Passenger and cargo demand is heavily cyclical and highly dependent on global and local economic growth, economic expectations and foreign exchange rate variations, among other things. The occurrence of similar events in the future could adversely affect our business. The group plans to continue to expand operations based in Latin America, which means that performance will continue to depend heavily on economic conditions in the region.

Latin American countries have historically experienced economic instability, including uneven periods of economic growth as well as significant downturns (e.g., periods of severe economic recession, currency devaluation, high inflation, and political instability). Our business has been adversely affected by these factors and global economic recessionary conditions, which include weak economic growth in Chile, recessions in Brazil and Argentina, and poor economic performance in certain emerging market countries in which the group operates.

High interest rates, inflation (in some cases substantial and prolonged), and unemployment rates generally characterize each economy. Because commodities such as agricultural products, minerals, and metals represent a significant percentage of exports of many Latin American countries, the economies of those countries are particularly sensitive to fluctuations in commodity prices. Investments in the region may also be subject to currency risks, such as restrictions on the flow of money in and out of the country, extreme volatility relative to the U.S. dollar, and devaluation.

Accordingly, our business, financial condition and results of operations may be adversely affected by changes in government policies or regulations in Latin America, including such factors as exchange rates and exchange control policies, inflation control policies, price control policies, consumer protection policies, import duties and restrictions, liquidity of domestic capital and lending markets, electricity rationing, tax policies, including tax increases and retroactive tax claims, and other political, diplomatic, social and economic developments in or affecting the countries where the group operates.

According to S&P, as of January 31, 2024 long term local currency ratings of the countries where LATAM group operates in South America are as follow: Ecuador B-, Peru BBB+, Colombia BBB-, and Chile A+, all of them with a negative outlook, while Brazil is rated BB with a stable outlook. On the other hand, long term foreign currency ratings of these countries are: Ecuador B-, Peru BBB, Colombia BB+, and Chile A, all of them with a negative outlook, while Brazil is rated BB with a stable outlook.

LATAM cannot ensure that any country will not experience similar adverse developments in the future or that the current or any future administration will maintain business-friendly and open market economic policies or policies that stimulate economic growth and social stability.

Latin American governments have exercised and continue to exercise significant influence over their economies.

Governments in Latin America frequently intervene in the economies of their respective countries and occasionally make significant changes in policy and regulations. Governmental actions have often involved, among other measures, nationalizations and expropriations, price controls, currency devaluations, mandatory increases on wages and employee benefits, capital controls and limits on imports. Our business, financial condition and results of operations may be adversely affected by changes in government policies or regulations, including exchange rates and exchange control policies, inflation control policies, price control policies, consumer protection policies, import duties and restrictions, liquidity of domestic capital and lending markets, electricity rationing, tax policies (including tax increases and retroactive tax oversight). For example, the Brazilian government's actions to control inflation and implement other policies have involved wage and price controls, depreciation of the real, restrictions on remittance, and intervention by the Central Bank to affect base interest rates.

In the future, the level of intervention by Latin American governments may continue or increase. We cannot assure that these or other measures will not have a material adverse effect on the economy of each respective country and, consequently, will not adversely affect our business, financial condition and results of operations.

Political instability and social unrest in Latin America may adversely affect the business.

LATAM operates primarily within Latin America and is thus subject to a full range of risks associated with our operations in this region. These risks may include unstable political or social conditions, lack of well-established or reliable legal systems, exchange controls and other limits on our ability to repatriate earnings and changeable legal and regulatory requirements.

Although political and social conditions in one country may differ significantly from another country, events in any of our key markets could adversely affect the business, financial conditions or results of operations.

For example, in July 2017, Brazilian President Luiz Inácio Lula da Silva was convicted of corruption and money laundering by a lower federal court in the State of Paraná in connection with “Operation Car Wash”. However, the conviction was overturned and his political rights restored by the Brazilian Supreme Court. President Luiz Inácio Lula da Silva ran for office in the presidential election of October 2022 and narrowly defeated President Bolsonaro. Former President Bolsonaro questioned the results of the elections, resulting in protests across the country. Luiz Inácio Lula da Silva was sworn in as president in January 2023. We cannot predict which policies the president Luiz Inácio Lula da Silva may adopt or change during his term in office, or the effect that any such policies might have on our business and on the Brazilian economy.

In Peru, on December 7, 2022, President Pedro Castillo announced the dissolution of the congress and called for new elections to be held immediately, provoking an attempted *coup d’état*. Subsequently, he was removed from office and arrested. On the same day, Vice President Dina Boluarte assumed the presidency of Peru, to serve the remaining presidential term until 2026. Dina Boluarte is the sixth president Peru has had since 2018. None of her five predecessors in office managed to complete the five-year term established by the Constitution and several former presidents are in prison or prosecuted in judicial proceedings.

In October 2019, Chile saw significant protests associated with economic conditions which resulted in the declaration of a state of emergency in several major cities. The protests in Chile began over criticisms about social inequality, lack of quality education, weak pensions, increasing prices and low minimum wage. If social unrest in Chile were to intensify again, it could lead to operational delays or adversely impact our ability to operate in Chile.

Furthermore, current initiatives to address the concerns of the protesters are under discussion in the Chilean Congress. These initiatives include labor reforms, tax reforms and pension reforms, among others. On October 25, 2020, Chile widely approved a referendum to redraft the constitution via constitutional convention. The election for selecting the 155-member constitutional convention took place on May 15 and 16, 2021. On July 4, 2021, the constitutional convention was convened for a nine-month period, with the possibility of a one-time, three-month extension, to present a new constitution. The proposed constitution was finalized on July 4, 2022. On September 4, 2022, a referendum was held, in which the proposed constitution was rejected by a margin of 62% to 38% of voters. On December 12, 2022, Chilean lawmakers announced that they had agreed to a document entitled “*Acuerdo por Chile*” (Agreement for Chile). This document marked the establishment of a new consensus and served as foundation for redrafting the new proposed constitution. The second proposed constitution was finalized on October 30, 2023. On December 17, 2023, a referendum was held, in which the proposed constitution was rejected by a margin of 55% to 45% of voters.

Chile held presidential elections in December 2021, with left-wing Gabriel Boric winning by a wide margin. Gabriel Boric was sworn in as president in March 2022. There can be no assurance that the recent changes in the Chilean administration, its constitution or any future civil unrest will not adversely affect our business, operating results and financial condition in Chile.

In Ecuador, Guillermo Lasso was elected as President in 2021, for the 2021-2025 period. On May 16, 2023, following the media exposure of the “*Encuentro Case*”, which revealed the connections between the Lasso government and certain members of the Albanian mafia, the National Assembly initiated an impeachment process against President Lasso, for embezzlement. However, the next day, Guillermo Lasso issued an executive decree *(Decreto Ejecutivo 741*), which ordered the dissolution of the National Assembly and called for extraordinary presidential and legislative elections to complete the period. On October 15, 2023, Daniel Noboa was elected as an interim president of the Republic of Ecuador for a period of 18 months. He became the youngest president elected by popular vote in the history of the country at thirty-five years of age, and the second youngest president in the country's history.

On January 7, 2024, Adolfo Macias, the leader of a major drug cartel in Ecuador, escaped from prison. This event revealed strong connections between the gangs controlling the prisons in the country and governmental officers, and caused a series of riots and violent attacks across the country, including looting, burning vehicles, shootings, explosions and abductions of police officers and civilians. As a consequence, on January 8, 2024, President Daniel Noboa declared a 60-day state of emergency in an attempt to control gang violence, with the support of the army.

On August 7, 2022, Gustavo Petro, candidate for the left-wing “Pacto Histórico” party, was elected President of Colombia. Although throughout history elected governments (and the Colombian Congress) have pursued free market economic policies, with almost no economic interventions, we cannot predict whether the policies that could be adopted by the administration would have a negative impact on the Colombian economy or our business operations and financial performance. Further, regional elections were held on October 29, 2023, to elect governors for the 32 departments in Colombia as well as mayors and members of the local Administrative boards of the national territory.

On November 19, 2023, Javier Milei was elected president of the Republic of Argentina for a period of four years. Javier Milei is a right-wing politician and economist, who has proposed a comprehensive overhaul of the country’s fiscal and structural policies (among others, to dollarize the economy, privatize state public companies, remove subsidies on public utilities and close the Argentine Central Bank of Argentina). However, we cannot predict if and to what degree such policies will be implemented, nor if our operations or the legal framework under which we operate could be affected.

Although conditions throughout Latin America vary from country to country, our customers’ reactions to developments in Latin America generally may result in a reduction in passenger traffic, which could materially and negatively affect our financial condition and results of operations.

Because our business relies extensively on third-party service providers, failure of these parties to perform as expected, or interruptions in our relationships with these providers or in their provision of services to us, could have an adverse effect on our financial position and results of operations.

We have engaged a significant number of third-party service providers to perform a large number of functions that are integral to our business, including regional operations, operation of customer service call centers, distribution and sale of airline seat inventory, provision of technology infrastructure and services, performance of business processes, including purchasing and cash management, provision of aircraft maintenance and repairs, catering, ground services, and provision of various utilities and performance of aircraft fueling operations, among other vital functions and services. We do not directly control these third-party service providers, although we do enter into agreements with many of them that define expected service performance. Any of these third-party service providers, however, may materially fail to meet their service performance commitments, may suffer disruptions to their systems that could impact their services, or the agreements with such providers may be terminated. For example, flight reservations booked by customers and/or travel agencies via third-party GDSs (Global Distribution Systems) may be adversely affected by disruptions in our business relationships with GDS operators or by issues in the GDS’s operations. Such disruptions, including a failure to agree upon acceptable contract terms when contracts expire or otherwise become subject to renegotiation, may cause the carriers’ flight information to be limited or unavailable for display, significantly increase fees for both us and GDS users, and impair our relationships with customers and travel agencies.

As of May 1, 2023, LATAM has launched a new distribution channel called “New Distribution Capability” (NDC) by LATAM, which follows the International Air Transport Association’s (IATA) modernized standard language (XML based) to transmit data. This distribution channel is an alternative for travel agencies across all regions where the group operates, to access our content, and be able to shop, book, and manage orders. While this distribution channel mitigates risks of interruption of our services and lowers our dependency on GDS's technology, we cannot assure that the NDC by LATAM will operate without disruptions that may affect our operations..

The failure of any of our third-party service providers to adequately perform their service obligations, or other interruptions of services including those of NDC by LATAM, may reduce our revenues and increase our expenses or prevent us from operating our flights and providing other services to our customers. In addition, our business, financial performance and reputation could be materially harmed if our customers believe that our services are unreliable or unsatisfactory.

Our financial results are exposed to foreign currency fluctuations.

We prepare and present our consolidated financial statements in U.S. dollars. LATAM and its affiliates operate in numerous countries and face the risk of variation in foreign currency exchange rates against the U.S. dollar or between the currencies of these various countries. Changes in the exchange rate between the U.S. dollar and the currencies in the countries in which the group operates could adversely affect the business, financial condition and results of operations. If the value of the Brazilian real, Chilean peso or other currencies in which revenues are denominated declines against the U.S. dollar, our results of operations and financial condition will be affected. The exchange rate of the Chilean peso, Brazilian real and other currencies against the U.S. dollar may fluctuate significantly in the future.

Changes in Chilean, Brazilian and other governmental economic policies affecting foreign exchange rates could also adversely affect the business, financial condition, results of operations and the return to our shareholders on their common shares or ADSs. We actively manage the Brazilian real to U.S. dollar (R$/US$) exchange rate risk by entering into FX derivative contracts and carrying out internal operations for obtaining natural hedging. For further information, see "Item 11. Quantitative and Qualitative Disclosures About Market Risk—Risk of Variation in Foreign Exchange Rates."

Environmental and Regulatory Risks

Our operations are subject to local, national and international environmental regulations; costs of compliance with applicable regulations, or the consequences of noncompliance, could adversely affect our results, our business or our reputation.

LATAM's operations are affected by environmental regulations at local, national and international levels. These regulations cover, among other things, emissions to the atmosphere, disposal of solid waste and aqueous effluents, aircraft noise and other activities incident to the business. Future operations and financial results may vary as a result of such regulations. Compliance with these regulations and new or existing regulations that may be applicable to us in the future could increase our cost base and adversely affect operations and financial results. In addition, failure to comply with these regulations could adversely affect us in a variety of ways, including adverse effects on the group's reputation.

In 2016, the ICAO adopted a resolution creating the Carbon Offsetting and Reduction Scheme for International Aviation ("CORSIA"), providing a framework for a global market-based measure to stabilize carbon dioxide ("CO2") emissions in international civil aviation (i.e., civil aviation flights that depart in one country and arrive in a different country). CORSIA will be implemented in phases, starting with the participation of ICAO member states on a voluntary basis during a pilot phase (from 2021 through 2023), followed by a first phase (from 2024 through 2026) and a second phase (from 2027). Currently, CORSIA focuses on defining standards for monitoring, reporting and verification of emissions from air operators, as well as on defining steps to offset CO2 emissions after 2020. In order to comply with this strategy, we have developed sustainability strategies focused on climate change and we have taken different measures, such as the alliance with the Cataruben foundation in Colombia, with the objectives of offsetting CO2 through reducing deforestation and switching to sustainable agriculture practices, amongst others, thus contributing to improve the communities' life quality and the protection of biodiversity. In addition, we have other initiatives in place such as the promotion of SAF (Sustainable Aviation Fuel) with local governments and the lean fuel program which seeks to improve fuel efficiency. In addition, frameworks such as the Emissions Trading System, both in the EU and UK ("EU-ETS" and "UK-ETS"), are regulations related to the European market, where airlines have a pre-established amount of CO2 emissions for each year, which are then reduced over time, similar to a "cap and trade" system. Airlines must report and verify emissions related to this scheme and surrender the allocated allowances in time in order to comply. Should operations exceed the maximum allocated emissions, airlines must either acquire more from the market or pay the corresponding fee to the authority.

The proliferation of national regulations and taxes on CO2 emissions in the countries that the group has domestic operations, including environmental regulations that the airline industry is facing in Colombia, where limits on offsetting programs were included in the new Tax Reform of 2022, may also affect the cost of operations and the margins.

Our business may be adversely affected by the consequences of climate change.

There are regulatory risks associated with the management of climate change in the short and medium term, due to the fact that, in an effort from different countries to contribute to the fight against climate change, there is a tendency to impose economic instruments such as carbon taxes or emissions trading systems that seek to regulate emissions from different industries, including the aviation industry. These mechanisms seek to discourage the consumption of fossil fuels, through imposing an additional cost. However, in the case of the airline industry, especially in the South American region, there is no viable substitute fuel that would allow the industry to migrate to other types of fuels. The related risks present an opportunity to work hand in hand with the relevant governments to implement public policies allowing for progress in the production of sustainable aviation fuels in the region, thus promoting the migration away from fossil fuels and creating policies and instruments relevant to industries such as aviation, which currently has no substitute fuel available in South

America. In the long term, there are physical risks associated with climate change, including the risk for greater intensity of meteorological phenomena, such as storms, tornados, hurricanes, floods and others, which in turn may pose a risk to infrastructure (destinations, airports) and communities. As a consequence, it may be necessary to modify routes and destinations, which in turn may affect our business and results of operations.

The business is highly regulated and changes in the regulatory environment in the different countries may adversely affect our business and results of operations.

Our business is highly regulated and depends substantially upon the regulatory environment in the countries in which the group operates or intends to operate. For example, price controls on fares may limit our ability to effectively apply customer segmentation profit maximization techniques ("passenger revenue management") and adjust prices to reflect cost pressures. High levels of government regulation may limit the scope of our operations and our growth plans. The possible failure of aviation authorities to maintain the required governmental authorizations, or our failure to comply with applicable regulations, may adversely affect our business and results of operations.

Our business, financial condition, results of operations and the price of common shares and ADSs may be adversely affected by changes in policy or regulations at the federal, state or municipal level in the countries in which the group operates, involving or affecting factors such as:

- interest rates;
- currency fluctuations;
- monetary policies;
- inflation;
- liquidity of capital and lending markets;
- tax and social security policies;
- labor regulations;
- energy and water shortages and rationing; and
- other political, social and economic developments in or affecting Brazil, Chile, Peru, and the United States, among others.

For example, the Brazilian federal government has frequently intervened in the domestic economy and made drastic changes in policy and regulations to control inflation and affect other policies and regulations. This has required the federal government to increase interest rates, change taxes and social security policies, implement price controls, currency exchange and remittance controls, devaluations, capital controls and limits on imports.

Uncertainty over whether the Brazilian federal government will implement changes in policy or regulation affecting these or other factors may contribute to economic uncertainty in Brazil and to heightened volatility in the Brazilian securities markets and securities issued abroad by Brazilian companies. These and other developments in the Brazilian economy and governmental policies may adversely affect us and our business and results of operations and may adversely affect the trading price of our common shares and ADSs.

We are also subject to international bilateral air transport agreements that provide for the exchange of air traffic rights between the countries where the group operates, and we must obtain permission from the applicable foreign governments to provide service to foreign destinations. There can be no assurance that such existing bilateral agreements will continue, or that we will be able to obtain more route rights under those agreements to accommodate our future expansion plans. Certain bilateral agreements also include provisions that require substantial ownership or effective control. Any modification, suspension or revocation of one or more bilateral agreements could have a material adverse effect on our business, financial condition and results of operations. The suspension of our permits to operate to certain airports or destinations, the inability for us to obtain favorable take-off and landing authorizations at certain high-density airports or the imposition of other sanctions could also have a negative impact on our business. We cannot be certain that a change in ownership or effective control or in a foreign government's administration of current laws and regulations or the adoption of new laws and regulations will not have a material adverse effect on our business, financial condition and results of operations.

We are subject to anti-corruption, anti-bribery, anti-money laundering and antitrust laws and regulations in Chile, Brazil, Peru, the United States and in the various other countries in which we operate. Violations of any such laws or regulations could have a material adverse impact on our reputation and results of operations and financial condition.

We are subject to anti-corruption, anti-bribery, anti-money laundering, antitrust and other international laws and regulations and are required to comply with the applicable laws and regulations of all jurisdictions where the group operates. In addition, we are subject to economic sanctions regulations that restrict dealings with certain sanctioned countries, individuals and entities. There can be no assurance that internal policies and procedures will be sufficient to prevent or detect all inappropriate practices, fraud or violations of law by affiliates, employees, directors, officers, partners, agents and service providers or that any such persons will not take actions in violation of our policies and procedures. Any violations by us of laws or regulations could have a material adverse effect on the business, reputation, results of operations and financial condition.

We are subject to risks relating to litigation and administrative proceedings that could adversely affect our business and financial performance in the event of an unfavorable ruling.

The nature of the business exposes us to litigation relating to labor, insurance and safety matters, regulatory, tax and administrative proceedings, governmental investigations, tort claims and contract disputes. Litigation is inherently costly and unpredictable, making it difficult to accurately estimate the outcome among other matters. Currently, as in the past, we are subject to proceedings or investigations of actual or potential litigation. Although we establish accounting provisions as we deem necessary, the amounts that we reserve could vary significantly from any amounts we actually have to pay due to the inherent uncertainties in the estimation process. We cannot assure you that these or other legal proceedings will not materially affect the business. For further information, see “Item 8. Financial Information—Legal and Arbitration Proceedings” and Note 30 to our audited consolidated financial statements included in this report.

Rapid technological advancements and digitalization could generate risks in implementation and regulatory control.

Globally, there have been large advances in processes of digitization and technological innovation. These new technologies could generate new risks in their implementation that could impact us directly or indirectly. As an example, at the beginning of 2022, the implementation of 5G in the United States had a temporary impact on operations at certain airports and generated a review by the Federal Aviation Administration (“FAA”) on the specific requirements for its implementation. Additionally, during the course of 2023, while the widespread adoption and growth of Generative Artificial Intelligence systems demonstrated significant innovation and advancement in our operations, they could present certain risks that would likely require a regulatory framework to effectively address them. While LATAM is working on internal policies to regulate the use of these technologies, all processes of digitization and technological innovation may be exposed to risks, or may need to adjust to comply with future regulatory frameworks.

Similarly, the rapidly increasing technological transformation may advance faster than the review and control capacity of the authorities and the knowledge about the effects of their possible impacts, which could affect us directly or indirectly in ways we cannot foresee.

Our reputation and brand could be adversely impacted if we fail to make progress towards achieving our environmental sustainability and diversity, equity and inclusion goals.

Our reputation and brand could also be adversely impacted by, among other things, failure to make progress toward and achieve our environmental sustainability and diversity, equity and inclusion goals, as well as public pressure from investors or policy groups to change our policies or negative public perception of the environmental impact of air travel. For example, we have established ambitious goals to reduce our carbon emissions, with the long-term goal to be carbon neutral by 2050. Achieving these ambitious goals will require significant capital investment from manufacturers and other stakeholders, as we are unable to achieve these goals using our existing fleet, current technologies and available fuel sources. We are continuing to develop our climate strategy and transition plan; however, our ability to execute on such a plan is subject to substantial risks and uncertainties, as it is dependent on the actions of governments and third parties and will require, among other things, significant capital investment, including from third parties, research and development from manufacturers and other stakeholders, along with government policies and incentives to reduce the cost, and incent production of technologies that are not available at scale. Significant damage to our reputation and brand could have a material adverse effect on our business and financial results, including as a result of litigation related to any of these matters.

Risks Related to Our Indebtedness

We have substantial liquidity needs and continue to pursue various financing options. Our business may be adversely affected if we are unable to service our debt or meet our future financing requirements.

We have a high degree of debt and payment obligations under our aircraft leases and financial debt arrangements. We require significant amounts of financing to meet our aircraft capital requirements and may require additional financing to fund our other business needs. We cannot guarantee that we will have access to or be able to arrange for financing in the future on favorable terms. Higher financing costs could affect our ability to expand or renew our fleet, which in turn could adversely affect our business.

In addition, a substantial portion of our property and equipment is subject to liens securing our indebtedness, including our secured bonds and loans. In the event that we fail to make payments on our bonds and loans, creditors' enforcement of liens could limit or end our ability to use the affected property and equipment to fulfill our operational needs and thus generate revenue. For further information, related to current contractual obligations, see "Item 5. Operating and Financial Review and Prospects—Contractual Obligations—Long Term Indebtedness".

Moreover, external conditions in the financial and credit markets may limit the availability of funding or increase its costs, which could adversely affect our profitability, our competitive position and result in lower net interest margins, earnings and cash flows, as well as lower returns on shareholders' equity and invested capital. Factors that may affect the availability of funding or cause an increase in our funding costs include global macro-economic crises, reductions in our credit rating or in that of our issuances, and other potential market disruptions.

We have significant exposure to SOFR and other floating interest rates; increases in interest rates will increase our financing cost and may have adverse effects on our financial condition and results of operations.

On July 27, 2017, the head of the United Kingdom Financial Conduct Authority ("FCA") (the authority that regulated LIBOR) announced that it intended to stop compelling banks to submit rates for the calculation of LIBOR after 2021. On March 5, 2021 the FCA announced in a public statement that LIBOR for certain tenors would cease to be published on June 30, 2023. The Federal Reserve Board and the Federal Reserve Bank of New York convened the Alternative Reference Rates Committee ("ARRC"), a group of private-market participants, to help ensure a successful transition from U.S. dollar LIBOR to a more robust reference rate, its recommended alternative, the Secured Overnight Financing Rate ("SOFR"). Although the adoption of SOFR was voluntary, the impending discontinuation of LIBOR made it essential that market participants considered moving to alternative rates such as SOFR and that they have appropriate fallback language in existing contracts referencing LIBOR.

Because the publication of LIBOR was discontinued on June 30, 2023, we have amended our derivative and debt contracts to replace the LIBOR rate for SOFR as an alternative rate as convened by the ARRC. SOFR will fluctuate with changing market conditions and, as SOFR increases, our interest expense will mechanically increase, which could have an adverse effect on our total financing costs. As of December 31, 2023, our variable interest rate debt amounted to US$2,027 million.

We may be unable to adequately adjust our prices to offset any increased financing costs, which would have an adverse effect on our results of operations. If we are unable to adequately adjust our prices, our revenue might not be sufficient to offset the increased payments due under our loans and this would adversely affect our financial condition and results of operations. In addition, there is no guarantee that SOFR or other replacement rates for LIBOR will maintain market acceptance. See also the discussion of interest rate risk in "Item 11. Quantitative and Qualitative Disclosures About Market Risks—Risk of Fluctuations in Interest Rates."

Our debt agreements contain various affirmative, negative and financial covenants, which could limit our ability to conduct our business. A breach of certain negative covenants could also trigger an event of default and acceleration of our indebtedness.

Certain of our debt instruments, including our five-year term loan facility (the "Term Loan B Facility") and the indentures governing our 2027 Notes and 2029 Notes, contain an asset coverage ratio and certain limitations to the incurrence of additional indebtedness by us and our subsidiaries. A decline in this coverage ratio, including due to factors that are beyond our control, could require us to post additional collateral, trigger an increase in the annual interest rates stipulated under our various debt instruments, or an event of default.

Complying with certain of the covenants in our debt agreements and other restrictive covenants that may be contained in any future debt agreements could limit our ability to operate our business and to take advantage of business opportunities that are in our long-term interest. See Note 31 of our audited consolidated financial statements.

While the covenants in our debt agreements are subject to important exceptions and qualifications, if we fail to comply with them and are unable to obtain a waiver or amendment, refinance the indebtedness subject to these covenants or take other mitigating actions, an event of default would result. These arrangements also contain other events of default customary for such financings. If an event of default were to occur, the lenders or noteholders could, among other things, declare outstanding amounts due and payable and where applicable and subject to the terms of relevant collateral agreements, repossess collateral, including aircraft or other valuable assets. In addition, an event of default or acceleration of indebtedness under one agreement could result in an event of default under other of our debt instruments. The acceleration of significant indebtedness could require us to seek to renegotiate, repay or refinance the obligations under our debt arrangements, and there is no assurance that such renegotiation or refinancing efforts would be successful.

Risks Relating to our Common shares and ADRs

Our major shareholders may have interests that differ from ADRs holders.

Under the terms of the deposit agreement governing the ADSs, if holders of ADSs do not provide JP Morgan Chase Bank, N.A., in its capacity as depositary for the ADSs, with timely instructions on the voting of the common shares underlying their ADRs, the depositary will be deemed to have been instructed to give a person designated by the board of directors the discretionary right to vote those common shares. The person designated by the board of directors to exercise this discretionary voting right may have interests that are aligned with our major shareholders, which may differ from those of our ADSs holders. Historically, our board of directors has designated its chairman to exercise this right, which is however no guarantee that it will do so in the future. The members of the board of directors elected by the shareholders in 2022 designated Ignacio Cueto, to serve in this role. For more information about LATAM beneficial ownership, see “Item 7. Major Shareholders and Related Party Transactions—Major Shareholders.

Holders of ADRs may be adversely affected by the substantial dilution of the shares represented by ADRs.

On June 18, 2022, the United States Bankruptcy Court for the Southern District of New York entered an order confirming the joint plan of reorganization (as amended, restated, modified, revised or supplemented from time to time, the “Plan”) filed by the Reorganized Debtors and dated as of May 25, 2022 [ECF No. 5753]. Pursuant to the Plan, on September 13, 2022, the Reorganized Debtors commenced the preemptive rights offerings for the New Convertible Notes Class A, New Convertible Notes Class B, New Convertible Notes Class C (collectively, “New Convertible Notes”) and ERO New Common Stock (each as defined in the Plan), which offerings concluded on October 12, 2022. On November 3, 2022, the Plan became effective pursuant to its terms and we emerged from bankruptcy. In connection with our emergence and the conversion of the New Convertible Notes into shares of the Company, the equity interests of existing shareholders were substantially diluted. The shares represented by ADRs currently amount to a small portion of our capital. The market prices of the shares represented by ADRs may be adversely affected by such dilution and may experience significant fluctuation and volatility.

Trading of our ADSs and common shares in the securities markets is limited and could experience further illiquidity and price volatility.

As a result of our Chapter 11 proceedings, on June 10, 2020, the NYSE notified the SEC of its intention to remove the ADSs from listing and registration on the NYSE, effective at the opening of business on June 22, 2020. As of the date of this annual report, the ADSs are traded in the over-the-counter market, which is a less liquid market, and our ADR program, with JP Morgan Chase Bank, N.A. as depositary, is not open for issuances. There is no defined timeline for re-opening the ADR program or for returning to the U.S. public markets. In addition, there can be no assurance that the ADSs will continue to trade in the over-the-counter market or that any public market for the ADSs will exist in the future, whether broker-dealers will continue to provide public quotes of the ADSs, whether the trading volume of the ADSs will be sufficient to provide for an efficient trading market, whether quotes for the ADSs may be blocked in the future or that we will be able to relist the ADSs on a securities exchange.

Our common shares are listed on the Santiago Stock Exchange. Chilean securities markets are substantially smaller, less liquid and more volatile than major securities markets in the United States. In addition, Chilean securities markets may be materially affected by developments in other emerging markets, particularly other countries in Latin America. Accordingly, although holders are entitled to withdraw the common shares underlying the ADSs from the depositary at any time, the ability to sell the common shares underlying ADSs in the amount and at the price and time of choice may be substantially limited. This limited trading market may also increase the price volatility of the ADSs or the common shares underlying the ADSs, which could also result in price disparity between the trading prices of the two.

Holders of ADRs may be adversely affected by currency devaluations and foreign exchange fluctuations.

If the Chilean peso exchange rate falls relative to the U.S. dollar, the value of the ADSs and any distributions made thereon from the depositary could be adversely affected. Cash distributions made in respect of the ADSs are received by the depositary (represented by the custodian bank in Chile) in pesos, converted by the custodian bank into U.S. dollars at the then-prevailing exchange rate and distributed by the depositary to the holders of the ADRs evidencing those ADSs. In addition, the depositary will incur foreign currency conversion costs (to be borne by the holders of the ADRs) in connection with the foreign currency conversion and subsequent distribution of dividends or other payments with respect to the ADSs.

Future changes in Chilean foreign investment controls and withholding taxes could negatively affect non-Chilean residents that invest in our shares.

Equity investments in Chile by non-Chilean residents have been subject in the past to various exchange control regulations that govern investment repatriation and earnings thereon. Although not currently in effect, regulations of the Central Bank of Chile have in the past imposed such exchange controls. Nevertheless, foreign investors still have to provide the Central Bank with information related to equity investments and must conduct such operations within the formal exchange market. Furthermore, any changes in withholding taxes could negatively affect non-Chilean residents that invest in our shares.

We cannot assure you that additional Chilean restrictions applicable to the holders of ADRs, the disposition of the common shares underlying ADSs or the repatriation of the proceeds from an acquisition, a disposition or a dividend payment, will not be imposed or required in the future, nor could we make an assessment as to the duration or impact, were any such restrictions to be imposed or required. For further information, see “Item 10. Additional Information—Exchange Controls — Foreign Investment and Exchange Controls in Chile".

Our ADS holders may not be able to exercise preemptive rights in certain circumstances.

As described further in “Item 10. Additional Information—Preemptive Rights and Increases in Share Capital,” to the extent that a holder of our ADSs is unable to exercise its preemptive rights because a registration statement has not been filed, the depositary may attempt to sell the holder’s preemptive rights and distribute the net proceeds of the sale, net of the depositary’s fees and expenses, to the holder, provided that a secondary market for those rights exists and a premium can be recognized over the cost of the sale. A secondary market for the sale of preemptive rights can be expected to develop if the subscription price of the shares of our common stock upon exercise of the rights is below the prevailing market price of the shares of our common stock. However, we cannot assure you that a secondary market in preemptive rights will develop in connection with any future issuance of shares of our common stock or that if a market develops, a premium can be recognized on their sale. Amounts received in exchange for the sale or assignment of preemptive rights relating to shares of our common stock will be taxable in Chile and in the United States. See “Item 10. Additional Information—Taxation-Chilean Tax—Capital Gains.” As described further in this annual report, the inability of holders of ADSs to exercise preemptive rights in respect of common shares underlying their ADSs could result in a change in their percentage ownership of common shares following a preemptive rights offering. See “Item 10. Additional Information—Memorandum and Articles of Association—Preemptive Rights and Increases in Share Capital,” If a secondary market for the sale of preemptive rights does not develop and such rights cannot be sold, they will expire and a holder of our ADSs will not realize any value from the grant of the preemptive rights. In either case, the equity interest of a holder of our ADSs in us will be diluted proportionately. Pursuant to the registration rights agreement entered into on November 10, 2022 with certain of our creditors, which the group refers to as the “Creditor Backstop Agreement” and the “Backstop Creditors”, respectively (the “Registration Rights Agreement”), we have reached an agreement to amend the terms of the deposit agreement governing our ADSs, to provide for (a) full flexibility (subject to applicable fees and procedures contained in the deposit agreement) to deposit and withdraw, at the election of the respective holders of ADS, any ordinary shares from time to time held by the backstop parties or their transferees into or out of the ADS program; (b) participation in dividends and distributions subject to the procedures of the depositary as set forth in the deposit agreement and subject to compliance with applicable law (including, without limitation, Chilean law); (c) participation in voting at the instruction of the respective holders of ADS, subject to the procedures of the depositary as set forth in the deposit agreement and subject to compliance with applicable law (including, without limitation, Chilean law); and (d) participation in preemptive rights offerings in the form of additional ADS subject to compliance with applicable law (including, without limitation, Chilean law) and the procedures of the Depositary set forth in the deposit agreement; provided that such offerings are for ordinary shares constituting at least two percent (2%) of the outstanding ordinary shares (excluding any Ordinary Shares subject to lock-up).

We are not required to disclose as much information to investors as a U.S. issuer is required to disclose and, as a result, you may receive less information about us than you would receive from a comparable U.S. company.

The corporate disclosure requirements that apply to us may not be equivalent to the disclosure requirements that apply to a U.S. company and, as a result, you may receive less information about us than you would receive from a comparable U.S. company. We are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). The disclosure requirements applicable to foreign issuers under the Exchange Act are more limited than the disclosure requirements applicable to U.S. issuers. Publicly available information about issuers of securities listed on Chilean stock exchanges also provides less detail in certain respects than the information regularly published by listed companies in the United States or in certain other countries. Furthermore, there is a lower level of regulation of the Chilean securities market and of the activities of investors in such markets as compared with the level of regulation of the securities markets in the United States and in certain other developed countries. For further information, see “Item 16G. Corporate Governance."

ITEM 4 INFORMATION ON THE COMPANY

A. History and Development of the Company

General

LATAM Airlines Group is a Chilean-based airline and holding company that changed its name from LAN Airlines S.A. after its merger with TAM of Brazil in 2012. TAM S.A. continues to exist as a subsidiary of LATAM. The Company is primarily involved in the transportation of passengers and cargo and operates as one unified business enterprise. During 2016, we began the transition of unifying LAN and TAM into a single brand: LATAM.

LATAM’s airline holdings include LATAM and its affiliates in Chile, Peru, Argentina, Colombia and Ecuador, and LATAM Cargo and its affiliate LANCO (in Colombia), as well as TAM S.A. and its affiliates LATAM Airlines Brazil, LATAM Airlines Paraguay, ABSA and Multiplus S.A. (“Multiplus”). LATAM Airlines Group is a publicly traded corporation listed on the Santiago Stock Exchange (“SSE”), the Chilean Electronic Exchange, and its ADSs currently trade in the over-the-counter market. LATAM Airlines Group has a market capitalization of US$7,462.8 million as of January 31, 2024.

LATAM’s history goes back to 1929, when the Chilean government founded LAN. In 1989, the Chilean government sold 51.0% of LAN’s capital stock to Chilean investors and to the Scandinavian Airlines System. In 1994, the Cueto Group, one of LATAM’s current shareholders, acquired 98.7% of LAN’s stock, including the remaining shares then held by the Chilean government. In 1997, LAN became the first Latin American airline to list its shares (which trade in the form of ADSs) on the New York Stock Exchange.

Over the past decade, the LATAM group has significantly expanded its passenger operations in Latin America, initiating services in Peru in 1999, Ecuador in 2003, Argentina in 2005, and Colombia in 2010. Moreover, since June 2012 the Brazilian affiliate, TAM Linhas Aéreas S.A. (“TLA” or “LATAM Airlines Brazil”), has been a leading domestic and international airline offering flights throughout Brazil with a strong domestic market share, international passenger services and significant cargo operations.

As a result of the COVID-19 pandemic and its profound impact on worldwide travel and our operations, on May 26, 2020, LATAM Airlines Group and 28 affiliates (the “Initial Debtors”) filed their petitions for relief under Chapter 11 (“Chapter 11”) of title 11 of the United States Code, 11 U.S.C. §§ 101-1532, (as amended, the “Bankruptcy Code”), with the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”). On July 7, 2020 and July 9, 2020 nine additional affiliates of LATAM Airlines Group (the “Subsequent Debtors,” and together with the Initial Debtors, the “Debtors”) filed their petitions for relief under Chapter 11 of the Bankruptcy Code with the Bankruptcy Court. Additional parallel and ancillary proceedings were filed in the Cayman Islands, Colombia, Perú and Chile. In June 2020, LATAM Airlines Argentina announced its indefinite cessation of passenger and cargo operations. Following a series of relevant milestones with respect to LATAM’s Chapter 11 proceedings, the Company emerged from its reorganization process on November 3, 2022. For more information on the Chapter 11 proceedings, see “Item 3. Key Information—Risk