Total Vision

Exploring New Perspectives

2023

volaris

2023 Integrated Annual Report

Exploring New Perspectives

At Volaris, we explore new perspectives. We analyze each challenge from every angle, expand the space, take a step back, fine-tune the details and review the movements to achieve a comprehensive vision and chart the best course.

Our team, characterized by agility and resilience, leads the flight, identifies the favorable winds and continues forward on the path of generating value.

Total Vision

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A Message from Our CEO

GRI 2-22

I am pleased to present our 2023 Integrated Annual Report on behalf of our Company and the Volaris' 7,000+ Ambassadors.[1]

We closed the year with net profitability, as we generated our **highest-ever total revenue per available seat mile (TRASM) in the fourth quarter and increased our total annual operating revenue to U.S. $3.3 billion up 14% vs. 2022**. Total passengers flown also increased to a record of more than **33 million** and we continued to grow our fleet, incorporating 12 additional aircraft during the year to increase our available seat miles (ASMs) by 10%.

1 Our employees are referred to as "Ambassadors" as they represent our Company, embodying our mission and values to our customers.

2023 Financial Highlights

U.S. $3.3 billion
total operating revenue.

U.S. $8 million
net income.

U.S. $823 million
EBITDAR.

Ancillaries represented **49%** of the total operating revenue.

Total liquidity position of **U.S. $789 million** representing 24% of the last twelve month's operating revenue.

We ultimately turned several challenges into opportunities to showcase our resilience and flexibility in adapting to **changing circumstances, demonstrating our ability to stand out from our competition**.

Navigating the Turbulence

In 2023, three external challenges impacted our operations and our customers. The challenges were the following:

- **First,** aircraft grounded due to accelerated inspections of Pratt and Whitney/International Aero Engines (P&W/IAE) engines affected our capacity to meet future bookings. To address this, we re-accommodated and/or compensated passengers during the second half of 2023, absorbing low-fare bookings with reduced capacity. This led to diluted unit revenues and increased costs. On top of this, delays in Airbus deliveries further exacerbated the situation, adding to the operational challenges;
- **Second,** the delayed reinstatement of Mexico's Category 1 designation by the U.S. Federal Aviation Agency (FAA) in September 2023 impacted our ability to grow in the U.S.; and
- **Third,** the government mandated further slot reductions at Mexico City International Airport in August 2023, forced unplanned changes to our network.

Each of these challenges alone would be a test for any airline. Yet, I am proud of our team's resilience in navigating this demanding operational landscape and transforming it into achievements we can celebrate. Most importantly, while adjusting our operations to address these issues, our commitment to delivering on the Volaris promise of a safe, reliable, price-accessible and pleasurable travel experience for our customers has remained strong.

To manage the environment that impacted our capacity, we changed our operations strategy starting in the fourth quarter of 2023 by capitalizing on Mexico's restored Category 1 to strengthen our presence in the U.S.-Mexico transborder market. We optimized our network and reallocated capacity to the most profitable routes. At the same time, we maintained strategies to stimulate demand, implemented cost-efficient initiatives and renegotiated lease extensions for Current Engine Option (CEO) aircraft that were approaching end-of-lease.

Moreover, regarding the engines' accelerated inspections, I am pleased to share that we achieved a compensation agreement with P&W that will help address certain fixed costs associated with the aircraft groundings during inspections and complement outlined mitigation initiatives.

Putting Our Customers First

Responding to customers' expectations, we continued to expand our service offerings and develop initiatives with digital customer service tools to generate a sense of affinity among them. Our efforts are being rewarded with not only new but also recurrent customers.

In the spring, we introduced the "*Pase Anual*" (Annual Pass), which allows Volaris customers to fly as much as they want, paying only airport fees and taxes. This program has already achieved around 30,000 annual subscribers in less than a year. In addition, our "v. club membership," featuring the new "zero-fare" ticket, continues to resonate, contributing 15% of our ticket sales.

The success of these and other customer experience programs continues to positively impact our bottom line. In 2023, ancillary revenues represented 49% of total revenues, an increase of approximately 8pp compared to 2022.

> Moreover, the safety of our customers and Ambassadors and ensuring business continuity were our top priorities during 2023, when we implemented the engine accelerated inspections.

We donated
22 tons
of humanitarian cargo.

Addressing Climate Change

We remain committed to our pledge to reduce emissions intensity, but also know that the recent business challenges mentioned above have impacted our ability to meet our short-term climate targets. Due to the ongoing engine accelerated inspections and aircraft manufacturer delays, we have been unable to fly all our most fuel-efficient aircraft. We must temporarily replace our fleet capacity with less fuel-efficient engines to maintain our routes and service our customers. We expect this operating environment will likely endure through 2026.

Despite this situation, we continue to look for other opportunities to reduce our emissions intensity, focusing on weight reduction and flight optimization initiatives that allowed us to receive, for the second straight year, the "Latin American Environmental Sustainability Airline/Airline Group of the year" Award by CAPA – Centre for Aviation.

Finally, along with key partners, in spring 2023, we signed an investment agreement to support the further development of sustainable aviation fuel (SAF) through the North American startup CleanJoule. We see this investment as an essential first step to facilitating Volaris' long-term access to economically feasible SAF.

Empowering Communities

By offering low base fares, Volaris not only democratizes air travel but also plays a vital role in supporting local economies. Our extensive route network, which connects the 32 states in Mexico, and key destinations in the U.S., Central and South America, enhances air accessibility for individuals and businesses. This accessibility fosters economic growth by connecting underserved communities with major urban centers, enabling small and medium-sized businesses to access new markets.

Furthermore, our ultra-low-cost model continues to drive mobility across all socioeconomic segments, **with a focus on the robust visiting friends and relatives (VFR) market. Those travelers looking to switch from bus travel** may grasp the benefits of traveling by air instead of bus. On nearly half of our routes, we compete solely with bus services, providing a faster, safer, and often more affordable travel option.

We also continued to look for ways to give back, leveraging our network to assist those in need. Through our *Avión Ayuda Volaris* Program, we provided free transportation to **more than 1,200 people**, including emergency responders, volunteers and stranded tourists, to/from the Acapulco region after Hurricane Otis' devastation. In addition, we donated 22 tons of humanitarian cargo. We also provided tickets for medical services to transport 53 organs and tissues for transplant purposes and for children with serious health conditions.

Today, we are strengthening the vision and the meaning we want to give to our work by contributing to our most crucial pillar: the safety of all our passengers, specifically children and adolescents. We recently decided to increase the visibility of our actions to fight against child trafficking and sexual exploitation, raising awareness among our Ambassadors and passengers through a communication campaign called *Ojos en el Cielo* (Eyes in the Sky).

Ten years ago, we started this journey by signing an alliance with ECPAT International, a non-governmental organization dedicated to fighting child exploitation and trafficking, to implement a protocol to detect possible cases of this crime during the travel experience. Volaris became the first airline in Latin America to make such a commitment. We trained Ambassadors yearly to combat this pressing issue and the operational teams are constantly updated on new protocols. The Company's vision on this matter persists: to promote safe, responsible and sustainable travel, encouraging and supporting efforts under a social and humanistic vision focused on meeting the needs of passengers and the communities.

Additionally, to commemorate Volaris' ten years of joining ECPAT, we signed an addendum to expand the protocol to our operations in Central and South America.

Building Our Team

The resilience of our Ambassadors carried us through the challenges of the past year and **we know our success depends on recruiting, developing and retaining the best talent**. For this purpose, we strive to fill open roles by internal candidates, a reflection of our commitment to talent development. In addition, we aim to invest in the future of aviation and of our talent. In 2023, Volaris inaugurated the third class of our "Volaris Pilots Scholarship" Program, designed for those who aspire to become pilots. Some of the current participants include the offspring of our current pilots, which is the ultimate expression of our belief in Volaris as a family.

Our human talent management efforts and other critical ESG factors perfomance continue to be recognized by the investment community and industry. In 2023, we were included in the Dow Jones Sustainability Index for the fourth consecutive year, ranking among the seven most sustainable airlines globally and the only ultra-low-cost carrier.

The Year Ahead

Our Corporate Sustainability Strategy remains one of the critical pillars of our success. Our focus on understanding and managing environmental impact, prioritizing people's well-being, maintaining ethical practices and giving back to our communities is essential to keep our position as Mexico's leading transported passenger airline.

In 2024, we will continue to leverage the lessons learned in 2023 to continue advancing on our path to sustained and profitable growth.

Our 2024 efforts will focus on four strategic pillars:

1. **Fleet and Capacity**: Preserve business continuity while reducing disruptions associated with the engine accelerated inspections.
2. **Network Optimization and Profitability**: Capitalize on market capacity reduction to strengthen our network and increase unit revenues, while maintaining a well-balanced market mix, with an increased presence in the cross-border market aimed at maximizing profitability.
3. **Elevating Passenger Experience**: Renew our customer promise to enhance brand perception by offering an optimized and reliable schedule that prioritizes a seamless experience. Our customer promise is built on the pillars of friendly service, improved self-service solutions, high schedule completion, strong on-time performance and optional ancillaries. To achieve this, we are investing in technology as a growth platform, utilizing Artificial Intelligence (AI) and a new mobile app to drive improvements throughout the customer journey.
4. **Cultivating Talent for Future Growth**: Attract, develop, train and retain the best talent as a foundation for our long-term strategy.

We Are Volaris

Every challenge is an opportunity to learn, grow and become stronger. This year, we reaffirmed the belief that we have a suitable business model, strategy and team to adapt and thrive in a sector that will continue to be challenged by evolving stakeholder expectations and economic uncertainty.

We have spent the past 18 years creating advantages that make us different in the markets where we operate. Volaris is unique and built for the long haul.

We are not just an airline.
We are Volaris.

Sincerely,

Enrique J. Beltranena M.
President and Chief Executive Officer

2023 Highlights

Environmental Performance

Along with partners, completed investment in startup CleanJoule to help secure a future supply of SAF.

Reduced by **20.03%**[2] (gCO_2/RPK) Scope 1 aircraft CO_2 emissions intensity.

89.5 million gallons of fuel saved[3].

One of the youngest fleets in the Americas; **5.7 years average fleet age.**

Expanded our NEO fleet by 13, closing the year with 129 aircraft: **59% with NEO engine and 88% with sharklets.**

ISO 9001 and **14001** certifications.[4]

Latin American Environmental Sustainability Airline of the Year Award by CAPA for the second consecutive year.

No significant sanctions or fines related to non-compliance with environmental legislation.[5]

Economic and Governance Performance

Mexican domestic market share leader.

One of the largest foreign carriers in the U.S.

33+ million passengers transported.

Effective cost control measures to prevent inflationary pressures and reduced dilution caused by decreased capacity.

Total operating revenues of **U.S. $3.3 billion.**

49% of the total operating revenue is represented by ancillaries.

U.S. **$823 million EBITDAR.**

49% of our routes compete only against buses.

48 new routes[8]. Closing the year with 231 routes and 71 destinations.

Codeshare with Frontier reactivated.

Improve oversight of sustainability related matters.

14% women on our Board of Directors.

71% independent Board members.

4th consecutive year as a member of the DJSI MILA Pacific Alliance Index.

Social Performance

Zero aviation accidents and passenger fatalities.

7,198 Ambassadors;

47% women and 53% men.

Increased by 16%[6] the number of women in underrepresented areas.[7]

IATA's IOSA Certification in Mexico, Costa Rica and El Salvador.

14th consecutive year awarded as *ESR* by *CEMEFI*.

1,200+ people affected by hurricane Otis transported free of charge; **91+ tickets and 22+ tons of humanitarian cargo donated, 50+ organs and tissues for transplant purposes transported.**

Inaugurated **the third class** of our Pilot Scholarship Program.

Launched *Ojos en el Cielo* campaign, against children and adolescent trafficking for sexual exploitation purposes.

2 From a 2015 baseline. Scope 1 aircraft CO_2 emissions intensity (gCO_2/RPK) includes flight operations and ground operations (use of APU).

3 Using NEO engines in 2023 vs. 2015.

4 For environmental programs certified.

5 Volaris deems any fine exceeding U.S. $14 million to be material.

6 Compare to early 2022.

7 Underrepresented areas refer to maintenance, engineers, pilots, top management and Senior Management roles.

8 Increase of >100% compared to 2022 due to our fleet growth. Includes only scheduled routes.

2023 Awards and Recognitions

Dow Jones Sustainability Indices

Since 2020, Volaris has been a member of the Dow Jones Sustainability MILA Pacific Alliance Index. This Index includes companies that are members of the S&P MILA Pacific Alliance Composite and meet certain sustainability requirements with better performance than most of their peers within a given industry.

CAPA Sustainability Award for Excellence

At the 2023 CAPA Aviation Sustainability Awards for Excellence, Volaris was named the Latin American Environmental Sustainability Airline/Airline Group of the Year for the second year in a row.

AirlineRatings.com

In 2023, Volaris was recognized by AirlineRatings.com as one of the safest low-cost airlines in the world. For the second year in a row, the Company earned this designation.

ESR Distinction

Since 2009, we have received the *Empresa Socialmente Responsable (ESR)* Distinction from the Mexican Center for Philanthropy *(CEMEFI)* and *AliaRSE*. This award recognizes companies that are voluntarily and publicly committed to corporate social responsibility in their business culture and strategy.

Top Member of The Code

At the end of the year, we were recognized by ECPAT International for our tenth anniversary supporting the fight against the crime of trafficking children and adolescents for sexual exploitation purposes.

Welcome to Volaris' 2023 Integrated Annual Report

About this Report

Our 2023 Integrated Annual Report ("IAR" or "the Report") is designed to provide an accurate and balanced summary of our business strategy, performance and outlook as they relate to Volaris' financial and non-financial results, such as material[9] environmental, social and governance (ESG) topics.

Reporting Approach

Our 2023 IAR is written with reference to the <IR> Framework of the International Integrated Reporting Council (IIRC). As part of this approach, we discuss the six types of capital through which we drive business growth and transformation:

- Financial
- Intellectual
- Social and Relationship
- Manufactured[10]
- Human
- Natural

The IAR has also been prepared in accordance with the Global Reporting Initiative's (GRI) Universal Standards 2021, incorporating certain disclosures based on the Sustainability Accounting Standards Board (SASB) Standards specific for the airline industry. Throughout the Report, we also have identified and referenced the United Nations Sustainable Development Goals (UN SDGs) that we believe are supported by our business activities. For ease of reference, we specify the GRI and SASB codes applicable to each section of the Report while full reporting indexes are in the Appendix.

In June 2023, the International Sustainability Standards Board (ISSB) issued the first two sustainability disclosure standards: IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures. These Standards were built on initiatives and frameworks such as the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and the industry-based SASB Standards. Starting in 2024, the IFRS Foundation will be responsible for overseeing progress toward climate-related disclosures.

The IFRS S1 and S2 Standards require more detailed information than those voluntary frameworks and standards, such as conduct robust analysis of sustainability and climate-related risks and opportunities and assess their connection with the financial statements to disclose material information to primary users.

Controladora Vuela Compañía de Aviación S.A.B. de C.V. (Volaris) is a dual-listed, publicly traded company regulated by both Mexican and United States authorities. In Mexico, the potential adoption of these Standards for public interest companies are subject to the pronouncement of the National Banking and Securities Commission (*CNBV*). Additionally, in March 2024, the U.S. Securities and Exchange Commission (SEC) adopted rules to enhance and standardize climate-related disclosures for investors. It should be noted that on April 4, 2024, the SEC requested to suspend the applicability of the rules until related legal proceedings have been resolved.

As of the date of this Report, the Company is not required to disclose sustainability and climate-related information under IFRS S1 or S2 Standards and SEC rules. Volaris is currently identifying, evaluating and analyzing the potential impacts of adopting both Standards. Once regulators provide the final requirements and applicability dates, the Company would be in a position to undertake the necessary actions to comply with them.

9 Please note that, as used in this Report, the term "material" refers to the relevance and significance of ESG factors to our various stakeholders and incorporates various considerations which may and often do, go beyond the definition of financial materiality as defined in international financial reporting standards or the securities laws of the US. For more information on this and other important disclaimers please see the section of this report titled "Notes About This Report."

10 Volaris defines Manufactured Capital as the equipment (primarily our aircraft fleet) we use for the provision of travel service.

Scope and Boundary

The Report includes material information on Volaris' performance for the period from January 1 to December 31, 2023, unless otherwise indicated.

The information presented in the Report corresponds to our operations in the countries where we have presence, including Mexico, the United States and Central and South American countries.

The financial information is reported in U.S. dollars, unless otherwise noted, and, in some cases, is reported differently from the audited financial statements for the fiscal year ended December 31, 2023, in terms of layout and not in terms of substance. We suggest reviewing the 2023 Consolidated Financial Statements.

Volaris is committed to transparency and as such, we have also included certain restatements of previous years' data to increase accuracy and ensure clarity. Further information on restated data is noted in footnotes throughout the Report. We continue to enhance our internal data collection and compilation year-over-year and strive to report accurate information in this Report.

Assurance

This Report has been reviewed and approved by the Volaris' Senior Management, in accordance with the resolution of our Board of Directors by the recommendation of the Corporate Governance Committee. In addition, the external firm KPMG (KPMG Cárdenas Dosal, S.C.) verified some of our non-financial indicators included in the Report and issued an Independent Limited Assurance Report. Moreover, this firm issued an unqualified opinion related to our Consolidated Financial Statements for the fiscal years ended December 31, 2023, 2022 and 2021. External assurance statements are in the Appendix.

GRI 2-2, 2-3, 2-4, 2-5, 2-14

Expanding Our Vision to

Maintain Leadership

We Are Volaris

GRI
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About Us

Controladora Vuela Compañía de Aviación, S.A.B. de C.V., better known as Volaris, is an ultra-low-cost carrier with point-to-point operations serving Mexico, the United States, Central and South America. We focus on passengers Visiting Friends and Relatives (VFR), price-conscious business travelers and leisure travelers. **As part of this strategy, we offer low base fares to build our market**, providing quality service and extensive customer choice.

Volaris is dual listed on the Mexican Stock Exchange (BMV: VOLAR) and the New York Stock Exchange (NYSE: VLRS) with American Depositary Shares (ADS) Level III Reporting. Volaris is headquartered in Mexico City, Mexico.

Volaris by the Numbers in 2023

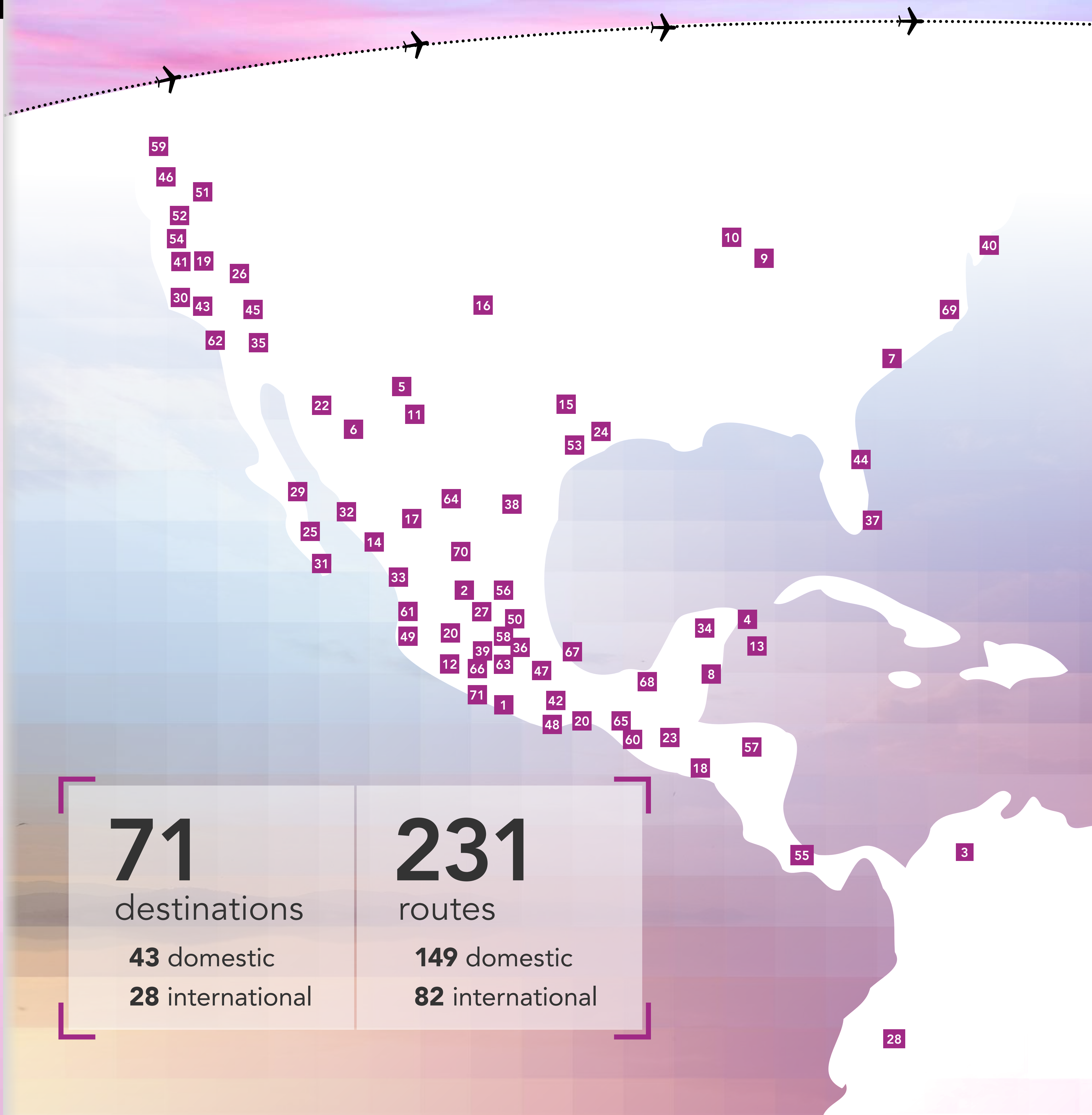
7,198
Ambassadors

86%
load factor

129
aircraft
59% NEO

5.7 years
average fleet age

2023 Destination Map



71 destinations

43 domestic

28 international

231 routes

149 domestic

82 international

1	Acapulco	25	La Paz	49	Puerto Vallarta
2	Aguascalientes	26	Las Vegas	50	Queretaro
3	Bogota, Colombia	27	Leon, Guanajuato	51	Reno
4	Cancun	28	Lima, Peru	52	Sacramento
5	Ciudad Juarez	29	Loreto	53	San Antonio, Texas
6	Ciudad Obregon	30	Los Angeles	54	San Jose, California
7	Charlotte	31	Los Cabos	55	San Jose, Costa Rica
8	Chetumal	32	Los Mochis	56	San Luis Potosi
9	Chicago Midway	33	Mazatlan	57	San Pedro Sula, Honduras
10	Chicago O'Hare	34	Merida	58	Santa Lucia, Mexico City
11	Chihuahua	35	Mexicali	59	Seattle
12	Colima	36	Mexico City	60	Tapachula
13	Cozumel	37	Miami	61	Tepic
14	Culiacan	38	Monterrey	62	Tijuana
15	Dallas Forth Worth	39	Morelia	63	Toluca
16	Denver	40	New York	64	Torreon
17	Durango	41	Oakland	65	Tuxtla Gutierrez
18	El Salvador	42	Oaxaca	66	Uruapan
19	Fresno	43	Ontario, California	67	Veracruz
20	Guadalajara	44	Orlando	68	Villahermosa
21	Guatemala City	45	Phoenix	69	Washington D.C.
22	Hermosillo	46	Portland	70	Zacatecas
23	Huatulco	47	Puebla	71	Zihuatanejo
24	Houston	48	Puerto Escondido		

Our Mission

With the best people and at a low cost, we enable more people to travel well.

Our Vision

Transcending by creating and materializing the best travel experiences.

Our Pillars

Safety
Nothing is more important than the safety and security of our customers and Ambassadors; it is our top priority.

Customer Service
We create new experiences that make a difference. We know how to listen to and solve problems efficiently, creatively and responsively to meet the needs of our internal and external customers.

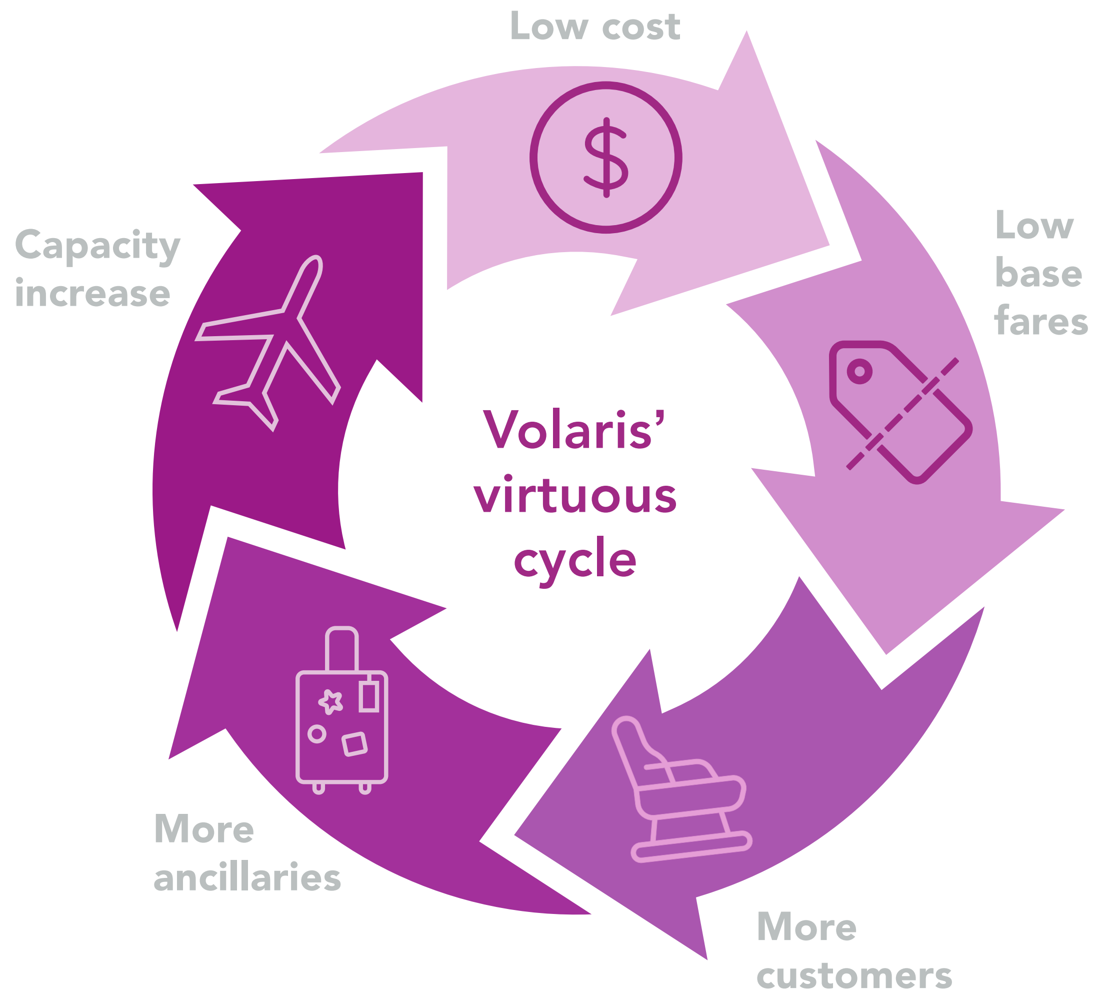
Sustained Profitability
The lowest cost always wins. Our goal is to grow steadily and maximize profits on a sustained basis, guaranteeing the growth of the Volaris Family.

Our Ultra-Low-Cost Business Model

2023 Total Revenue per Available Seat Mile (TRASM): **U.S. $8.4 cents.**

Volaris is committed to making air travel more affordable for more people. Our ultra-low-cost model allows us to offer low base fares to more destinations and enables our customers to tailor their travel experience (including baggage, seating and other services) to their needs. We connect families and businesses, generating social and economic value in the markets in which we operate. Emerging markets in Latin America have a growing middle class with more discretionary travel spend and Volaris capitalizes on this to convert travelers who have traditionally chosen bus travel for low cost and convenience.

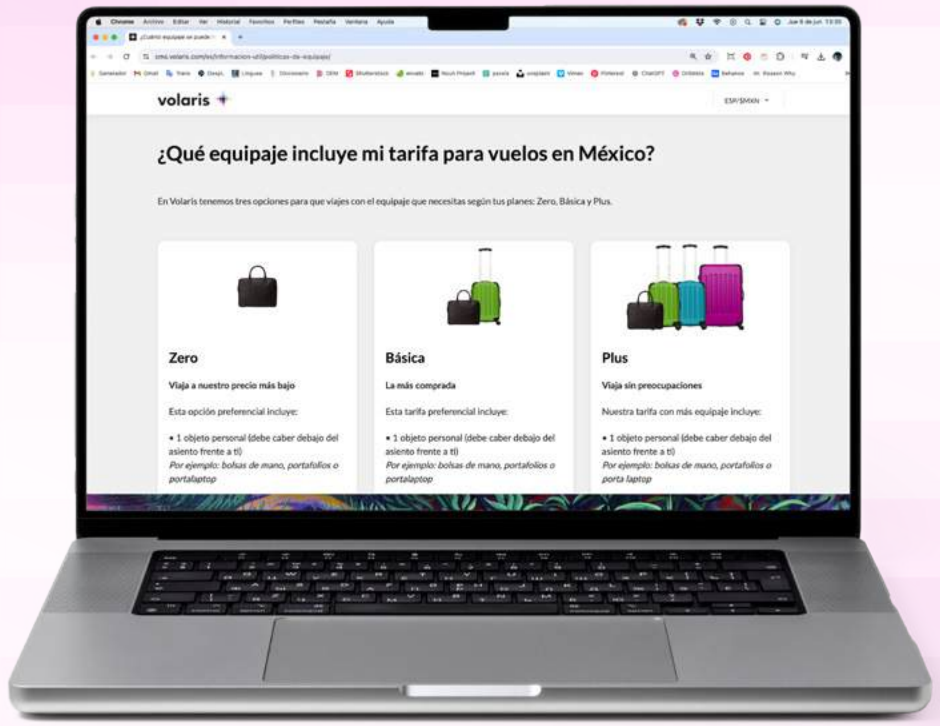
Our strong and resilient ultra-low-cost business model has remained unchanged since our founding and we expect it will continue to serve as the basis for growth.



Low cost	Low base fares	More customers	More ancillaries	Capacity increase
We are one of the lowest-cost public traded operators.	We seek to offer low base fares to our customers, which are essential to stimulate the market and maintain high load factors.	We make air travel accessible to more people by offering low fares that compete with other forms of transportation.	We offer a wide range of ancillary products so our customers can pay only for what they need. We have a track record of successfully increasing non-ticket revenues to complement ticket revenues.	We are focused on expanding our network by increasing our fleet, the number of frequencies and point-to-point routes.
FY 2023 CASM ex fuel: **U.S. $4.8 cents**	FY 2023 average base fare: **U.S. $49.3**	FY 2023 flown passengers: **33+ million**	FY 2023 total ancillary per pax: **U.S. $48**	FY 2023 ASM growth: **10.2% vs. 2022**

GRI
3-3

We believe our business model has established the foundation for long-term, profitable growth through:



1

A low-cost structure, which we achieve through:

- **Efficient single fleet**. We operate an efficient and one of the youngest fleets in the Americas composed of Airbus A320 family aircraft.
- **High asset utilization and efficient schedule**. Our fleet has a high-density seating configuration and one of the world's highest average aircraft utilization rates by a publicly traded airline.
- **Direct sales channels distribution**. We encourage our customers to purchase their flight tickets through our digital channels.
- **Variable cost structure**. A variable portion of employee's compensation is aligned with shareholders' interests and all other nonfleet related costs are variable.

2

Additional revenue generation:

Our "You Decide" strategy, through which our customers only pay for what they need (ancillaries), increases our non-ticket revenue. We have a robust roadmap to achieve 50% on a sustained basis of total operating revenues from ancillary products and services through:

- **Optimized pricing** by defining the pricing of trip-related ancillaries based on customers' willingness to pay and achieve full potential personalization.
- **Launching new products and services**, including a wireless inflight service, offering new insurance products focused on flexibility and health and launching new refund products.
- **Building recurring revenue streams** by growing our v.pass subscription, increasing our v.club membership base to 30-40% of passengers, maximizing our co-branded credit card revenues through expansion into new regions and launching new affinity programs such as our Annual Pass called "All-You-Can-Fly."
- **Enhanced existing products and services** by improving conversion rates for seat selection, upgrading premium seats at check-in and in the cabin, upselling additional baggage at the airport and driving commission revenues from Ya Vas vacation packages.

GRI
3-3

Our Fare Families

Domestic Flights

Zero
Travel at our lowest price

- 1 personal item.
  Maximum dimensions 22 x 16 x 10 in, the combined weight for personal item and carry-on must not exceed 33 lbs.
- Carry-on not included.
- Checked bag not included.
- Online check-in 3 days before.
- Spin Premia points.
- v.club benefits:
  · Get a $500 MXN voucher for your next purchase.
  · Up to 20% discount on your next bookings.

Basic
Travel with the best value

- 1 personal item.
- 1 carry-on.
  Maximum dimensions 22 x 16 x 10 in, the combined weight for personal item and carry-on must not exceed 33 lbs.
- Checked bag not included.
- Online check-in 5 days before.
- Spin Premia points.
- Forward your flight at the airport.
  Change your original flight for free to an earlier one on the same day (subject to availability).

Plus
Travel without worries

- 1 personal item.
- 2 carry-ons.
- 1 checked bag of 55 lbs.
  Maximum dimensions (length + width + height) 62 in.
- Online check-in 7 days before.
- Spin Premia points.
- Forward your flight at the airport.
- Full refund.
  In case you need to cancel, get the full cost of your flight in an electronic voucher for future trips.
- Unlimited flight changes.
  Date and time changes without service fees, pay only fare difference.
- Priority boarding.

International Flights

Zero
Travel at our lowest price

- 1 personal item.
- Carry-on not included.
- Checked bag not included.
- Spin Premia points.
- v.club benefits:
  · Get a $500 MXN voucher for your next purchase.
  · Up to 20% discount on your next bookings.

Basic
Travel with the best value

- 1 personal item.
- 1 carry-on.
- Checked bag not included.
- Spin Premia points.
- Forward your flight at the airport.

Plus
Travel without worries

- 1 personal item.
- 1 carry-on.
- 1 checked bag of 55 lbs.
- Spin Premia points.
- Forward your flight at the airport.
- Full refund.
- Unlimited flight changes.
- Priority boarding.

3

Disciplined approach to market and route selection:

We select the markets and routes where we can achieve the highest profitability within a reasonable timeframe and only continue to operate those routes where we reach and maintain profitability. We are well positioned to benefit from bus switching through a focus on routes that have been underserved or traditionally served only by buses or higher-cost carriers.

4

Operational efficiency and market-leading performance:

Aligned with our cost reduction strategy, we maintain leading operational efficiency performance, monitoring key indicators such as schedule reliability, on-time performance, booked passengers, ASMs, load factors, block hours, among others.

5

A healthy balance sheet:

We have a manageable and healthy debt structure. We believe that our strong financial position enables us to fund growth opportunities in our markets and strengthen our existing route network to maintain a competitive advantage. Around 89% of our total debt, including lease liabilities, has no exposure to increasing rates.

6

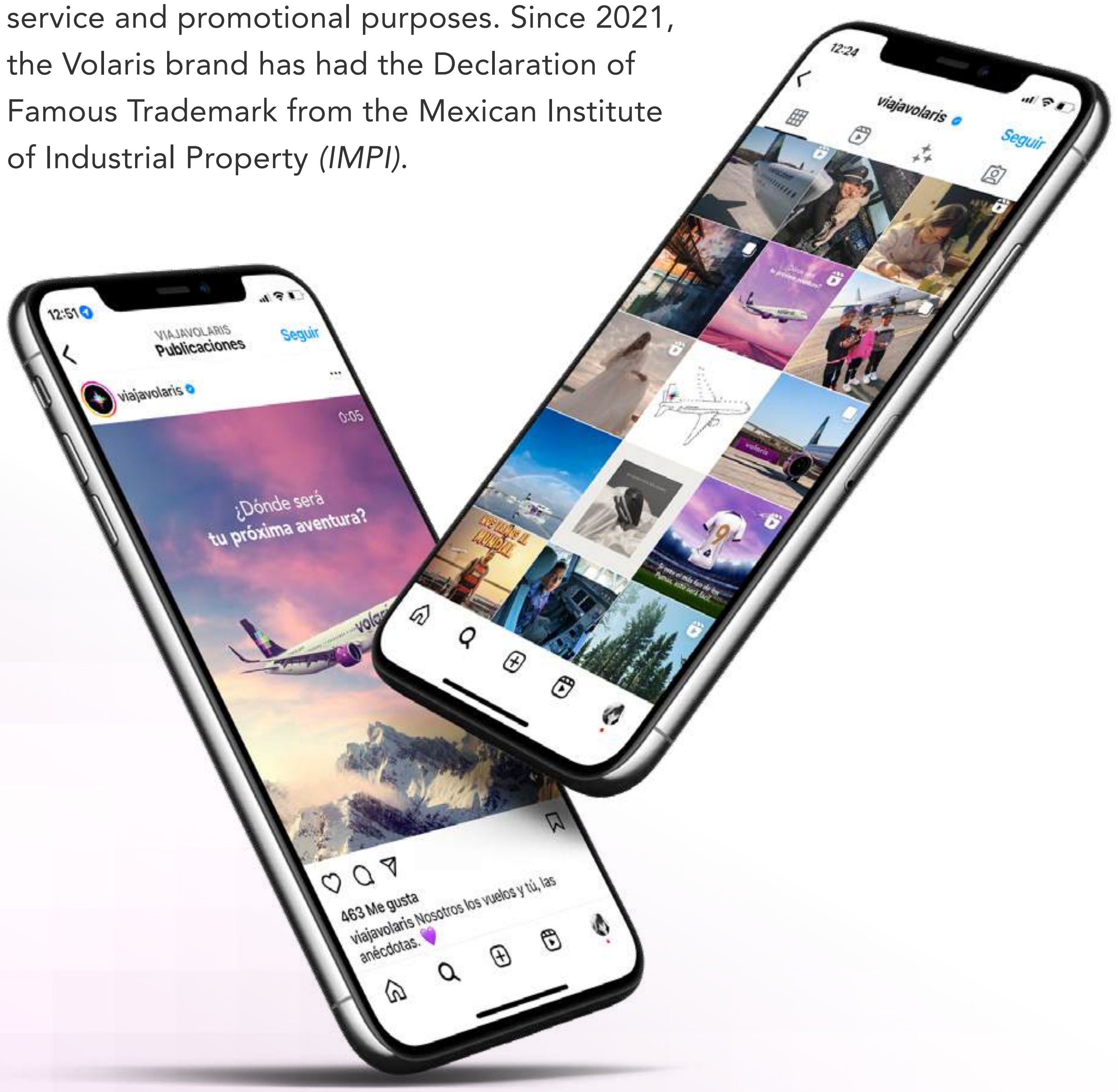
Growing customer base:

Our target market, VFR and price-conscious business travelers, has significant growth potential throughout Mexico, the U.S., Central and South America. By offering low base fares, we stimulate travel demand and attract new customers, including those who have only traveled by bus. Furthermore, in 2023, we had a network of over 99,800 vs. 97,000 in 2022, payment points throughout Mexico, the United States, Central and South America. This enables our customers, whether they do not have credit cards or simply prefer not to use them, to book flights.

7

Brand awareness with a rapidly growing fan base:

Our brand is well known in the markets where we operate and we have a significant presence on social networks for marketing, customer service and promotional purposes. Since 2021, the Volaris brand has had the Declaration of Famous Trademark from the Mexican Institute of Industrial Property *(IMPI)*.



8

Strong Company culture, experienced management team and shareholders:

We have developed a culture focused on safety, meritocracy, efficiency and profitability. Our majority independent Board of Directors and Senior Management comprises executives with extensive experience in their respective fields. Additionally, our major shareholders have experience with air carriers and the travel industry worldwide, which has helped us develop our ultra-low-cost business model and we have benefited from their buying power and relationships with key suppliers, including Airbus.

Our Corporate Sustainability Strategy

Our ultra-low-cost business model persists due to our unwavering commitment to sustainable development.

Through the effective management of key ESG factors, we seek to generate sustainable long-term value for our stakeholders, including our customers, investors, Ambassadors, suppliers, authorities, unions, industry actors and the communities where we operate.

Our corporate sustainability strategy is centered on three pillars:

Environmental	Social	Economic and Governance

Environmental

Through our Environmental pillar, we seek to identify and manage our environment-related risks and opportunities through a comprehensive strategy to lessen our environmental impact, protect and preserve natural resources, reduce our emissions and comply with regulations.

- **We aim to employ a methodical approach to reduce jet fuel consumption**, conserve energy, reduce waste and certify our operations to global environmental management standards.
- **We measure, analyze, manage and report our environmental footprint.**[11]
- **We provide our customers** with the option to voluntary offset part of their flight carbon emissions.[12]

Social

Through our Social pillar, we aim to strengthen our commitment to the well-being of people. This includes our Ambassadors, customers and the communities in which we operate.

- **We prioritize our customers'** and Ambassadors' safety, health and rights above all.
- **We help bring our communities together by achieving our ULCC business model**: to democratize aviation, enabling first-time flyers and loyal passengers to unite with friends and families safely, quickly and affordably, contributing to economic growth.
- **We seek to attract, develop and retain talented, competent and professional people**. Our labor practices are designed to support strong labor relationships that reinforce the well-being and professional development of our Ambassadors through the Volaris Culture.
- **We promote diversity, equity and inclusion (DE&I)**, adhering to commitments to increase gender equality in the Company and in the aviation industry. We train our Ambassadors to uphold human rights values and standards.
- **We invest in social programs** to support the communities where we operate, especially during emergency situations.
- **We operate with a mindset** that prioritizes customer service, including the implementation of data security and privacy programs to protect our customers' information.

Economic and Governance

Through our Economic and Governance pillar, we aim to foster the Company by ensuring its financial resources are appropriately managed. This is achieved by adhering to solid corporate governance and responsible financial practices, including efficient management of financial resources and risks, regulatory compliance, transparent company information disclosure, promotion of an ethical culture, creation of a reputation that maintains stakeholder trust, protection of relevant and confidential information and responsible management of our suppliers, among other initiatives.

- **We aim to maintain clear communication channels** with our stakeholders, manage our corporate reputation and influence the development of public policies that align with our corporate sustainability strategy.
- **We reinforce our business values and ethics** through our anti-corruption, anti-bribery and related policies, risk and crisis management systems and commitment to transparency in all our processes.
- **We maintain strict oversight of our supply chain**, cultivating robust relationships with our suppliers and promoting ethical and sustainable practices throughout our value chain.

11 Carbon emissions Scope 1 and Scope 2.
12 For more information about this product, please refer to the section of **Voluntary Emissions Offsetting**.

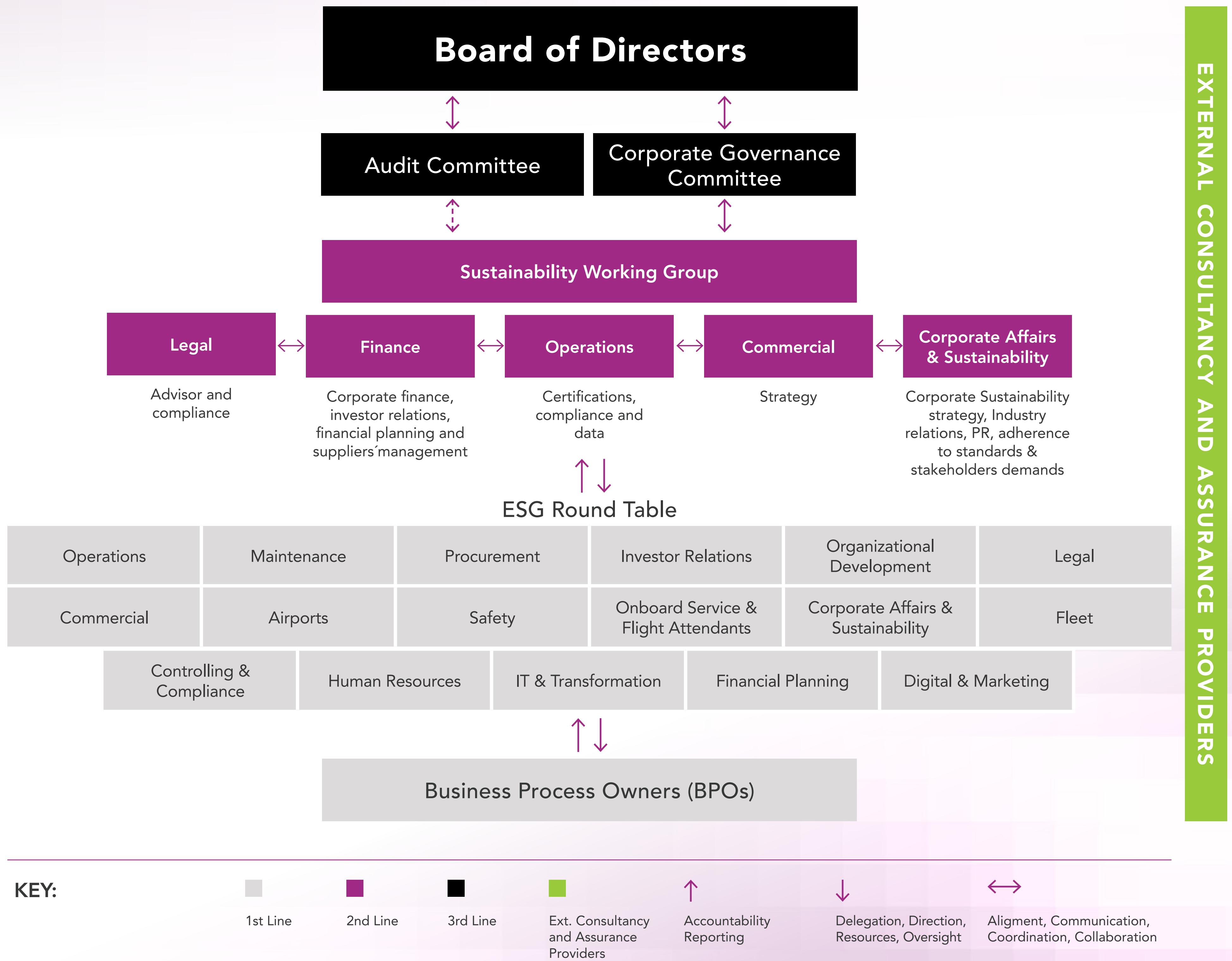
Sustainability Oversight

Volaris' Board of Directors, through its Corporate Governance Committee, has ultimate oversight of our corporate sustainability strategy, including our key ESG initiatives and progress toward relevant goals and targets.

In February 2024, the Board of Directors approved a simultaneous reporting line of our Sustainability Working Group to the Corporate Governance Committee and the Audit Committee, the latter on a dotted line basis. The Corporate Governance Committee assists the Board in reviewing the Company's sustainability efforts, including climate change management, taking into consideration the recommendations of the Sustainability Working Group. The Audit Committee monitors the Company´s overall risk management framework, including the incorporation of sustainability-related risks.

Additionally, in March 2024, our Board of Directors participated in sustainability-related training sessions focused on the evolving regulatory landscape regarding climate-change; updated perspectives on diversity, equity and inclusion in the U.S. and Mexico; and governance expectations of key stakeholders. Facilitated by a third-party expert, the trainings provided our Directors with an external perspective on ESG priorities for Volaris in the upcoming years and an opportunity to discuss Volaris' related strategy.

Please refer to the "Our Committees and Working Groups" section in the *Our Corporate Governance* chapter for more information on the Sustainability Working Group's key responsibilities and members.



GRI
2-12, 2-13, 2-17

Our CEO provides the primary management-level oversight of the Corporate Sustainability Strategy. Following his leadership, the Corporate Affairs and Sustainability department, led by our Chief Corporate Affairs and Sustainability Officer (CCASO), coordinate transversally the execution of our corporate sustainability efforts. The department aims to integrate ESG criteria into the Company's operations and processes, develop and lead non-financial reporting, including sustainability-related management disclosures, propose ESG performance indicators and report progress on key sustainability initiatives and goals to Senior Management.

The CCASO reports directly to our CEO and serves as a member of the Sustainability Working Group. Additionally, the CCASO acts as the representative of this Working Group before the Corporate Governance Committee and for the Audit Committee only for sustainability-related risks oversight purposes. The main duties of the CCASO are:

- Coordinate the transversal implementation of Volaris' sustainability strategy, including supervision of sustainability and climate-related risks and opportunities.
- Report on the corporate sustainability strategy, including impacts of sustainability-related risks and opportunities on the business, including climate-related information, to our Senior Management.
- Monitor relationships with internal and external key stakeholders.

Our ESG Round Table provides additional support for managing our key sustainability-related risks and opportunities. This group, comprised of a cross-functional group of Ambassadors, aims to execute the resolutions made by the Board of Directors through a collaborative space that designs, implements and monitors Volaris' corporate sustainability strategy.

In addition, the ESG Round Table reports to the Sustainability Working Group any new findings regarding sustainability and climate-related risks and opportunities. During 2023, this multidisciplinary group met five times.

In 2023, we also established internal multidisciplinary teams known as "working tables," dedicated to advancing a wide range of environmental and climate-related projects, such as compliance and reporting matters.

GRI
2-12, 2-13

ESG Materiality Assessment

In 2021, we conducted an ESG Materiality Assessment, informed by the process outlined by GRI, to understand priority topics, especially those sustainability-related and expectations for our stakeholders regarding the Company, to inform our strategic planning. We aim to update this assessment periodically to reflect key changes to our operations, business environment and evolving stakeholder expectations.

To develop the materiality matrix, an initial list of relevant factors was compiled by reviewing key issues in the aviation industry and by analyzing Volaris' media communications and internal documents. Next, a sample of internal and external stakeholders was surveyed to prioritize the topics. Internal stakeholders included the Company's management and Ambassadors, while external stakeholders included our suppliers, customers, strategic partners and the press. Survey results were used to develop the ESG materiality matrix, which was reviewed by our Senior Management and Board of Directors.

Please see the Appendix for additional details on the results of this assessment.

GRI
3-1

Our ESG Goals

	Goal	2023 Progress	Impact on Capital	IAR Chapter Reference
SOCIAL	Increase representation of women in top management and underrepresented areas by 25% or up to a minimum of 25% by 2025, as part of IATA's 25by2025 initiative.	**Complete** We have increased the percentage of women in top management positions by 25% since early 2022. Increased **16%** of women in underrepresented areas.	**Human Capital** - Increasing diversity, including more experience and skill sets.	Our Ambassadors.
ENVIRONMENTAL	Utilize a fleet of 100% Airbus NEO aircraft and equipped with sharklets by 2030.[13]	NEO aircraft make up **59%** of our fleet. **88%** of our fleet has sharklets installed.	**Manufactured Capital** - Improving the adoption of the technology and fuel efficiency of our fleet. **Financial Capital** - Reducing operational costs, including jet fuel consumption.	Our Climate Change Strategy.
	Reduce our Scope 1 aircraft CO_2 emissions intensity by 35.42%, measured in grams of CO_2 per revenue passenger kilometer (RPK) by 2030, using a 2015 baseline.[14]	We reduced our emissions intensity by **20.03%** vs. 2015.	**Natural Capital** - Mitigating climate change impacts. - Contribute to the preservation of air quality. **Financial Capital** - Favorable terms for capital to fuel sustainable growth.	Our Climate Change Strategy. Our Economic Performance.
	Support the decarbonization of the aviation industry by 2050, as part of IATA's Fly Net Zero initiative.	Executed investment agreement to support the further development of sustainable aviation fuel (SAF) through startup "CleanJoule".	**Natural Capital** - Mitigating climate change impacts. - Contribute to the preservation of air quality. **Manufactured Capital** - Improving fleet technology and fuel efficiency. - Collaborating to develop sustainable aviation fuels.	Our Climate Change Strategy.

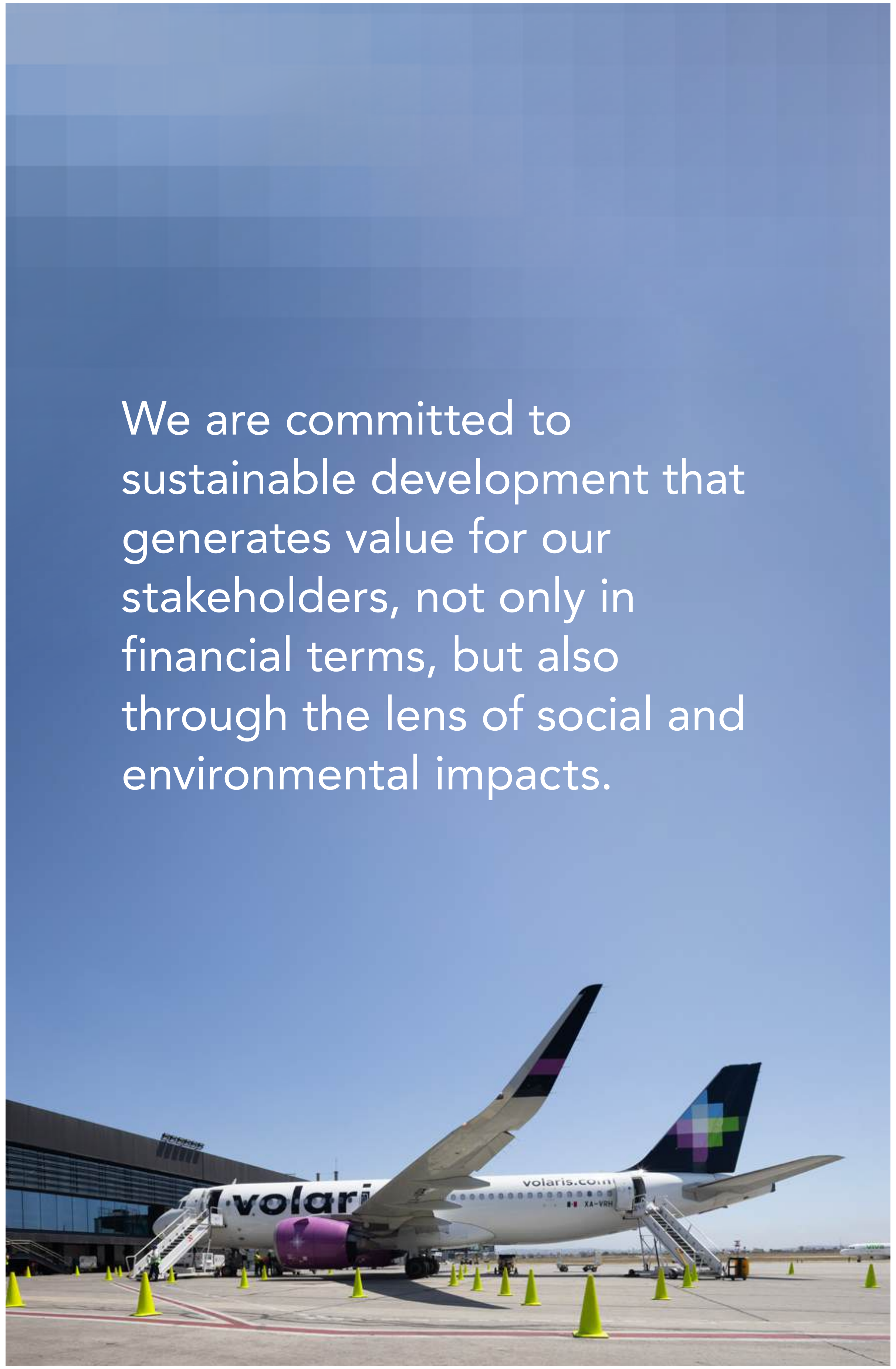
13 Since the publication of the 2022 IAR, the goal's target date has been changed from 2028 to 2030. This goal is contingent upon aircraft and engine manufacturers' delivery schedules.
14 The established target is being closely monitored. If Airbus continues delaying scheduled aircraft deliveries and/or the anticipated inspections of P&W's NEO engines persist and face increased challenges, Volaris would need to revisit this goal.

Expanding Our Vision to

Be More Sustainable

Our Commitment to Sustainable Development

GRI
2-29



We are committed to sustainable development that generates value for our stakeholders, not only in financial terms, but also through the lens of social and environmental impacts.

Volaris Value Creation Model

The Volaris Value Creation Model is intended to show our value creation process during the period covered by this Report. This Model is organized into three sections:

1

Capital Inputs

We utilize these inputs (capitals) to run our business represented by the six <IR> Framework[15] capitals: Financial, Manufactured, Human, Social and Relationship, Intellectual and Natural.

2

Business Activities

This is how we utilize capital inputs to create value for our stakeholders. We detail our business activities through the environmental, social and economic and corporate governance pillars, which are based on our corporate sustainability strategy.

3

Outputs and Outcomes

These highlight results, i.e., the value generated by our business activities during 2023.

15 Based on International Integrated Reporting Council (IIRC)'s International <IR> Framework (January 2021).

The Six Capitals of the <IR> Framework

Financial

Financial resources that Volaris utilizes to carry out its business activities, including debt, equity, cash and investments.

Manufactured

Physical assets we use to provide services, including facilities, aircraft and equipment.

Intellectual

Intellectual property, knowledge and other intangible assets that contribute to Volaris' value, such as patents, software, proprietary methods and more.

Human

Knowledge, skills, capabilities and expertise of our Ambassadors, management and individuals within the organization.

Social and Relationship

Relationships with stakeholders, including customers, suppliers, airports, regulatory authorities and local communities, among others.

Natural

Environmental resources used to carry out our business activities, such as air, land, energy, water and more.

Capital Inputs
at start of 2023

ECONOMIC & CORPORATE GOVERNANCE PILLAR

FINANCIAL CAPITAL
- Total operating revenues of **U.S. $2,847 million.**
- Cash in balance of **U.S. $712 million.**

INTELLECTUAL CAPITAL
- Software & IT capabilities.
- Brand identity & trademarks.
- Safety management systems.

SOCIAL PILLAR

HUMAN CAPITAL
- Corporate culture and strong labor relations.
- **7,364** Ambassadors to support growth.
- Highly experienced Board & Senior Management.

SOCIAL & RELATIONSHIP CAPITAL
- Focus on VFR, leisure, & cost-conscious business travelers.
- Leadership in industry associations.
- Community engagement & philanthropy.

ENVIRONMENTAL PILLAR

NATURAL CAPITAL
- Aircraft fuel derived from fossil fuels.
- Tourist destinations that rely on natural resources like biodiversity & water.

MANUFACTURED CAPITAL
- Young fuel-efficient fleet of **117** Airbus A320 family aircraft.
- Ongoing Airbus delivery delays.

Business Activities

Safety
- Safety Management System with IOSA certification.
- Strong partnerships with suppliers & regulators.
- Campaigns to combat human trafficking & sexual exploitation.

Environmental Management
- Tecnology upgrades and fuel savings program.
- Regulatory compliance.
- IAMS certified by ISO 14001 and ISO 9001.
- Footprint measurement.
- Voluntary carbon offset program #CielitoLimpio.

Customer Service
- Low base fares to democratize air travel.
- Customer self-service strategy.
- Marketing, additional services and affinity programs to strengthen customer base.

Cost Management
- Efficient single fleet.
- High asset utilization and efficient schedule.
- Direct sales distribution channels.
- Variable cost structure.

Ambassadors
- Competitive benefits & profressional development.
- Robust talent pipeline.
- Continuous training and development plans.
- Commitment to DE&I.

Outcomes
at end of 2023

ECONOMIC & CORPORATE GOVERNANCE PILLAR

FINANCIAL CAPITAL
- Total operating revenues of **U.S. $3,259 million** (**+14.5%** YoY).
- Net income of **U.S. $8 million.**
- **TRASM** increased **3.6%** to **U.S. $8.4 cents.**
- Record **33+ million** passengers transported.
- Included in S&P Dow Jones Sustainability Index.

INTELLECTUAL CAPITAL
- **76.0%** of ticket sales completed online.
- New automated services to improve baggage handling & customer service.

SOCIAL PILLAR

HUMAN CAPITAL
- Women held **40%** of all management positions.[16]
- Average of **6.1** hours of training per FTE.
- Temporarly workforce downsize due to ongoing P&W GTF engine preventive accelerated inspections.

SOCIAL & RELATIONSHIP CAPITAL
- Named among the Top 20 Safest Low-Cost Airlines by AirlineRatings.com.
- **Zero** aviation accidents and passenger fatalities.
- **30.8%** Net Promoter Score.

ENVIRONMENTAL PILLAR

NATURAL CAPITAL
- **-20.03%** gCO_2/RPK (Scope 1 aircraft CO_2 emissions) since 2015.
- **1,120+** tons of voluntary carbon offset by our customers through #CielitoLimpio.

MANUFACTURED CAPITAL
- We added **13 NEO** aircraft, closing with 76 NEOs (**59%** of our fleet, **+5pp** YoY).
- **88%** of aircraft equipped with sharklets (**+2pp** YoY).
- **21%** of our NEO fleet on ground due to P&W GTF engine preventive accelerated inspections.

16 Refers to Leaders, Heads, Senior Heads, Managers, Senior Managers, Directors, Senior Directors and our Senior Management.

Stakeholders Engagement

Actively engaging with our stakeholders is essential for understanding the impacts of our business and shaping our value creation strategy. Below, we outline key stakeholder engagement, practices, highlighting issues considered most important by them and detail our responses to their feedback:

Stakeholders	Communication Channels	Key Issues	Response
Customers	Digital platforms (website, mobile app, social media). Call center. Volaris' points of sale. Inflight service and digital magazine. Customer experience surveys. Press releases and media interactions. Marketing campaigns. Annual reports.	Accessibility and connectivity (route expansion). Competitive fares. Safety and aviation security. Travel experience. Data protection and privacy. Environmental footprint reduction.	Our ultra-low-cost business model allows us to offer competitive fares and continue to expand our list of destinations. We welcome customer feedback and actively work to improve their travel experience, prioritizing safety and security. Through our #CielitoLimpio product, we have provided our customers with the option to voluntary purchase carbon offsets to partially offset their trips' carbon footprint.
Ambassadors	Internal communications (e-mails, newsletters, etc.). Engagement surveys. Volaris Ethics Line. Periodic reports from the Senior Management. Collective bargaining agreements with labor unions.	Corporate culture and labor practices. Business strategy and results. Diversity, equity and inclusion (DE&I). Business ethics and compliance. Compensation and benefits. Training and professional & personal development. Occupational health and safety. Union and labor relations. Environmental footprint reduction.	Our Ambassadors are the backbone of Volaris. We aim to be an organization that promotes their well-being, provides equal opportunities, offers personal & professional growth and allows them to have a sense of belonging.

GRI
2-29

Stakeholders	Communication Channels	Key Issues	Response
Union	Collective bargaining agreements. Volaris Ethics Line. Institutional communication. Contracts. Annual reports. E-mail.	Long-term and reliable relationship with the Company. Labor legislation compliance. Human rights protection. Freedom of association and collective bargaining.	Volaris promotes our Ambassadors' freedom of association; most of our workforce is unionized. We work closely with labor unions to promote a safe and productive working environment.
Community	Inflight digital magazine. Annual reports. Community engagement activities. External communication, e.g., marketing campaigns, news releases, etc.	Humanitarian and emergency response initiatives. Environmental footprint reduction. Economic contribution through connectivity, tourism, VFR passengers, bus switching and business travel. Protection of human rights.	Volaris helps accelerate economic growth and opportunities by enabling travel and tourism. We collaborate with the communities we serve to support them through our operations and community engagement activities.
Suppliers	Informative circulars. Annual evaluation. Annual reports. Contracts.	Product and service reliability. Sustainable value chain. Upholding human rights. Environmental footprint reduction.	Through strong supplier relationships, we seek to maintain business continuity while maintaining a sustainable value chain that upholds human rights and reduces the environmental impact.
Investors	Annual Shareholders' Meeting. Participation at conferences and forums. Quarterly earnings calls and financial reports. Annual reports. Media and press releases. Surveys, indexes and ratings. One-on-one meetings. E-mail and IR webpage.	Short-, medium- and long-term business plan. Return on investment. Income generation. Cost reduction. Corporate governance. Risks, opportunities and crisis management. Ethics, transparency and compliance culture. Climate change and corporate sustainability strategy.	Volaris reports on its financial and non-financial performance periodically to our investors. We also uphold strict standards of corporate governance through ethical and transparent business practices.
Authorities, industry organizations and peers	Direct communication with strategic partnerships. Chambers and forums memberships. Events and conferences. Annual reports. Compliance reporting. Media and press releases.	Regulatory compliance. Economic development. Tax payment. Safety and aviation security. Environmental footprint reduction.	We collaborate with regulatory bodies and industry organizations to promote compliance with applicable regulations and promote that the industry's interests are represented. We also partner with industry organizations and peers to advance aviation best practices such as safety, environmental footprint reduction and social welfare.

GRI
2-29

United Nations Sustainable Development Goals

The United Nations Sustainable Development Goals (UN SDGs) are a set of 17 goals established by the United Nations in 2015 as a global blueprint for achieving a more sustainable future by 2030. The UN SDGs provide a framework for governments, businesses and individuals to work together and take actions that contribute to a more inclusive, equitable and sustainable world.

For more information about the UN SDGs, including their associated targets and indicators, please visit https://sdgs.un.org/goals

Volaris supports all 17 goals and we have identified eight UN SDGs that most clearly align with our actions and business strategy.

Goal	Relevant Targets	Volaris' Contribution Highlights	Applicable IAR Chapter
Achieve gender equality and empower all women and girls.	5.1 5.2 5.5	Volaris is part of the International Air Transport Association (IATA) 25by2025 initiative to reduce gender inequality in the aviation sector and increase the representation of women in underrepresented areas such as pilots, maintenance, engineering, top management and Senior management. By the end of 2023, women held 40% of all management positions at Volaris. Our Volaris Pilot Scholarship Program contributes to our gender equality goals by promoting development of women pilots.	Our Ambassadors.
Ensure access to affordable, reliable, sustainable and modern energy for all.	7.3 7.a	We continue to explore options to obtain SAF and support the research and development of SAF supply. In 2023, we joined an investment agreement alongside strategic allies to accelerate SAF development through the startup CleanJoule. We have implemented various energy efficiency measures in our offices and our fleet operations. We continue to invest in fleet renewal by transitioning to fuel-efficient Airbus NEO aircraft with P&W GTF engines, which remain among the most efficient in fuel usage in the industry.	Our Climate Change Strategy.
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	8.5 8.7	We provide competitive salaries and benefits to our Ambassadors and seek to ensure that compensation is fair across our organization. We prohibit forced labor, modern slavery and human trafficking throughout our value chain. We promote tourism and support the economic development of emerging markets in Mexico, Central and South America. We offer connectivity across 32 states in Mexico, 22 airports in the U.S. - serving Hispanic and immigrant communities - and 6 airports in Central and South America.	Our Ambassadors. Our Corporate Governance.

Goal	Relevant Targets	Volaris' Contribution Highlights	Applicable IAR Chapter
Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.	9.1	In 2023, we provided more than 33 million passengers with affordable and safe air transportation, through a point-to-point network of 231 routes, helping to connect communities and drive economic development. We promote tourism and support the economic development of emerging markets in Mexico, Central and South America.	We Are Volaris. Our Customers.
Reduce inequality within and among countries.	10.2 10.3 10.4	Our ultra-low-cost model promotes affordable base fares, democratizing air transportation and promoting associated economic opportunities; 49% of our routes compete only against buses. We foster an inclusive workplace culture and enforce a zero-tolerance policy for any form of discrimination. We promote diversity, equity and inclusion throughout our organization and partner to reduce inequalities within the aviation industry.	We Are Volaris. Our Ambassadors.
Promote sustainable consumption and production patterns.	12.5 12.6	We continue to make strides to reduce and manage waste generation, both onboard and in our corporate offices. For example, most of single-use plastics used on our flights have been replaced by biodegradable materials.	We Are Volaris. Our Climate Change Strategy.
Take urgent action to combat climate change and its impacts.	13.3	We are working actively to reduce our Scope 1 aircraft CO_2 emissions and have joined IATA's pledge to achieve industry's net-zero carbon emissions by 2050. We established an ambitious emission reduction target that allowed us to issue a sustainability-linked bond and pre-delivery payments (PDPs) linked to sustainability. We implemented a Fuel Saving Program that consists in: investment in high-performance technology, onboard weight reduction, route optimization, and operational techniques, that helped us reduce our emissions.	We Are Volaris. Our Climate Change Strategy.
Strengthen the means of implementation and revitalize the global partnership for sustainable development.	17.16 17.17	Volaris collaborates extensively with government agencies, industry organizations, labor unions and other stakeholders to promote best practices in the aviation sector, including those related to operational environmental impact.	We Are Volaris. Our Corporate Governance. Our Customers. Our Climate Change Strategy.

Expanding Our Vision to

Act with Honesty and Transparency

Our Governance

GRI
2-1, 2-6, 2-9, 2-10, 2-11, 2-15, 2-16, 2-18, 2-19, 2-20, 2-23, 2-24, 2-25, 2-26, 2-27, 2-28, 3-3, 201-2, 405-1, 416-2, 417-2, 417-3

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At Volaris, prioritizing strong corporate governance is essential for our sustainability and performance. It not only fosters stakeholder trust, but also cultivates improved decision-making while mitigating risks.

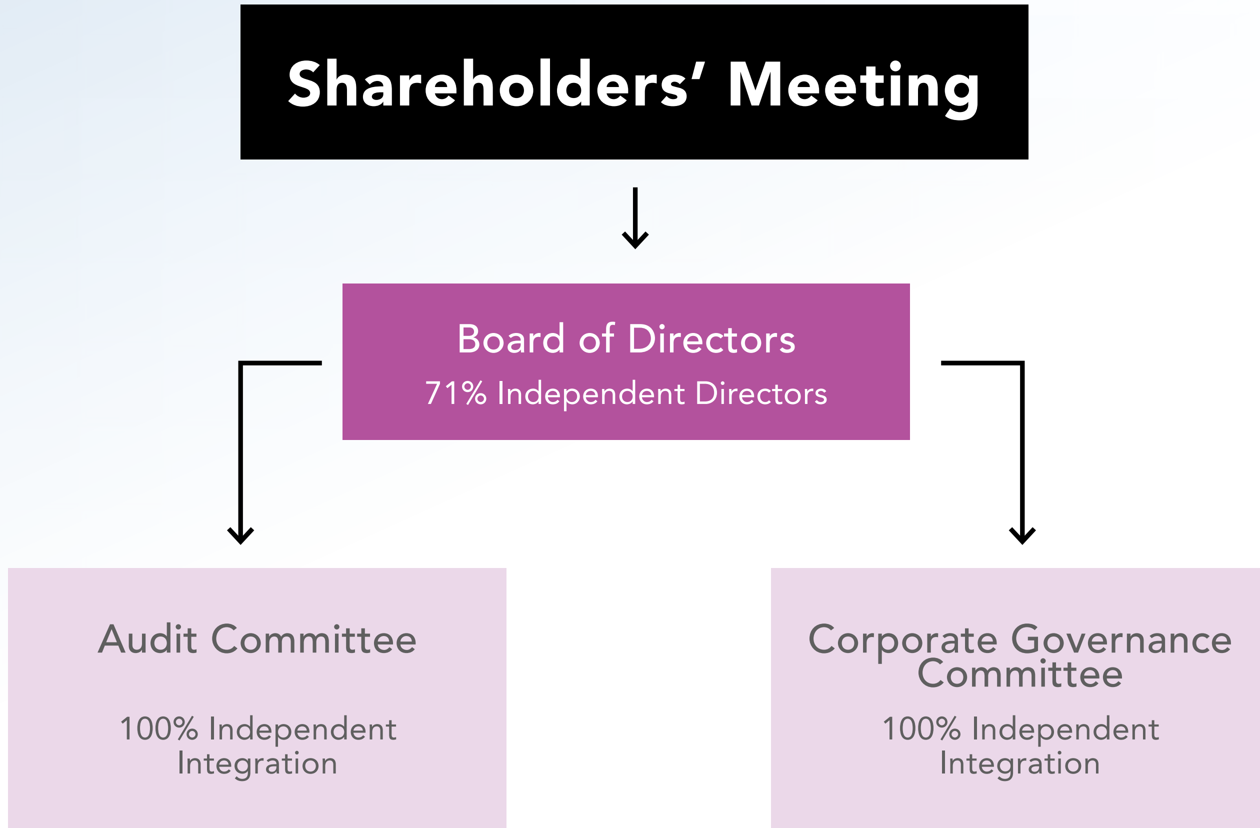
We aim to embrace national and international best practices, to promote that our governance framework remains robust.

Our commitment to sound governance practices is grounded in adherence to the Code of Principles and Best Practices of Corporate Governance *(Código de Principios y Mejores Prácticas Corporativas de Gobierno Corporativo)* of Mexico's Business Coordinating Council *(Consejo Coordinador Empresarial).* Likewise, since 2013, we have been listed on the Mexican Stock Exchange (BMV) and the New York Stock Exchange (NYSE) with American Depositary Receipt Level III Program. Our governance practices are also guided by the provisions of these organizations and related regulations.

Corporate Governance

Our key corporate governance bodies include our annual Shareholders' Meeting, Board of Directors and its two standing committees: the Audit Committee and the Corporate Governance Committee.

Corporate Governance Structure



Ownership Structure & Shareholders' Rights

Our capital stock was divided into two series of shares, Series A and Series B shares.

On November 22, 2023, the holders of all our outstanding Series B shares converted their Series B shares into Series A shares represented by Ordinary Participation Certificates (*Certificados de Participación Ordinarios* or *CPOs*) in the form of the corresponding American Depositary Shares. As a result, our capital stock now consists solely of Series A shares.

Series A shares

Series A shares are common shares and may only be owned directly by Mexican individuals or entities wholly owned by Mexican individuals. Mexican holders of Series A shares are entitled to vote on all matters. Non-Mexican investors are only entitled to hold Series A shares through *CPOs* (including *CPOs* in the form of American Depositary Shares or "ADSs"), which give holders economic rights but not voting rights. The Series A shares underlying the *CPOs* and the *CPOs* underlying the ADSs are voted by the trustee issuing the *CPOs* in the same manner as a majority of the votes of the Series A shares cast at the relevant Shareholders' Meeting in all circumstances.

Series B shares

Are common shares and may be purchased by Mexican or non-Mexican individuals or entities. Series B shares may be convertible at any time into Series A shares and may not represent more than 49% of our outstanding capital stock. Holders of Series B shares are entitled to vote on all matters.

Both series of shares are entitled to one vote per share. No restricting voting rights are granted. As of the date of this Report, our outstanding capital stock consists of 1,165,976,677 Series A shares.

None of our shareholders hold more than 5% of our voting rights. Due to their ADSs positions, the following shareholder owns over 5% of our shares as of April 2024:

	Common Stock	
	Series A Shares Number	**Percentage**
>5% Shareholders		
Funds managed by Indigo[17]	**212,575,660**	**18.2%**

17 Consists of 135,974,070 Series A shares (deposited in the CPO trust) held by Indigo LatAm LP., 4,229,270 Series A shares (deposited in the CPO trust) held by Long Bar LatAm, LLC, 178,220 Series A shares (deposited in the CPO trust) held by Long Bar LatAm II LP, 30,000,000 Series A shares (deposited in the CPO trust) held by Indigo Mexico LLC and 42,194,100 Series A shares (deposited in the CPO trust) held by Indigo Mexico Cöoperatief U.A. William A. Franke is the managing member of a fund that is the general partner of Indigo Mexico Cöoperatief U.A and is manager of the funds of Long Bar LatAm, LLC, Indigo LatAm LP, Long Bar LatAm II LP and Indigo Mexico LLC and as such, has voting and dispositive power over these shares. Mr. Franke disclaims beneficial ownership of the shares held by these entities except to the extent of any pecuniary interest therein. Indigo Mexico Coöperatief U.A. has a principal business address at: Schiphol Boulevard 231, 1118 BH Amsterdam, Netherlands. All other entities listed herein, whose shares are beneficially owned by Indigo, have a principal business address at: 2525 East Camelback Road, Phoenix, Arizona 85016.

GRI
2-1, 2-15

Subject to certain exceptions, our By-laws require that any acquisition of our Series A shares (whether directly or by acquiring ADSs or *CPOs*), resulting in beneficial ownership of shares representing 5% or more of our outstanding capital stock, or any proposal by any person or group of persons to enter into an agreement among shareholders that would result in such person or group of persons effectively having control of the voting rights of 20% or more of our outstanding capital stock or will result in a change of control, will require the prior approval of our Board of Directors.

Any potential purchaser who proposes to acquire our Series A shares (whether directly or by acquiring ADSs or *CPOs*), resulting in beneficial ownership of 20% or more of our outstanding capital stock, will be required to make a tender offer for 100% of our outstanding capital stock (including any Series A shares evidenced by *CPOs* or ADSs) at a price at least equal to the highest of (i) the most recent publicly reported book value per share; (ii) the highest trading price of our Series A shares on the Mexican Stock Exchange within the 365 days prior to the request for approval of the Board of Directors of the relevant transaction; and (iii) the highest price per share or *CPO*, as the case may be, paid by the purchaser or, in the case of the ADSs the equivalent thereto, plus, in each case, a 30% premium or a different premium determined by our Board of Directors, considering the opinion of a reputable investment bank.

Any acquisition of our Series A shares, *CPOs*, or ADSs in contravention of the procedures described above will result in the purchaser not having any voting rights respect to the purchased securities. No transfer in breach of these provisions will be registered in our stock registry.

Volaris is a Mexican Company and is subject to foreign investment control regulations.

The Company adopted a neutral investment structure, under the applicable law, which allows foreign investors interested in receiving economic rights to participate in securities with underlying shares of Volaris without voting rights. This structure allows majority Mexican investors to determine the voting direction of the shares underlying the neutral investment. This information is public and available to investors in the prospectuses and annual reports of the markets in which we are listed.

Shareholders' Meeting

The Shareholders' Meeting is the highest governance body at Volaris. The Meetings are led by the Chairman of the Board of Directors. In the absence of the Chairman, the Meetings are led by the person designated by the majority of the vote of the shareholders in attendance at such Meeting.

Under Mexican law and our By-laws, Shareholders' Meetings may be called by:

- Our Board of Directors, the Chairman of our Board of Directors, or the Secretary of the Board of Directors.
- Shareholders representing at least 10% of our outstanding capital stock, who may request that the Chairman of the Board of Directors or Chairman of the Audit Committee or the Chairman of Corporate Governance Committee call a Shareholders' Meeting.
- Any shareholder, provided that no Annual Ordinary Meeting has been held for two consecutive years or the Annual Shareholders' Meeting did not address the matters required to be addressed in the Annual Shareholders' Meetings.
- A Mexican court of competent jurisdiction, in the event the Board of Directors does not comply with a valid request of the shareholders described in the two bullet points above.
- The Audit Committee or the Corporate Governance Committee.

Calls for Shareholders' Meetings are required to be published in the electronic system implemented by Mexico's Ministry of Economy at least 15 days before the scheduled date of the Shareholders' Meeting in the case of the first call.

Calls will have to contain the matters to be addressed at the meeting. From the date on which a call is published until the date of the corresponding meeting, all relevant information will be made available to the shareholders at our executive offices.

To attend a Shareholders' Meeting, shareholders must be either registered in the stock registry, present evidence of the deposit of their certificates with a financial institution or deposit them with our Secretary, or present certificates issued by the custodian of the holder of our Series A shares, together with an *Indeval* (Mexican Securities Custodian) certification. Investors holding our *CPOs* may not vote nor cause the underlying Series A shares to be voted by the *CPO* trustee.

General Shareholders' Meetings may be General Ordinary Shareholders' Meetings or General Extraordinary Shareholders' Meetings. General Ordinary Shareholders' Meetings are those called to discuss any issues not reserved for extraordinary meetings.

General Ordinary Shareholders' Meetings will have to be held at least once a year, during the first four months following the end of each fiscal year to:

1. Approve financial statements for the preceding fiscal year.
2. Discuss and approve the Audit Committee and Corporate Governance Committees' annual reports and determine how to allocate net profits from the preceding year (including, if applicable, the payment of dividends).
3. Elect/re-elect Directors.
4. Appoint the Chairman of the Audit Committee and the Chairman of the Corporate Governance Committee.
5. Approve any increase or decrease in the variable portion of our capital stock and the issuance of the corresponding shares.
6. Approve the Chief Executive Officer's annual report along with the report and opinion of the Board of Directors.
7. Determine the maximum amount of resources allocated to share repurchases.
8. Approve any transaction representing 20% or more of our consolidated assets during any fiscal year.

Except as described below, the attendance quorum for General Ordinary Shareholders' Meetings is 51% of the outstanding capital stock and resolutions may be taken by a majority of the capital stock represented therein.

If the attendance quorum is not met upon the first call, a subsequent meeting may be called, the attendance quorum of which will also be 51% of the outstanding capital stock and resolutions may be taken by a majority of the capital stock represented at such meeting.

General Extraordinary Shareholders' Meetings are those called to consider:

- An extension of our corporate term or voluntary dissolution.
- An increase or decrease in the fixed portion of our capital stock and the issuance of the outstanding stock.
- Issuance of shares for purposes of a public offering.
- Any change in our corporate purpose or nationality.
- Any merger or transformation into another type of company.
- Any issuance of preferred stock.
- The redemption of shares with retained earnings
- Any amendments to our By-laws including amendments to provisions addressing change of control.
- Any other matters provided for by law or our By-laws.
- The cancellation of the registration of shares at the Mexican National Securities Registry.

Except as described below, the attendance quorum for General Extraordinary Shareholders' Meetings is required to be at least 75% of our outstanding capital stock. If an attendance quorum is not met upon the first call, a subsequent meeting may be called, at which at least 51% of the capital stock must be represented. In either case, resolutions must be taken by the vote of shares representing at least 50% plus one of the shares representing our outstanding capital stock, except for resolutions in respect to the cancellation of the registration of shares at the Mexican National Securities Registry, which requires that at least 95% of the outstanding capital stock vote in favor of such resolution.

A special Shareholders' Meeting, comprising a single class of shares, may be called if an action is proposed to be taken that may only affect such class. The quorum for a Special Meeting of Shareholders and the vote required to pass a resolution at a special Series B shareholders' meeting are identical to those required for Extraordinary Meetings of Shareholders, except that the calculations are based upon the number of outstanding Series B shares.

Shareholders may request the approval of certain resolutions on Ordinary and Extraordinary Shareholders' Meetings while complying with attendance and voting requirements. Holders of our shares will not have cumulative voting rights.

Pursuant to the Mexican Securities Market Law and the Mexican Corporations Law, our By-laws include minority shareholder protections. These minority protections include provisions that permit:

- Holders of at least 10% of our outstanding capital stock:
  - To request a call for a Shareholders' Meeting.
  - To request that resolutions with respect to any matter on which they were not sufficiently informed be postponed.
  - To appoint one member of our Board of Directors and one alternate member of our Board of Directors.
- Holders of 20% of our outstanding capital stock may oppose any resolution adopted at a Shareholders' Meeting and file a petition for a court order to suspend the resolution temporarily, within 15 days following the adjournment of the meeting at which the action was taken, provided that (i) the challenged resolution violates Mexican law or our By-laws; (ii) the opposing shareholders neither attended the meeting nor voted in favor of the challenged resolution; and (iii) the opposing shareholders deliver a bond to the court to secure payment of any damages that we may suffer as a result of suspending the resolution, in the event that the court ultimately rules against the opposing shareholder.
- Holders of 5% of our outstanding capital stock may initiate a shareholder derivative suit against some or all of our Directors, for violations of their duty of care or duty of loyalty, for the benefit of Volaris, in an amount equal to the damages or losses caused to us. Actions initiated on these grounds have a five-year statute of limitations.

Board of Directors

According to our By-laws and the applicable law, the members of the Board of Directors and of any of the committees have the following fiduciary duties:

Act with duty of care:

- Act in good faith and in the best interest of the Company.
- Request reasonable information for decision making.
- Request attendance and contribution of management and/or external auditors for decision-making.
- Keep confidentiality regarding the information submitted.
- Postpone a meeting when a Director has not been summoned.
- Deliberate and vote in the presence of the rest of the Directors and the Secretary of the Board of Directors.

Conduct themselves with duty of loyalty:

- Disclose any conflict of interest and refrain from participating and being present in the deliberation and voting of said matters in the Board of Directors.
- Refrain from using the Company's confidential information for their benefit or that of a third party.
- Refrain from exploiting or taking advantage of business opportunities that correspond to the Company for their benefit or for third parties, including those that are in the ordinary course of business of the Company.

The management of the business and assets is vested in the Board of Directors and the Chief Executive Officer. The Board of Directors not only establishes the guidelines and supervises their compliance, but also sets the general strategy for the management of the Company.

By recommendation of the corresponding committee, the Shareholders' Meeting annually selects by a voting majority the members of the Board of Directors, their Chairman and the Chairman of their committees. The Board of Directors must be composed of a maximum of 21 members, of which at least 25% must be independent, under the Mexican Securities Market Law.

The Annual General Ordinary Shareholders' Meeting of the Company appoints or ratifies the designation of the Independent Directors; moreover, all our Independent Directors deliver annually a written statement to the Company asserting their independence in accordance with the Mexican Securities Market Law.

Moreover, members may remain in office for one year and may be re-elected or removed at any time. Directors may or may not be shareholders. In no event does a person who has held the position of the external auditor of the Company, or its subsidiaries, become a Director of the Company.

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The members of the Board of Directors must carry out their duties to create value for the Company's benefit, without favoring a particular shareholder or group of shareholders. They must comply with various obligations, including:

- The Company's overall strategy, including ESG matters.
- Overseeing our operations and those of our subsidiaries.
- Summon a Shareholders' Meeting and execute its resolutions.
- Submit annually to the Shareholders' Meeting (i) the report of the CEO and, (ii) the opinion of the Board of Directors about the report of the CEO.
- Approve, with the prior opinion of the Audit or the Corporate Governance Committees, on a case-by-case basis: (i) Related party transactions, subject to certain limited exceptions; (ii) the appointment, election and, where appropriate, dismissal of our CEO and their comprehensive compensation and removal, as well as the policies for the appointment and comprehensive compensation of other senior management members; (iii) our guidelines on internal control and internal audit, including those guidelines of our subsidiaries; (iv) our policies of accounting; (v) our financial statements and those of our subsidiaries; (vi) the operations considered as unusual or non-recurring as well as any operations that are executed, either simultaneously or successively, in the period of a fiscal year that involve: (a) the acquisition or disposal of goods with a value equal to or greater than 5% of our consolidated assets or (b) the granting of guarantees or the assumption of liabilities for a total amount equal to or greater than 5% of our consolidated assets and (vii) the election of external auditors.
- Approve the creation of special committees and ensure or guarantee the authority of such committees, provided that such committees will not have those powers expressly vested to our shareholders or the Board of Directors in accordance with our By-laws.
- Determine the voting power of the shares we hold in our subsidiaries and our disclosure policies.

The meetings of our Board of Directors, according to the By-laws, shall be validly convened and held if a majority of the members or their respective alternates are present. The meetings may be held in person or through the use of electronic, optical or any other technological means or in a mixed format, as if they were in person meetings, having both the same legal effect. The agreements adopted in said meetings will be valid if they are approved by a majority of the Directors without any conflict of interest regarding the matters discussed. In the event of a tie, the Chairman of the Board of Directors will not have a tie-breaking vote. Meetings of our Board of Directors may be summoned by (i) 25% of the members of our Board of Directors; (ii) the Chairman of our Board of Directors; (iii) the Chairmen of the Audit or the Corporate Governance Committees, and (iv) the Secretary of our Board of Directors.

Per our adherence to the Code of Principles and Best Practices of Corporate Governance, our Board members must attend at least 70% of the meetings to which they are called during the year.

Additionally, **in December 2022, the Board of Directors carried out a self-assessment questionnaire to assess its strengths and opportunities and intends to repeat this exercise every two years**. The Board self-assessment includes the following concepts: management of board meetings and discussions, attendance, channels of communications, chairman, among others.

In 2023, the Board of Directors met five times, with an attendance rate of 96%.

Definition of Director Independence

In Mexico, the Securities Market Law and the Code of Principles and Best Practices of Corporate Governance specify that the following persons cannot be considered independent:

- Active employees or directors of the Company, including statutory examiners.
- Former employees or directors, if a 12-month waiting period has not passed before their appointment.
- If not an employee or director, a person with significant influence or decision-making power over the Board of Directors.
- An external advisor, partner, or employee of consultants that advise the Company or its affiliates and their total income significantly depends on this contractual relationship.
- Clients, suppliers, creditors, or debtors of the Company, or an employee of an important client, supplier, creditor, or debtor.
- Employees of non-income organizations, universities and NGOs that receive important donations or sponsorship from the Company.
- A general manager, director, or high-level executive of a company whose Board of Directors is formed by directors of the Company.
- Persons with a family relationship with any of the above persons, whereby their independence can be undermined.

For publicly traded companies like Volaris, the Securities Market Law also provides that a shareholder forming part of a controlling group of shareholders is not considered an Independent Director.

Board Composition

As of the date of this Report, **Volaris' Board of Directors comprises 14 proprietary members; of these, 71% are independent** (10 proprietary), as defined by Mexican Securities Market Law and Exchange Act Rule 10A-3.

In addition, **14% of the members are women** (two proprietary Independent Directors). The **average tenure of our Directors is 8.9 years**. **Fourteen percent** of the members of the Board of Directors **are on three or more other public boards**.

Our Board involves the inclusion of diverse perspectives, skills and experiences, believing that this diversity enriches discussions and enhances strategic planning. We actively consider various dimensions of diversity, including experience, geography, gender and ethnicity among others when nominating director candidates. Our goal is to promote a balanced composition that reflects the dynamic nature of our global business environment.

The role of the Chairman of the Board of Directors and the CEO is divided. Mr. Brian H. Franke serves as Chairman, as a non-executive and as a Non-independent Director and in these roles, he brings significant experience in the air transportation industry and knowledge to our Company. Despite his Non-independent status, **the independence of our Board of Directors is maintained through a balanced composition of independent directors who assist in objective decision-making and robust governance.**

Mr. Enrique Beltranena, also a Non-independent Director, acts as Volaris' CEO, providing strong leadership and strategic direction.

Also, William A. Franke served as a Board member from 2010 to 2023. Since then, he has been appointed as an honorary Director, a role that does not involve a vote in the Board of Directors' decisions.

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Further details on the Board of Directors' composition as of the date of this Report are listed below:

Chart 1. **Board of Directors Composition**

$ Financial Experience · I Industry Experience · R Risk Experience · CEO Chief Executive Officer · COB Chairmain of the Board · E CEO at Volaris · C Cybersecurity Experience · ESG ESG Experience

	Gender	Age	Years of Tenure	Other Boards (Total)	Other Publicly Traded Company Boards	Independence[18]	Related Party Transactions[19]	% of Share Ownership	Country of Nationality
Brian Franke COB I $	M	60	14	4	2	No	Yes	0.26	United States of America
Andrew Broderick I $	M	40	1	5	2	No	Yes	0	United States of America
Harry Krensky I $ R	M	60	18	9	1	Yes	Yes	0.52	United States of America
Marco Baldocchi Kriéte CEO	M	50	4	1	0	No	Yes	0.16	El Salvador
Alfonso González Migoya $ R	M	79	10	6	3	Yes	No	0.01	Mexico
Stanley Pace I	M	70	7	1	0	Yes	No	0.01	United States of America
William Dean Donovan I	M	62	7	4	0	Yes	No	0.19	United States of America
Enrique J. Beltranena Mejicano $ I E	M	61	8	0	0	No	No	1.04	Mexico
José Luis Fernández Fernández $ R C	M	65	12	3	3	Yes	Yes	0	Mexico
Joaquín Alberto Palomo Déneke I $ R	M	73	18	3	1	Yes	No	0	El Salvador
John Slowik I $ R	M	73	12	4	0	Yes	No	0.01	United States of America
Ricardo Maldonado Yáñez ESG	M	56	6	4	2	Yes	Yes	0	Mexico
Guadalupe Phillips Margain CEO $ R	F	53	4	4	2	Yes	No	0	Mexico
Mónica Aspe Bernal CEO	F	46	4	1	1	Yes	No	0	Mexico

Graph 1. **Board of Directors' Age Diversity (Proprietary Members)**

Graph 2. **Board of Directors' Independence (Proprietary Members)**

Graph 3. **Board of Directors' Gender Diversity (Proprietary Members)**

18 In accordance with the requirements of the Mexican Securities Market Law.
19 Please refer to our current 20-F for more detail on the transactions.

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Board Members' Profiles

Brian H. Franke

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Chairman

Brian H. Franke has served as a member of our Board of Directors since 2010 and as Chairman of our Board of Directors since 2020. He is currently a principal specializing in aviation investments with Indigo Partners LLC, a private equity firm based in the United States. Mr. Franke is also a member of the board of directors of Frontier Airlines (USA), JetSMART Airlines (South America), APiJET and Cebu Pacific Airlines (Philippines). He previously served on the board of directors of Tiger Airways Holdings (Singapore) from 2008 to 2010 and Tiger Airways Australia from 2009 to 2010 and LynxAir in 2023. Prior to that, Mr. Franke was vice president of Franke & Company Inc., a boutique private equity firm focused on small and medium enterprises investments. He was also a director in marketing for Anderson Company, a U.S. real estate developer, from 1989 to 1992 and a marketing manager for United Brands Inc., a U.S. distribution and licensing company for consumer goods, from 1987 to 1989. Mr. Franke holds a B.S. in Business from the University of Arizona and a M.A. in International Management from Thunderbird School of Global Management. He also serves on the University of Arizona Foundation Board and participates on its Investment and Executive Committees.

Andrew Broderick

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Director

Andrew Broderick has served as a member of our Board of Directors since 2023, Mr. Broderick, is a Managing Director of Indigo Partners LLC, a private equity fund focused on air transportation, which he joined in July 2008. He has served on the board of directors of Frontier Airlines Holdings, Inc., an airline based in the United States, since January 2018; JetSMART Airlines SpA, an airline based in Chile, since September 2018; WizzAir Holdings Plc, an airline based in Europe, since April 2019; and APiJET, LLC,a software company focused on providing real-time cost saving analytics to airlines, since November 2020; and CleanJoule Inc. since May 2023, a sustainable aviation fuel development company. Additionally, Mr. Broderick serves on various committees of these companies, including finance, sustainability and culture, safety and security, and compensation committees. Prior to joining Indigo, Mr. Broderick was employed at a macroeconomic hedge fund and a stock-option valuation firm. Mr. Broderick holds a B.S. in Economics and a B.A. in Spanish from Arizona State University and a Master of Business Administration from the Stanford Graduate School of Business.

Harry F. Krensky

60

Independent Director, Corporate Governance Committee (Member)

Harry F. Krensky is a co-founder of the Company and has served as a member of our Board of Directors since our establishment in 2005 and member of our Corporate Governance Committee since 2023. He is also a member of the board of directors of Traxión, MasAir, Merited and Kidzania. Mr. Krensky is founder and managing partner of the private equity firm Discovery Americas, through which he evaluates risk and opportunities of investment decisions. Previously, he was a founder of emerging market hedge fund managers Discovery Capital Management and Atlas Capital Management, and a founder of Deutsche Bank's emerging market hedge fund. Mr. Krensky holds a B.A. in Government from Colby College, a MSc from the London School of Economics and Political Science and an M.B.A. from the Columbia University Graduate School of Business.

Marco Baldocchi Kriete

50

Director

Marco Baldocchi Kriete has served as a member of our Board of Directors since 2020, previously serving as an Interim Director since July 2019. Previously serving as our Alternate Director since 2010. Mr. Baldocchi currently serves as chief executive officer of *Centroamérica Comercial*, S.A. de C.V., a high-growth retail company operating more than 500 locations in Central America, Colombia and Peru. Mr. Baldocchi was an independent director of Avianca Holdings, S.A. (formerly Avianca Taca Holdings, S.A.) from 2010 to 2014. He was a founding member of Transactel Inc. and a member of the board of directors of *Banco Agricola* from 2003 to 2007. He also serves on the boards of other aviation-related companies, such as *Aeromantenimiento* in El Salvador. Mr. Baldocchi holds a Master's Degree in Business Administration from the Kellogg School of Management and a Bachelor's Degree in Economics from Vanderbilt University.

Alfonso González Migoya

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Independent Director

Alfonso González Migoya has served as a member of our Board of Directors since 2014. He previously served as Chairman of our Board of Directors from 2014 to 2020. He is also a member of the board of directors of FEMSA, Coca Cola FEMSA and Business School of the *Instituto Tecnológico y de Estudios Superiores de Monterrey* (ITESM), among others. Mr. González previously served as chief executive officer and chairman of the board of directors of *Grupo Industrial Saltillo*, and as executive vice president of *Grupo Financiero Bancomer* where his activities included the evaluation of financial and operational risks. He has also held various senior roles in *Grupo ALFA*. Mr. González holds a B.S. in Electromechanical Engineering from Instituto Tecnológico y de Estudios Superiores de Monterrey and an M.B.A. from Stanford University Graduate School of Business.

Stanley L. Pace

70

Independent Director

Stanley L. Pace has served as a member of our Board of Directors since 2017. He is a partner at Bain & Company where he has served as a member and chair of most of its key governance board of directors. Mr. Pace was the founder of the transformation and airline practices at Bain & Company and has led many of its largest and most successful relationships and transformations. Mr. Pace served as the chief executive officer of ATA from 1996 to 1997, at that time, ATA was the largest charter airline in the world. Mr. Pace holds a B.A. in Accounting and Finance from University of Utah-BYU, where he graduated as valedictorian, and an M.B.A. from Harvard Business School, where he graduated with high distinction.

William Dean Donovan

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Independent Director

William Dean Donovan has served on our Board of Directors since 2010 first as an Alternate Director and then as a Full Director starting in 2017. In 2009, Mr. Donovan joined the board of Prophet Brand Strategy, a marketing consultancy. At Prophet, he sits on the compensation committee and chaired the capital committee, which provided board oversight for the recapitalization of the company. He served on the board of the Metropolitan Bank from 2008 to 2015, where he chaired the compensation committee. He co-founded Volaris in 2005. Mr. Donovan worked with Bain & Company from 1989 to 2003. He was Managing Director of Bain Africa from 1999 to 2002, worked with aerospace clients, and led Bain's aviation practice and auto practice at various times. Mr. Donovan co-founded Casino Marketing Alliance, a provider of analytics services to the casino industry. Mr. Donovan has served as COO of Nimblefish Technologies, a specialized micromarketing agency and as CEO of SearchForce, a paid search workflow and optimization platform. Mr. Donovan currently leads Diamond Stream Partners, an investment firm that specializes in aviation and aerospace technology. In this role, he assists companies focused on mid-mile freight, electric and hybrid electric propulsion, aircraft maintenance, revenue management, fleet management, irregular operations, unmanned aircraft, aerial inspection, drones, and the energy transition. He sits on the board or advises the following aviation and aerospace companies GPMS, Verdego Aero, Ampaire, Wingtra, Stellar Labs, SwissDrones, and Volantio. He has previously served as Chairman and on the compensation committee of Stellar Labs. He is a frequent speaker on the future of aviation and aerospace. Mr. Donovan holds a B.A. in Rhetoric and Economics from the University of California Berkeley, where he graduated Phi Beta Kappa and Summa CumLaude, and an M.B.A. from the Wharton School of the University of Pennsylvania.

Enrique J. Beltranena Mejicano

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Director and Chief Executive Officer (CEO) of Volaris

Enrique J. Beltranena Mejicano is one of our co-founders and has served as our CEO since 2006 and as a member of our Board of Directors since 2016. He previously worked as Grupo TACA's chief operating officer, human resources and institutional relations vice president, cargo vice president and commercial director for Mexico and Central America. He also held the position of general director of Aviateca in Guatemala. Mr. Beltranena started his career in the aerospace industry in 1988. During the 1990s, he was responsible for the commercial merger of Aviateca, Sahsa, Nica, Lacsa and TACA Peru, which consolidated them into a single management entity called Grupo TACA. While at Grupo TACA, Mr. Beltranena also led the development of single operating codeshare and the negotiation of open skies bilateral agreements among each of the Central American countries and the United States, as well as the certification of the aeronautic authorities in Central America and Mexico and the compliance of the OACI regulation. In 2001, Mr. Beltranena led Grupo TACA's complete restructuring as its chief operating officer. In 2017, Mr. Beltranena participated in one of the biggest joint negotiations for the purchase of single aisle aircraft with Airbus. In 2009, Mr. Beltranena was awarded the Federico Bloch Award by the Latin American & Caribbean Air Transport Association. Mr. Beltranena was named to the Ernst & Young's Entrepreneur of The Year Hall of Fame in 2012 after winning the 2011 Mexico Entrepreneur of the Year Award. He also received the National Order of Merit (Knight's Badge) from the President of France in 2014. In 2017, he was president of the Board of Directors of IPADE-UP Business School. He is currently a member of the IATA Board of Governors, where he has been a keynote speaker at the Flight Safety Foundation in 2018. In 2022, he participated as a mentor of IATA Board of Governors, in order to incorporate the vision of the CEOs in safety within the aviation. In February 2022, he started as national counselor of the Coordinating Council of Women Entrepreneurs.

José Luis Fernández Fernández

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Independent Director, Audit Committee (Chairman)

José Luis Fernández Fernández has been one of our Independent Directors since 2012 and is also the Chairman of our Audit Committee. Mr. Fernández is also a member of the audit committees of several companies where he oversees cybersecurity issues, among other matters. These companies include *Grupo Televisa*, S.A.B. de C.V., and he is also an alternate member of the board of directors of *Arca Continental*, S.A.B. de C.V. Mr. Fernández is a non-managing limited partner of Chevez Ruiz Zamarripa where he provides advice on financial and tax matters. Mr. Fernández holds a Public Accounting Degree (*Licenciatura en Contaduría*) from *Universidad Iberoamericana* and a certification issued by the Mexican Institute of Public Accountants. Mr. Fernández participated in the "Director Development Program" offered by the Center of Excellence in Corporate Governance and the Mexican Stock Exchange, as well as in the "Introduction to the Stock Market" course offered by the same institution. In addition, he attended the "Corporate Governance and Performance Program" organized by the Yale University School of Business.

Joaquín Alberto Palomo Déneke

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Independent Director, Audit Committee (Member)

Joaquín Alberto Palomo Déneke has served as a member of our Board of Directors since 2005 and as a member of our Audit Committee. He is also a member of the board of directors of Aeroman and of *Banco Agrícola* in El Salvador. Mr. Palomo has over two decades of experience in the financial air transportation and commercial aerospace sectors, assessing financial and operational risks, where he created and implemented the first organization for *Grupo TACA*. He also actively participated in the planning, purchasing negotiations, closing, organization and final merger of AVIATECA, Tan/Sahsa, *TACA de Honduras*, Nica, *Lacsa*, *Isleña de Inversiones*, *La Costeña*, Aeroperlas and Trans American Airlines to form *Grupo TACA*. Mr. Palomo has negotiated the financing of more than $1 billion in aircraft leases, sales and leasebacks. Mr. Palomo holds a B.S. in Agricultural Economics from Texas A&M University.

John A. Slowik

73

Independent Director, Audit Committee (Member)

John A. Slowik has served as a member of our Board of Directors and as a member of our Audit Committee since 2012. Prior to joining our board, Mr. Slowik has had over three decades of experience in the air transportation and commercial aerospace sectors as a banker at Citi (and its predecessors) and Credit Suisse, where he managed its America's Airline Industry investment banking practice. Mr. Slowik's experience includes corporate and investment banking, where his activities involved financial risk assessment, public and private market capital raising, highly structured debt issuance, aircraft leasing, principal investment, mergers and acquisitions advisory work and restructuring troubled situations in and out of court. His cross-cultural experiences include managing teams of bankers and professionals while executing various transactions for clients in Central and South America, North America, Western Europe, the Middle East and the Asia and Pacific regions. Mr. Slowik served as a member of the board of directors and chairman of the audit committee of Quintillion Subsea Holdings, LLC, a privately held company operating a subsea fiber optic cable system, a role which included oversite for the company's cybersecurity platforms and policies, until February 2024, when Mr. Slowik left its board of directors (relinquishing his audit committee responsibilities) at that time. Mr. Slowik serves as a senior advisor to volofin Capital Management Ltd., a specialty finance company focused on delivering innovative financing solutions for the commercial aviation market. He is a licensed, but now inactive private pilot. Mr. Slowik has a B.S. in Mechanical Engineering from Marquette University and an M.B.A. from the Kellogg School of Management at Northwestern University.

Ricardo Maldonado Yáñez

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Independent Director, Corporate Governance Committee (Chairman)

Ricardo Maldonado Yáñez has been member of our Board of Directors since 2018 and is also the Chairman of our Corporate Governance Committee since 2023. He is a partner at the law firm of Mijares, Angoitia, *Cortés y Fuentes, S.C.*, since 1999. Mr. Maldonado served as Secretary of the Board of *Mexicana de Aviación* from 2006 to 2010; represented the Mexican Ministry of Communications and Transportation and *Grupo Aeroportuario del Centro Norte*, in its initial public offering and listing on the stock exchange in 2006, and the Mexican Ministry of Communications and Transportation in the sale of its remaining 11% equity interest in *Grupo Aeroportuario del Sureste* through a follow-on offering in 2005. Mr. Maldonado focuses his practice on M&A, securities and corporate governance matters, and is a member of the Board of ICA Tenedora, one of Mexico's largest construction and engineering companies. Mr. Maldonado is a member of the National Association of Corporate Directors and of the International Corporate Governance Network (ICGN). Mr. Maldonado recently attended the Chief Sustainability Officer Acceleration Program in collaboration with the BIVA Institute and the Social Value Institute. He has a Master's Degree (LL.M.) from the University of Chicago Law School, a Corporate Law Diploma from the *Instituto Tecnológico Autónomo de México* (ITAM) and a Lawyer's Degree from the *Universidad Nacional Autónoma de México* (UNAM).

Guadalupe Phillips Margain

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Independent Director

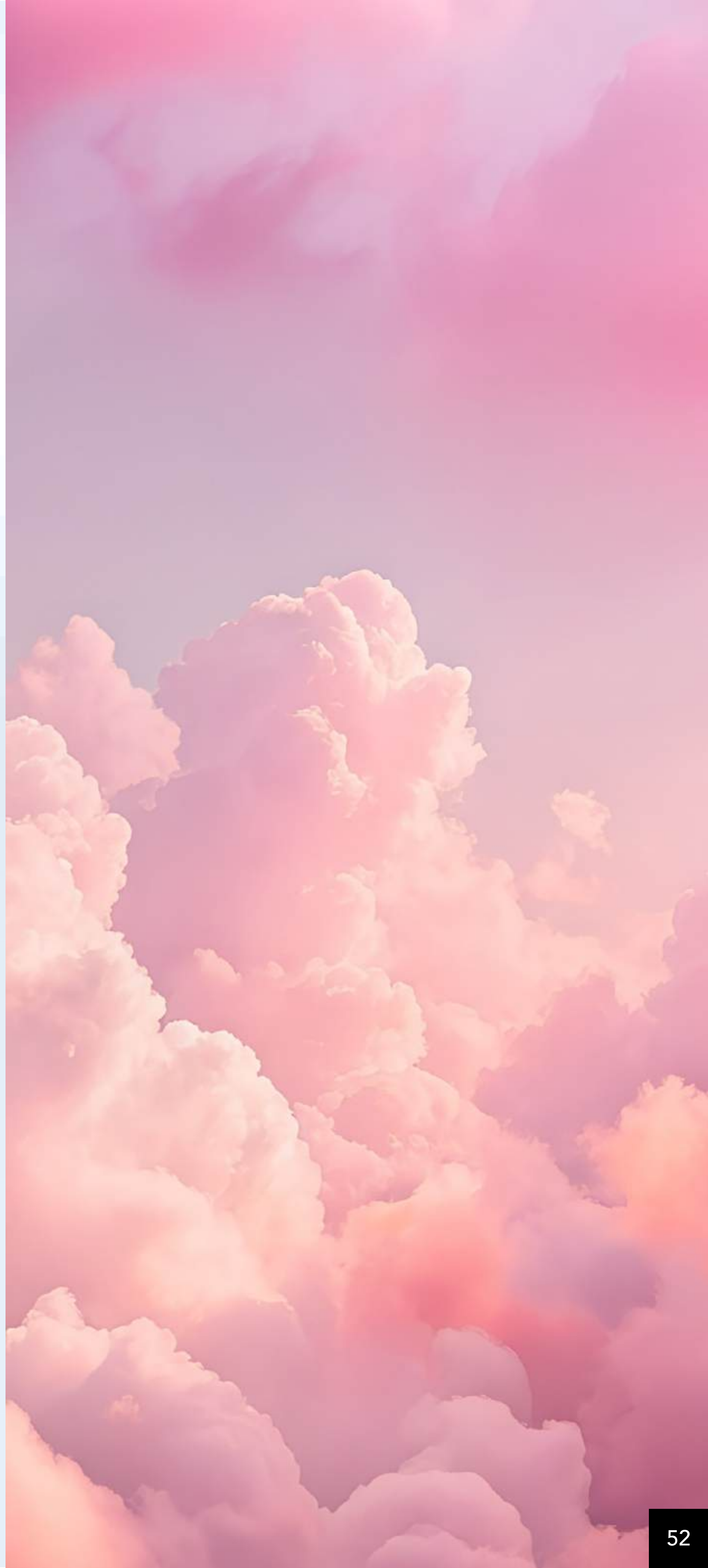
Guadalupe Phillips Margain has served as a member of our Board of Directors since 2020. She is the chief executive officer of ICA Tenedora, S.A. de C.V., and also a member of the board of directors. She previously worked in *Grupo Televisa* where she was vice president of Finance and Risk and served in other positions. Ms. Phillips serves as member of the board of directors of several companies including *Grupo Televisa*, Innova, *Grupo Axo*, Open Bank and *Club de Industriales*. Ms. Phillips holds a Law Degree (*Licenciatura en Derecho*) from the *Instituto Tecnológico Autónomo de México*, a M.A.L.D. (Master of Arts in Lawand Diplomacy) and a Ph.D. from The Fletcher School of Lawand Diplomacy, Tufts University.

Mónica Aspe Bernal

46

Independent Director, Corporate Governance Committee (Member)

Mónica Aspe Bernal has served as a member of our Board of Directors since April 2020 and is a member of our Corporate Governance Committee. She is the chief executive officer of AT&T Mexico and serves in the boards of Nemak and Sky Mexico. She previously was Mexico's Ambassador to the OECD. She served as Vice-Minister in the former of Communications of the Ministry of Communications and Transportation. Ms. Aspe holds a B.A. in Political Science from Instituto *Tecnológico Autónomo de México* and a M.A. in Political Science from Columbia University.



Our Committees and Working Groups

Our Board of Directors is supported by committees that analyze specific matters concerning the Company and issue recommendations to the Board of Directors.

Our Committees

Audit Committee

Mexican Securities Market Law requires us to have an Audit Committee, which must be composed of at least three Independent Directors. We believe that all the members of the Audit Committee are independent as defined by Mexican Securities Market Law and Exchange Act Rule 10A-3.

The Audit Committee's principal duties are to:

- Call Shareholders' Meetings and request the inclusion of matters on the agenda.
- Supervise and evaluate our external auditors and analyze their reports (including their opinion of our annual report).
- Analyze and supervise the preparation of our financial statements and make recommendations to the Board of Directors on their approval.
- Inform the Board of Directors of the status of our internal controls, our internal audit and their adequacy.
- Supervise the execution of related party transactions and transactions representing 20% or more of our consolidated assets being undertaken pursuant to applicable law.
- Render its opinion to the Board of Directors regarding transactions with related parties.
- Request reports from our executive officers or independent experts whenever it deems appropriate.
- Investigate and inform the Board of Directors of any irregularities that it may encounter.
- Receive and analyze recommendations and observations made by the shareholders, members of the Board of Directors, executive officers, or any third-party and take the necessary actions.
- Supervise the CEO's compliance with instructions provided by our Board of Directors or shareholders.
- Provide an annual report to the Board of Directors in respect of accounting policies and their sufficiency, adequacy and consistency.
- Request opinions from independent third-party experts.
- Assist our Board of Directors in the preparation of reports for the Annual Shareholders' Meeting.
- Hire or recommend auditors to shareholders and approve them.

As of the date of this Report, the Audit Committee is composed of three Independent Directors. The members of this committee are:

Name	Title
José Luis Fernández Fernández	Chairman and Independent Director
Joaquín Alberto Palomo Déneke	Independent Director
John A. Slowik	Independent Director

Corporate Governance Committee

The Mexican Securities Market Law requires us to have a Corporate Governance Committee, comprising at least three Independent Directors. We believe that all the members of the Corporate Governance Committee are independent as defined by Mexican Securities Market Law and Exchange Act Rule 10A-3.

The Corporate Governance Committee's principal duties are to:

- Call Shareholders' Meetings and request the inclusion of matters on the agenda.
- Supervise and report on the performance of our CEO and render opinions to our Board of Directors regarding his nomination, election, removal, compensation and related policies.
- Supervise and report on the performance of our officers to our Board of Directors and render opinions to our Board of Directors regarding their nomination, election, removal, compensation and related policies.
- Submit proposals to the Board of Directors relating to the nomination or removal of officers within the first two corporate levels.
- Propose the remuneration schemes of the first four corporate levels of the Company or those determined by it, for approval of the Board of Directors.
- Assist our Board of Directors in the preparation of reports for the Annual Shareholders' Meeting.
- Consult with third-party experts in connection with any issues related to compensation, organizational development and other related matters.
- Propose to the Board of Directors the adoption, modification, or termination of any incentive plan for employees of the Company.
- Propose to our Board of Directors the entering, amendment, or termination of any collective bargaining agreements.
- Inform our Board of Directors of relevant labor contingencies.
- Provide an annual report to the Board of Directors in respect of corporate governance and nomination and compensations matters.

As of the date of this Report, the Corporate Governance Committee is composed of three Independent Directors. The current members of this Committee are:

Name	Title
Ricardo Maldonado Yáñez	Chairman and Independent Director
Mónica Aspe Bernal	Independent Director
Harry F. Krensky	Independent Director

GRI
2-9, 2-10

Our Working Groups

Volaris has six working groups that report to the Audit and/or the Corporate Governance Committees, or directly to the Board of Directors.

Ethics Working Group

The Ethics Working Group meets quarterly. Its main duties are as follows:

- Promote an ethics and compliance culture within the organization.
- Periodically review and update the standards of good business practices and those described in the Volaris Code of Ethics.
- Provide guidelines to the organization to ensure that operating procedures comply with the Volaris Code of Ethics.
- Supervise compliance with the Volaris Code of Ethics, resolving any conflicts through effective and timely decision-making.
- Ensure that all reports of deviations and noncompliance with the Volaris Code of Ethics are addressed in a timely manner and received through the Volaris Ethics Line platform.
- Review and analyze the alleged controversies, conflicts of interest and other Volaris Code of Ethics breaches.
- If required, propose sanctions and validate the corrective action plans related to Volaris Code of Ethics breaches.

The Ethics Working Group comprises the CEO, CLO, CFO, Senior Corporate Audit Services and Risk Assessment Director, Human Resources Director and Talent and Organizational Development Director.

The Ethics Working Group reports to the Audit and Corporate Governance Committees, which, in turn, report to the Board of Directors on the most relevant aspects of the Company's ethics for their awareness and approval.

GRI
2-16

IT and Cybersecurity Working Group

The IT and Cybersecurity Working Group meets at least quarterly. Its primary duties are as follows:

- Observe and discuss trends in cybersecurity and data protection issues worldwide.
- Analyze the different threats, both historical and current and the measures that have been taken to address them.
- Observe and discuss the cybersecurity and data protection strategy that has been implemented as well as the next steps of the strategy.
- With the counsel of the internal audit department, report to the Audit Committee the measures that have been taken in terms of cybersecurity, data protection and the Company's cyber incident resilience capabilities, as well as inform them of the evolutionary strategy of protection in this matter.

The IT and Cybersecurity Working Group is made up of our Directors William Dean Donovan, Andrew Broderick and Joaquín A. Palomo Déneke and an external advisor, Jonathan Murray, with support of the CEO, Executive Vice-President Airline Commercial and Operations, CFO, CLO, CCASO, Financial Planning and Controllership Senior Director, Technology and Corporate Transformation Senior Director, Marketing and Digital Director, IT Senior Manager, Transformation Senior Manager, IT Security Manager and Corporate Legal and Securities Compliance Senior Manager.

The IT and Cybersecurity Working Group reports to the Audit Committee, which in turn reports to the Board of Directors on the most relevant aspects of the Company's IT and cybersecurity for its knowledge and approval.

Sustainability Working Group

The Sustainability Working Group meets, at least every quarter. Its primary duties are as follows:

- Procure the implementation and performance of the corporate sustainability strategy, approved by the Board of Directors.
- Keep the management team informed on the recommendation of relevant decisions about ESG issues, including climate-related risks and opportunities, considering the opinion of our stakeholders.
- Integrate corporate sustainability into Volaris' business strategy, seeking to make it transversal to all business and support areas.
- Recommend decision-making, with the information provided by the ESG Round Table, that helps improve the corporate sustainability performance.

The Sustainability Working Group is comprised of the CEO, Executive Vice-President of Airline Commercial and Operations, CFO, COO, CLO, CCASO, the Senior Corporate Audit Services and Risk Assessment Director and other guest directors.

As of February 2024, this working group reports to the Corporate Governance Committee and the Audit Committee on a dotted line basis, the latter focused on any ESG risks that could have a material financial impact to the Company.

These committees in turn report to the Board of Directors on the most relevant aspects of the Company's ESG matters for its knowledge and approval.

GRI
2-12, 2-18

Compensation and Nominations Working Group

The Compensation and Nominations Working Group meets at least every quarter. Its primary duties are to:

- Supervise and report on the performance of our CEO and render opinions to our Corporate Governance Committee regarding his nomination, election, removal, compensation and related policies.
- Supervise and report on the performance of our officers to the Corporate Governance Committee and render opinions regarding their nomination, election, removal, compensation and related policies.
- Submit proposals to the Corporate Governance Committee relating to the nomination or removal of officers within the first two corporate levels.
- Propose the remuneration schemes of the first four corporate levels of the Company or those determined by it, for approval of the Corporate Governance Committee.
- Consult with third-party experts on any issues related to compensation, organizational development and other related matters.
- Propose to the Corporate Governance Committee the adoption, modification or termination of any incentive plan for employees of the Company.
- Propose to the Corporate Governance Committee the entering into, amendment or termination of any collective bargaining agreements.

The Compensations and Nominations Working Group comprises our Directors Marco Baldocchi Kriete, Brian A. Franke and Harry F. Krensky. The Compensations and Nominations Working Group reports to the Corporate Governance Committee.

Corporate Affairs Working Group

The Corporate Affairs Working Group meets on an as-needed basis and its duties are to analyze and advise the Board of Directors on corporate affairs matters. It is composed of our Directors Enrique J. Beltranena Mejicano, Mónica Aspe Bernal, Guadalupe Phillips Margain and Ricardo Maldonado Yáñez. The Corporate Affairs Working Group reports to the Board of Directors directly.

Operations Working Group

The Operations Working Group meets at least every quarter and its primary duties are to analyze, update and provide recommendations to the Board of Directors on commercial, fleet, operations and financing matters. It is composed of our Directors Brian H. Franke, Harry F. Krensky, William Dean Donovan, Stanley L. Pace, Marco Baldocchi Kriete and Enrique J. Beltranena Mejicano. The Operations Working Group reports to the Board of Directors directly.

Senior Management

Our Senior Management is composed as follows:

Name.	Age.	Title
Enrique J. Beltranena Mejicano	61	Chief Executive Officer (CEO)
Holger Blankenstein	50	Executive Vice-President Airline Commercial and Operations
Jaime E. Pous Fernández	55	Chief Financial Officer (CFO)
José Luis Suárez Durán	56	Chief Operating Officer (COO)
José Alejandro de Iturbide Gutiérrez	58	Chief Legal Officer (CLO)
Jimmy Zadigue	51	Senior Corporate Audit Services and Risk Assessment Director
Dionisio A. Pérez-Jácome F.	57	Chief Corporate Affairs and Sustainability Officer (CCASO)

Enrique J. Beltranena Mejicano

61

Director and Chief Executive Officer (CEO) of Volaris

Enrique Beltranena is one of our co-founders and has served as our CEO since 2006 and as a member of our Board of Directors since 2016. He previously worked as Grupo TACA's chief operating officer, human resources and institutional relations vice president, cargo vice president and commercial director for Mexico and Central America. He also held the position of general director of Aviateca in Guatemala. Mr. Beltranena started his career in the aerospace industry in 1988. During the 1990s, he was responsible for the commercial merger of Aviateca, Sahsa, Nica, Lacsa and TACA Peru, which consolidated them into a single management entity called Grupo TACA. While at Grupo TACA, Mr. Beltranena also led the development of single operating codeshare and the negotiation of open skies bilateral agreements among each of the Central American countries and the United States, as well as the certification of the aeronautic authorities in Central America and Mexico and the compliance of the OACI regulation. In 2001, Mr. Beltranena led Grupo TACA's complete restructuring as its chief operating officer. In 2017, Mr. Beltranena participated in one of the biggest joint negotiations for the purchase of single aisle aircraft with Airbus. In 2009, Mr. Beltranena was awarded the Federico Bloch Award by the Latin American & Caribbean Air Transport Association. Mr. Beltranena was named to the Ernst & Young's Entrepreneur of The Year Hall of Fame in 2012 after winning the 2011 Mexico Entrepreneur of the Year Award. He also received the National Order of Merit (Knight's Badge) from the President of France in 2014. In 2017, he was president of the Board of Directors of IPADE-UP Business School. He is currently a member of the IATA Board of Governors, where he has been a keynote speaker at the Flight Safety Foundation in 2018. In 2022, he participated as a mentor of IATA Board of Governors, in order to incorporate the vision of the CEOs in safety within the aviation. In February 2022, he started as national counselor of the Coordinating Council of Women Entrepreneurs.

Holger Blankenstein

50

Executive Vice-President Airline Commercial and Operations

Holger Blankenstein has served as our Executive Vice-President Airline Commercial and Operations since 2018, in charge of our commercial, digital, operations, customer service and maintenance areas. Prior to his current role, Mr. Blankenstein served as Chief Commercial Officer from 2009 to 2017, leading the areas of sales, marketing, planning, itineraries, revenue management and cargo and leading the IT department. Mr. Blankenstein has been with us since our founding in 2005 and was part of the team that took us public in 2013. Before 2005, he was director of strategic development at TACA International Airlines in El Salvador, from 2003 to 2005, where he led many key projects such as the integrated airline systems migration, TACA's maintenance business growth strategy and the business plan for Volaris. He began his career as a consultant for Bain & Company in 1998 in the Munich office. Mr. Blankenstein transferred to the Sydney office in 2000. He was involved with assignments in financial services, automotive and retail industries. Mr. Blankenstein holds a B.S. in Business and Economics from Goethe University and an M.B.A. from the University of Iowa.

Jaime E. Pous Fernández

55

Chief Financial Officer (CFO)

Jaime E. Pous has served as our CFO since 2021. He previously served as our interim CFO from June 2020, he joined in 2013 as our General Counsel and served as our Chief Legal Officer and Corporate Affairs from 2016 to 2020. Additionally, he served as Secretary of our Board of Directors from 2018 to 2022 and as Secretary of our Audit and Corporate Governance Committee from 2013 to 2022. Prior to joining us, he worked at *Grupo Televisa*, where he was Legal Director from 1999 to 2012. Mr. Pous holds a Law Degree (*Licenciatura en Derecho*) from the *Instituto Tecnológico Autónomo de México* and an LL.M. from The University of Texas at Austin, School of Law.

José Luis Suárez Durán

56

Chief Operating Officer (COO)

José Luis Suárez has served as our COO since 2015. He joined Volaris in 2006 as Sales Director. On 2012, he served as Retail and Customer Director, where he supervised the airport operations, ramp management, flight attendants and customer solutions. Prior to joining us, Mr. Suárez worked at Sabre Holdings from1996 to 2006. Mr. Suárez holds a Degree (*Licenciatura)* in Industrial Engineering from the *Universidad Iberoamericana*, a Degree in Executive Management from IPADE Business School, a M.S. in Industrial Engineering and an M.B.A. from the University of Missouri, Columbia.

José Alejandro de Iturbide Gutiérrez

58

Chief Legal Officer (CLO) and Secretary of our Board of Directors

José Alejandro de Iturbide has served as our CLO since 2021 and as Secretary of our Board of Directors since April 2022. Mr. de Iturbide served as General Counsel, Managing Director and Secretary of the board of directors of *Grupo Financiero Citibanamex*, having also served as General Counsel in Mexico at General Electric and Barclays Capital, among others. Mr. de Iturbide received and holds a Law Degree (*Licenciatura en Derecho*) from the *Universidad Nacional Autónoma de México* and an LL.M. from the University of Notre Dame, School of Law (Program in London, England).

Jimmy Zadigue

51

Senior Corporate Audit Services and Risk Assessment Director

Jimmy Zadigue has served as our Senior Corporate Audit Services and Risk Assessment Director (formerly Internal Audit Director) since 2020. He previously served as our Internal Audit Director from 2011 to 2019. Mr. Zadigue worked as the internal audit director of *Sempra Infrastructure Mexico* (IEnova), the director of operations, finance and administration at Swarovski in Mexico and as the director of finance and business control at Bombardier North America. Mr. Zadigue is also a Chartered Public Accountant in Canada and a Certified Internal Auditor. Mr. Zadigue holds a B.B.A. from HEC-Montreal and a M.S. in Accounting Sciences from the Université du Québec.

Dionisio A. Pérez-Jácome F.

57

Chief Corporate Affairs and Sustainability Officer (CCASO)

Dionisio A. Pérez-Jácome F. has served as our CCASO since 2022. Prior to joining us, he was president of Industrial Proximity Services, a firm dedicated to the provision of last-mile services to industrial clients in Mexico. He was also managing director of *Altor Capital I*, S.C., a firm dedicated to financing infrastructure projects, through public-private partnerships (PPPs). He has served as secretary of communications and transportation of Mexico, as deputy secretary of expenditures in the Ministry of Finance and as chief of advisors to the President of Mexico. Mr. Pérez-Jácome has extensive experience in the energy sector, having served as chairman of the Energy Regulatory Commission, as head of the investment promotion unit of the Ministry of Energy and as executive director of the State Steering Committee for the Capitalization of Non-Basic Petrochemical Companies. More recently, he served as Ambassador of Mexico to Canada and as Ambassador of Mexico to the OECD. He has been a management and public policy consultant and has taught courses in macroeconomics and public policy. He has Master's Degrees in Public Policy from Harvard University and in International Management from *Instituto Tecnológico Autónomo de México* (ITAM) and a Bachelor's Degree (*Licenciatura*) in Economics from ITAM.

Senior Management's primary duties are to:

- Comply with the agreements of the Shareholders' Meetings and of our Board of Directors.
- Submit business strategies for approval by the Board of Directors.
- Submit for approval of the Audit Committee the guidelines of the internal control system.
- Disseminate relevant information to the public.
- Comply with applicable laws concerning the repurchase and subsequent acquisitions of shares.
- Take action with respect to liabilities caused by us.
- Comply with the applicable legislation regarding the payment of dividends.
- Adequately maintain the internal accounting and registration control systems and mechanisms.
- Establish internal mechanisms and controls that allow verifying that the acts and operations of the Company and legal entities that it controls have adhered to the applicable regulations, as well as follow up on the results of these mechanisms and internal controls and take the necessary measures where appropriate.

Chief Executive Officer (CEO)

Our CEO has several responsibilities, among the most important are:

- The duties of management, conduct and execution of the business of the Company and the legal entities that it controls.
- Powers to represent the Company in acts of administration, lawsuits and collections.

In addition, the CEO has an obligation to:

- Submit to the Board of Directors for approval of the Company's business strategies and the legal entities it controls, based on the information provided by the latter.
- Comply with the resolutions of the Shareholders' Meetings and the Board of Directors, by the instructions, if any, given by the Shareholders' Meeting itself or by the Board of Directors mentioned above.
- Propose to the Audit Committee the guidelines for the internal control and internal audit system of the Company and legal entities that it controls, as well as execute the guidelines approved by the Board of Directors for this purpose.
- Execute the relevant information of the Company, together with the Senior Management in charge of its preparation in the area of their competence.
- Disclose relevant information and events that must be disclosed to the public, by the provisions of the Mexican Securities Market Law.
- Comply with the provisions relating to the conclusion of transactions for the acquisition and placement of the Company's shares.
- Exercise, by itself or through a delegated authority, within the scope of its competence or on the instructions of the Board of Directors, the appropriate corrective actions and responsibilities.
- Verify that the capital contributions made by the shareholders are made, if applicable.
- Comply with the legal and statutory requirements established concerning dividends paid to shareholders.
- Ensure that the Company's accounting, registration, filing, or information systems are maintained.
- Prepare and submit to the Board of Directors the applicable legal reports.
- Establish mechanisms and internal controls to verify that the acts and operations of the Company and legal entities controlled by it have been carried out by applicable regulations, as well as to monitor the results of these mechanisms and internal controls and take such measures as may be necessary.
- Exercise the liability actions established in the Mexican Securities Market Law, against related persons or third parties who presumably have caused damage to the Company or the legal entities it controls or in which it has a significant influence, except when the Company's Board of Directors determines that the damage caused is not relevant, following the prior opinion of the Audit Committee.
- Any others established by the Mexican Securities Market Law or provided by our By-laws, by the duties assigned to it by the Mexican Securities Market Law.

The CEO and the Senior Management are subject to the liability provided for in the Mexican Securities Market Law and other applicable laws and regulations, in their respective responsibilities.

For this reason, they shall be liable for the damages and losses arising from the functions that correspond to them. Furthermore, the CEO and the Senior Management will be responsible for the damages caused to the Company or legal entities controlled by it due to (i) the lack of timely and diligent attention, for reasons attributable to them, to the requests for information and documentation required by the Directors of the Company within the scope of their powers; (ii) knowingly submitting or disclosing false or misleading information; or (iii) engaging in any illegal conduct.

03
Our Corporate Governance

Compensation

We have a **General Compensation Policy** and derived policies that establish the guidelines with which Volaris defines and develops the compensation strategy at different levels of the Company. **This provides an equitable remuneration appropriate to the duties, responsibilities, complexity and contribution of each position to the Company's and a competitive remuneration through participation in various salary surveys**.

Board of Directors Compensation

On April 19, 2024, the Annual Ordinary General Shareholders' Meeting approved the following compensation for the members of our Board of Directors:

Chart 2. **Compensation for the Board of Directors**

REGULATORY BODY	Member	Fee Type	Compensation
Board of Directors	Chairman	Annual fee	**Of U.S. $150,000**[20]
		In-person or remote attendance to a session	**Of U.S. $2,500**
	Non-Independent Proprietary Member	Annual fee	**Of U.S. $60,000**[20]
		In-person attendance	**Of U.S. $2,500**
		Remote attendance to a session	**Of U.S. $500**
	Independent Proprietary Member	Annual fee	**Of U.S. $60,000**[20]
		In-person attendance	**Of U.S. $2,500**
		Remote attendance to a session	**Of U.S. $500**
	Secretary	Annual fee	**Of U.S. $25,000**
		In-person attendance	**Of U.S. $2,500**
		Remote attendance to a session	**Of U.S. $500**
Audit Committee	Chairman	Annual fee	**Of U.S. $30,000**[20]
		In-person attendance	**Of U.S. $4,000**
		Remote attendance to a session	**Of U.S. $500**
	Proprietary Member	In-person attendance	**Of U.S. $4,000**
		Remote attendance to a session	**Of U.S. $500**
	Secretary	In-person attendance	**Of U.S. $1,000**
		Remote attendance to a session	**Of U.S. $500**
Corporate Governance Committee	Chairman	Annual fee	**Of U.S. $15,000**[20]
		In-person attendance	**Of U.S. $2,500**
		Remote attendance to a session	**Of U.S. $500**
	Proprietary Member	In-person attendance	**Of U.S. $2,500**
		Remote attendance to a session	**Of U.S. $500**
	Secretary	In-person attendance	**Of U.S. $1,000**
		Remote attendance to a session	**Of U.S. $500**

20 The payment of such annual remuneration may be in cash or in kind (Company shares) at the Director's choice.

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In the case of independent proprietary members of the Board of Directors, in addition to the remuneration described above, the Company grants them a stock plan, to align their interests with the Company's interests. Until April 2023, the plan comprised an annual stock purchase agreement under which the Director has a period of five years to exercise his/her option to pay a fixed purchase price, with the title to the shares transferring to the Board Member upon payment of such purchase price by the Director. As of May 2023, the plan comprises an annual equity-settled grant with a vesting period of one year. As of the grant date, the fair value of the transaction is fixed and is not adjusted by subsequent changes in the fair value of capital instruments.

For more information about our Directors' remuneration, please see the "Compensation" section of our 20-F.

Senior Management Compensation

The compensation package for Senior Management (including our CEO) is approved by our Board of Directors by recommendation of the Corporate Governance Committee, previously reviewed by a qualified external advisor, considering the following elements:

- The Mexican market, using a sample of the most representative companies in the country with similar characteristics to Volaris in terms of revenues, number of employees and listed on the stock exchange, among others.
- The American and European airline markets.

We seek to position the compensation of our Senior Management between the 75th percentile of the Mexican market and the 50th percentile of the American and European airline markets. Likewise, these markets determine variable compensation plans and long-term retention plans.

To encourage our Senior Management to achieve high-level results, between 70% and 75% of their total compensation is in short- and long-term variable compensation plans.

These plans are tied to key financial, operational and commercial metrics, ensuring alignment with the Company's strategy objectives. **Moreover, the quarterly variable compensation for Senior Management (which directly impacts CEO's variable compensation) is linked directly or indirectly to environmental, social, governance, operational/maintenance, commercial and/or financial KPIs, reinforcing our commitment to sustainable business practices.**

Some of the ESG KPIs included in Senior Management quarterly compensation are reduction of gCO_2/RPK, increase of women in underrepresented areas and compliance with national and international regulations (data privacy, labor, passenger rights, reporting, etc.), among others.

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Chart 3. **Average Senior Management Compensation Structure**[21]

Fixed compensation | Linked to financial or non-financial targets

0% | 28% | 62% | 100%

28% Basic remuneration	**34%** Performance-linked bonus	**38%** Performance-linked stock compensation
	Performance-linked bonus	Performance-linked stock compensation
Fluctuation range (assuming 100 at the time of achievement of the performance target)	50% - 150%	100% (Annual grant based on performance approved by Board)
Performance indicators and percentages	**Quarterly compensation:** - Mix of environmental, social, governance, operational and financial metrics. **Annual bonus:** - 70% Financial metrics (CASM, EBT margin, Net Debt to EBITDAR) - 30% Operational metrics	RSUs[22] (100%)
Performance evaluation period	Quarterly / Annual	Annual

21 Including the CEO.
22 Restricted Stock Units.
23 Other companies or industries refer to this policy as the "Clawback Policy."

The **long-term variable compensation plan for our Senior Management consists of a restricted stock unit annual grant with a three-year vesting period (33% each year)**, promoting long-term retention and alignment of interests between management and shareholders, with the performance period extending up to 12 months.

Thanks to these factors, the average tenure of Senior Management exceeds 12 years.

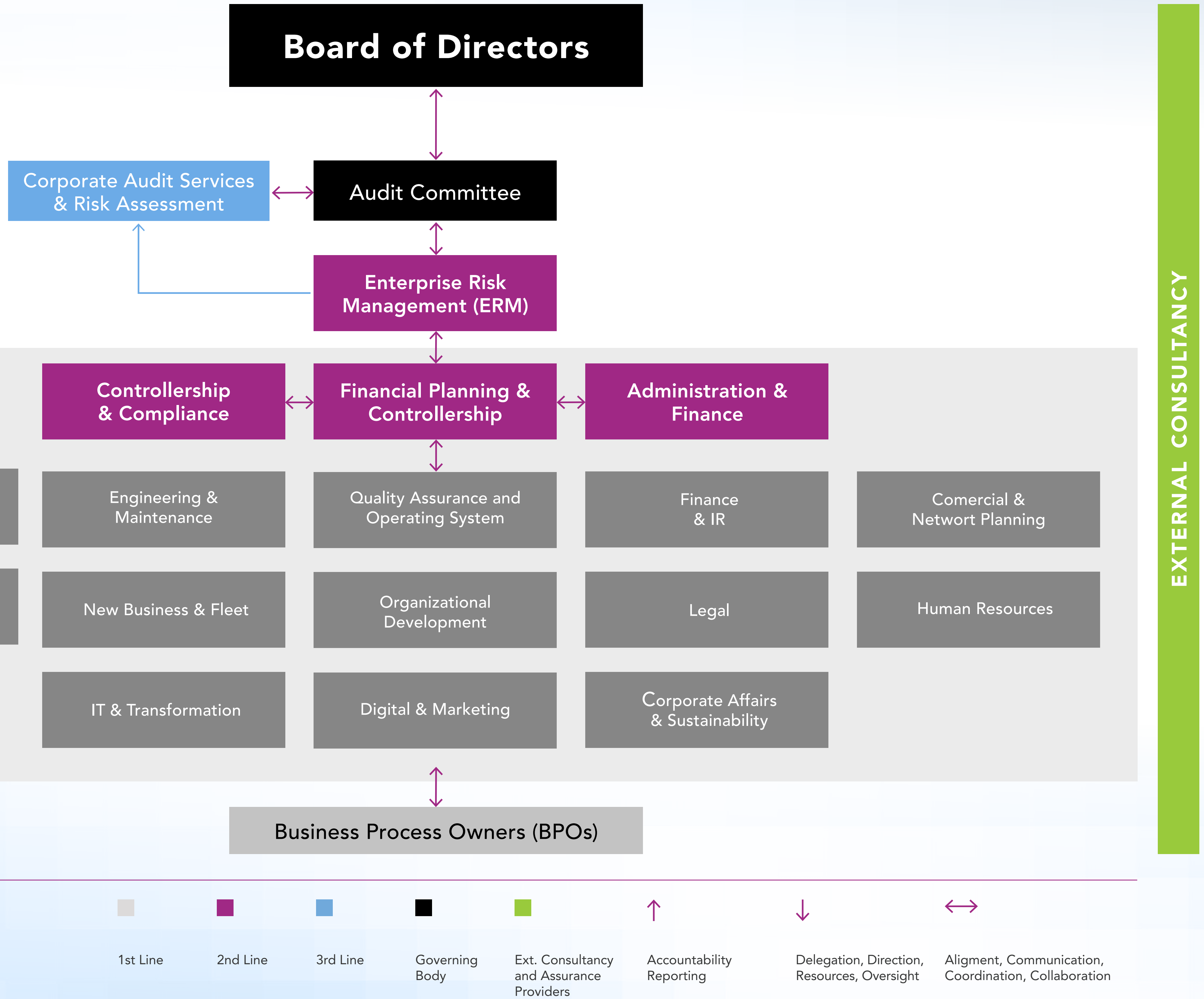
Additionally, our commitment to integrity and accountability is demonstrated through the implementation of a **Recovery of Erroneously Awarded Compensation Policy**[23], which allows for the recovery of performance-based compensation within a specified timeframe if awarded erroneously.

Furthermore, **under the applicable Mexican law, Volaris is not required to adopt the Say on Pay Policy.**

Addressing Risks and Opportunities

Risk Governance

Volaris' Board of Directors exercises ultimate oversight of our risk management practices, including our progress towards relevant goals and targets, through the Audit Committee. Quarterly, comprehensive business risk reports are presented to the Audit Committee, while our most pertinent risks are annually detailed in our 20-F Report. Risks are not only assessed, but remediation/back-up plans are implemented, presented and evaluated.



Our CEO provides the primary management-level oversight of the risk management practices.

In our risk management approach, we employ three lines of defense.

The Business Process Owners (BPOs) serve as the first line of defense, leading resource allocation to drive Volaris' objectives. They establish and uphold organizational structures for risk management and assume responsibility for reporting both planned and actual outcomes of our risk mitigation efforts.

As the second line of defense, the Controllership and Compliance area, monitors the evolution of known risks and implements, presents and evaluates remediation/back-up plans. This is achieved through tracking adherence to current action plans and key risk indicators. Leveraging their expertise, the Controllership and Compliance team provides support for risk management and facilitates the application of the COSO-ERM framework. Under the oversight of our Controllership and Compliance director, who bears the responsibility for risk management, quarterly reports are submitted to our Senior Management and the Audit Committee.

As another component of the second line of defense, our Enterprise Risk Management (ERM) Group develops the structures, processes and policies necessary for comprehensive risk management and remediation across Volaris. This Group informs the Audit Committee and the Corporate Governance Committee about the risk profile and ongoing action plans, including those related to emerging concerns like climate risk.

The primary objective of the ERM Group is to ensure that Volaris maintains a consistent, effective and integrated approach to risk management throughout the organization. In pursuit of this goal, they oversee adherence to the COSO-ERM framework and explore the incorporation of other emerging frameworks tailored to address specific business risks.

Operating as the third line of defense, the Internal Audit area provides independent and objective assurance to management, the Audit Committee, the Corporate Governance Committee and the Board of Directors regarding the effectiveness of governance and risk management practices.

Integral to their function is the verification that the efforts of both the first and second lines meet regulatory requirements and effectively advance organizational objectives. The Internal Audit team assumes responsibility for reporting any deviations from sustainability standards, such as those related to climate change, to facilitate ongoing improvement initiatives.

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Risk Management Processes

Volaris operations are subject to changes in regulations, economic conditions, political and social events, technology changes and climate change, among others, related to the countries where we operate, our industry and our business. With a comprehensive Governance and Enterprise Risk Management (ERM) policy in place, we ensure that our risk management process aims to identify, assess, monitor and communicate risks to internal and external stakeholders as appropriate so that they can be managed accordingly. For this reason, the Company manages its risks and opportunities through international frameworks, including:

- Committee of Sponsoring Organizations of the Treadway Commission (COSO) – a reference standard that contains the main guidelines for the implementation and management of a control system.
- COSO Enterprise Risk Management (ERM) – an integrated framework for the management of business risks.
- Control Objectives for Information and Related Technologies (COBIT) – a reference framework aimed at the control and supervision of information technologies.

Risk governance at Volaris includes supervision by the Board of Directors, the Audit Committee and the Company's Senior Management.

In addition, the Controllership and Compliance area oversees the Company's risk management efforts. Our CEO and our CFO are responsible for certifying Volaris' internal control system, which is submitted for the approval of the Board of Directors, with the prior opinion of the Audit Committee.

Throughout 2023, comprehensive risk reports covering operational, financial, strategic and compliance aspects, along with corresponding action plans, were consistently presented during quarterly meetings of the Board of Directors.

Similarly, business risk reports, structured according to the COSO ERM framework, were regularly provided to the former Audit and Corporate Governance Committee on a quarterly basis. Resolutions resulting from these meetings were subsequently submitted to the Board of Directors for approval.

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Risk Review Process

Volaris has adopted the COSO Enterprise Risk Management (ERM) framework as its main guideline for implementing enterprise risk management. This framework allows Volaris to identify and develop a systematic risk management program, focusing its efforts on the Company's key strategies.

Through this framework, risk identification is based on the following pillars:

- **Internal environment:** Encompasses Volaris' tone, which influences its people's risk perception and serves as the foundation for all other components of corporate risk management, providing discipline and structure. These include the entity's risk management philosophy; its risk appetite; oversight by the Board of Directors; the integrity, ethical values and competence of the entity's personnel; and how management assigns authority, responsibility and organizes and develops its people.
- **Setting objectives:** Volaris conducts its strategic planning process annually, determining strategic objectives for the year and establishing projects or initiatives to achieve them.
- **Identification of events:** In this phase, risks are identified, potential events (sources of risk), as well as the diverse and possible effects to be faced.
- **Risk assessment:** This phase enables Volaris to understand the degree of impact potential events could have on business objectives.
- **Response and control activities:** Risk response actions are determined based on the assessment conducted, using criteria such as Accept, Mitigate, Transfer and Avoid, according to the identified risk levels.
- **Monitoring:** Volaris monitors and updates its risk exposure, risk measurements and performance metrics periodically.

Key Risks[24]

Some of the most significant risks that could impact our operations and business projections include:

Risks related to Mexico and the other countries in which we operate

- **Economic, political and social events and changes in Mexican government policy:** The Mexican federal government has exercised and continues to exercise, significant influence over the Mexican economy. As a result, governmental actions and policies concerning air transportation, airports and similar services could have a significant impact on our operations.
- **Adverse economic conditions:** Our business may be affected by unfavorable economic conditions in Mexico and the other countries in which we operate, including a slowdown or recession in the economy, as well as higher inflation or interest rates. These factors may result in decreased demand for our flights, lower fares, or a shift toward alternative ground transportation options such as long-distance buses.

24 Please refer to our current 20-F for more detail on our key risks.

- **Currency fluctuations:** Fluctuations in the value of the U.S. dollar in relation to the Mexican peso have historically been significant and the potential for such fluctuations to persist in the future remains. If the Mexican peso depreciates against the U.S. dollar, it could potentially lead to reduced demand for our services and adversely affect our business operations and financial performance.
- **Developments in other countries:** Changes in immigration or trade policies, can adversely affect our financial condition and results of operations. Changes in government regulations related to airline safety, security and/or consumer protection could increase our costs and decrease our profitability. In addition, shifts in political leadership and economic policies could impact the demand for our flights.

Risks related to the airline industry

- **Competition:** We operate in an extremely competitive industry and face significant competition with respect to routes, fares, services and airport slots. Our competition includes not only other airlines, but also bus services on many of our routes. Decisions by our competitors that increase industry capacity, or capacity dedicated to a particular region, market, or route, have the potential to negatively impact our business.
- **Economic conditions:** The airline industry is highly sensitive to changes in economic conditions. Unfavorable economic conditions have the potential to negatively impact our ability to offset increased fuel, labor, or other costs through price increases. Such impacts, if significant, may result in a material adverse effect on our business, financial condition and results of operations.
- **Regulations:** The airline industry is highly regulated and it is essential that we maintain the necessary concessions, permits and authorizations from U.S., Mexican, Central and South American governmental bodies to operate successfully. Failure to do so could have a significant negative impact on our financial condition and results of operations.
- **Fixed costs:** The airline industry is characterized by low gross profit margins and high fixed costs. As a result, as an airline we face significant challenges in quickly reducing costs in response to unexpected revenue shortfalls. This could have a material adverse effect on our financial condition and results of operations.
- **Fuel costs:** Our ability to pass on fuel cost increases to our customers is limited by our ultra-low-cost business model. As a result, any significant fluctuations or disruptions in the supply of fuel could result in a material adverse effect on our business, financial condition and results of operations.
- **Public health threats:** Infectious disease outbreaks, such as COVID-19 and other highly contagious diseases, have led to the suspension of both domestic and international flights in the past, as well as changes in travel behavior. These threats could also have a significant negative impact on the economies of the countries in which we operate, as well as the reputation of the airline industry as a whole.

Risks related to our business

- **Ultra-low-cost structure:** Our competitive advantage lies in our ultra-low-cost structure, which is subject to various factors that impact our ability to control costs, some of which are beyond our control. Our success relies on maintaining a high daily aircraft utilization rate, leaving us susceptible to flight delays, cancellations and aircraft unavailability. Our non-passenger revenue is crucial for profitability, but it may not remain stable or increase. If our cost structure rises and we can no longer maintain a cost advantage over competitors, it could negatively affect our business, results of operations, financial condition and prospects.
- **Maintenance costs:** Our newer aircraft, which constitute a significant portion of the fleet, presently require lower maintenance costs. However, as our fleet ages, we expect an increase in maintenance costs. Any significant surge in maintenance and repair expenses would have a material adverse effect on our margins, results of operations and financial condition.
- **Dependence on certain airports:** Our business relies heavily on our routes to and from major airports in Mexico City, Tijuana, Guadalajara and Cancun, which represent a significant portion of our overall routes. Any major increase in competition, loss of any of our slots, a decrease in demand for air travel, or disruptions in airport services or fuel supply could potentially have a negative impact on our business, financial condition and operating results.
- **Limited suppliers:** We rely on a limited number of suppliers for fuel, aircraft and engines.
- **Any real or perceived problem with our aircraft or engines:** If any design defect or mechanical problem is discovered, or if the technology relating to such aircraft or engine should become obsolete, our aircraft may have to be grounded while such defect or problem is corrected, assuming it could be corrected at all. Since 2017, P&W's PW1100G-JM engines have experienced technical and production issues worldwide. As a result, several A320neo operators, including us, have reportedly caused their aircraft to be inoperative for long periods of time. This problem has also resulted in the delay of delivery of our A320 and A321neo aircraft. We cannot assure when such problems will be resolved by P&W.

Risks related to our securities and the ADSs

- ***CPO* trust:** Non-Mexican investors may not hold our Series A shares directly and must have them held in a *CPO* trust, which releases Ordinary Participation Certificates (*Certificados de Participación Ordinarios* or *CPOs*) underlying Series A shares, at all times. If the current trust is terminated, a new trust similar to the *CPO* trust may not be created.
- **Voting rights:** Holders of the ADSs and *CPOs* are not entitled to vote the underlying Series A shares. As a result, holders of the ADSs and *CPOs* do not have any influence over the decisions made relating to our company's business or operations, nor are they protected from the results of any such corporate action taken by our holders of Series A shares.

Climate Risks and Opportunities

Climate change can have an impact on our business, associated strategies and, ultimately, our financial outlook. This can occur through a combination of risks, including but not limited to: acute physical risks, such as an increase in frequency and severity of extreme weather events; transition risks, such as regulatory developments and potential carbon pricing mechanisms and opportunities, such as the implementation of more fuel-efficient technologies across our fleet.

The identification and management of climate-related risks and opportunities are covered, primarily, through our ERM framework with additional support and input from the Corporate Affairs and Sustainability department, the ESG Round Table and the Sustainability Working Group **see the Sustainability Oversight section in We Are Volaris chapter**.

In 2023, Volaris conducted and received training regarding climate-related risks and opportunities, especially for the Sustainability Working Group members and other multidisciplinary groups to upskill them to identify this type of risks and opportunities. The identification process involved conducting workshops, interviews and questionnaires led by the Corporate Affairs and Sustainability department and external consultants. As a result, a climate-related risk inventory was identified primarily consisting of climate-related risks and opportunities that had materialized or were close to materializing in the past, as well as some forward-looking risks and opportunities. This exercise was qualitative in nature and involved identifying the mitigation actions that Volaris' departments had already implemented.

Afterward, the the Chief Corporate Affairs and Sustainability Officer (CCASO) led a qualitative discussion with Senior Management and the Corporate Governance Committee about the potential increase in the identified risks, as well as the potential impact of new technologies and regulations over the Company's strategy in three timeframes:

- **Short-term:** 0-2 years
- **Medium-term:** 3-6 years
- **Long-term:** 7+ years

In 2023, these efforts were regularly monitored by the ESG Round Table and the Sustainability Working Group. Other departments within Volaris actively contributed to the assessment and management of climate-related risks and opportunities. Our Financial Planning team budgets for expenses incurred during the transition to a low-carbon economy, while our Operations team oversees and analyzes the operational impacts of weather and climate conditions on Volaris' operations.

GRI
201-2

Climate-related Risks

Volaris has identified climate-related risks and opportunities and is currently assessing their importance and significance under the new Standards that would potentially be applicable to the Company.

Physical Risks – Acute

- Extreme weather, such as excessive cold, heat temperatures and/or intensive storms could impact our operations in the following ways:
    - Operational disruptions, such as delays and flight cancellations, could increase operating costs (from rebooking passengers, compensating, issuing vouchers, reducing efficiencies, etc.), impact the revenue and affect the passenger experience.
    - Capital expenditures could rise due to equipment and other infrastructure damage from extreme weather.
    - Additional fuel consumption due to routes deviations.
    - Fuel refineries operational disruptions could reduce supply and fluctuate fuel prices.
    - Fuel transportation could be disrupted by droughts that could lead in the increasing of fuel pricing.

Physical Risks – Chronic

- Global temperature change could affect maximum takeoff weights, leading to decreased capacity and profit margins.

Transition Risks – Market

- Supply constraints could limit business growth due to delayed deliveries and limited availability of more fuel-efficient aircraft.
- Higher operational costs due to disruptions in the fuel supply chain and the need for capital expenditures to mitigate such disruptions.
- Obligatory requirements to pay carbon taxes or participate in carbon markets in the jurisdictions where we operate could increase costs and impact financial performance.

Transition Risks – Technology

- Early adoption of new technology can impact our operations and finances due to its evolving nature.
- The high cost and limited availability of Sustainable Aviation Fuel (SAF), which currently meets less than 1% of aviation fuel demand, could increase expenses and affect our ability to meet emissions targets. SAF may also need fleet modifications and involve higher costs for implementation and upskilling.
- Implement new technologies may require additional time, capital, upskilling and policies.
- Emissions reduction mandates and the lack of supporting technologies to support compliance could impact our reputation, operations and finances.

Transition Risks – Policy and Legal

- Regulatory and reporting compliance costs may rise due to sudden and stringent environmental and climate-related regulations.
- Penalties for any non-compliance with regulations, particularly those with quick applicability, in the jurisdictions where we operate could increase the Company's costs.
- Regulatory changes, such as new disclosure requirements, required carbon offset purchases, or carbon taxes, could restrict business operations, increase costs and decrease margins.

GRI
201-2

Climate-related Opportunities

- **Exploring the use of Sustainable Aviation Fuel (SAF):** SAF is expected to play a significant role in the decarbonization of the aviation sector, including Volaris; however, current production is too low and expensive to feasibly support these needs. We signed an investment agreement to support the further development of SAF through the North American startup CleanJoule, as an essential first step to facilitating Volaris' long-term access to economically feasible SAF.

- **Proactively reducing and offsetting carbon emissions** to minimize vulnerability to mandatory carbon pricing and enhance Volaris' reputation with customers. Our efforts include fleet renewal plans and other fuel-saving programs to lower Volaris' carbon emissions (gCO_2/RPK). In addition, since 2015, we have promoted the #CielitoLimpio product, which allows our customers to voluntarily purchase carbon offsets to neutralize part of their trip's environmental footprint.

- **Investing in a young, modern and fuel-efficient fleet** to achieve our environmental goals and to mitigate the risk of potentially higher costs as increasingly more efficient aircraft become available. Our fleet, one of the youngest and most fuel-efficient in the Americas, comprises Airbus A320 family aircraft powered by P&W's GTF engines that achieve at least 20% less fuel consumption and 50% smaller sound footprint compared to the previous generation aircraft.[25] We also have a large order book of more than 130 Airbus NEO aircraft, with deliveries scheduled through the end of 2030.

- **Aligning the sustainability and financing strategy**, to secure attractive financing terms and reduce cost of capital while achieving environmental goals. In 2021, Volaris issued its first Sustainability-Linked bond for Ps.1.5 billion and, in 2022, its first Pre-delivery payment facility with an ESG Component. These securities will partially finance our carbon emissions intensity goals.

25 According to the technical specifications provided by **Airbus for the A320neo aircraft family**.

Ethics and Compliance Culture

We foster a culture of ethics and compliance that guides the behavior and labor relationships of all our Ambassadors. To support this culture, we have established a comprehensive set of policies and tools, including the Volaris Code of Ethics, the Volaris Supplier's Ethics Policy and the Volaris Ethics Line. Additionally, we have other internal policies and guidelines designed to prevent acts of corruption, conflicts of interest and money laundering, among other concerns.

The Corporate Audit Services and Risk Assessment team acts as the coordinator of ethics matters within the organization.

As such and in collaboration with the Human Resources team, it promotes ethical behaviors within the Company and provides guidance on the disclosure necessary to ensure adequate transparency.

Additionally, the team is responsible for contracting and managing the external and independent third-party that manages the Volaris Ethics Line and ensures that cases raised through the different channels are being investigated, brought to the attention of the Ethics Working Group for resolution and that the conclusions are being implemented in a timely manner.

GRI
2-23

Volaris Code of Ethics

The Volaris Code of Ethics[26] establishes our fundamental values, standards and culture. The Code addresses, among others, the following topics:

- Health and occupational safety in the workplace.
- Equal opportunities, non-discrimination and protection of human rights, including the rejection of child and forced labor.
- Anti-corruption practices.
- Practices to prevent conflicts of interest and money laundering.
- Rejection of labor harassment and abuse.
- Protection of the environment.
- Elements necessary to offer better service to customers.
- Prohibition of unfair competition practices.
- Responsible management of the supply chain.

All Ambassadors – including the Senior Management, full-time and part-time employees – are required to understand and comply with the guidelines of the Volaris Code of Ethics. They receive annual training to ensure they are aware of the content of this document.

In 2023, 100% of the Ambassadors were trained in the Volaris Code of Ethics.[27]

Our current Code of Ethics was approved by the former Audit and Corporate Governance Committee[28] and updates to this document must be approved by the Audit Committee and the Corporate Governance Committee.

Volaris Suppliers' Ethics Policy

The Volaris Suppliers' Ethics Policy, grounded in the Volaris Code of Ethics, aims to foster a collaborative framework between the Company and our procurement suppliers. This policy promotes strong, lasting and mutually beneficial business relationships. As part of our commitment to integrating ESG practices into our supply chain, through the Volaris Suppliers' Ethics Policy we express the expectation that our suppliers adhere to our ethical and legal standards. For more information, please refer to the Supply Chain Management section.

26 See the **Volaris Code of Ethics**.
27 100% of the active population of Ambassadors at Volaris at that time were trained in the Volaris Code of Ethics.
28 The current Code of Ethics was approved before the split of our Audit Committee and Corporate Governance Committee.

GRI
2-23, 2-24

Other Key Compliance Policies and Principles

The Volaris Code of Ethics is supported by related policies or principles that reinforce our commitment to sound business practices.

These additional policies and principles include:

- **Immunity Principle.** Protects people who report any security infringement at Volaris.
- **Policy on Conflict of Interest Resulting from Kinship.** Establishes the procedure for avoiding and solving possible conflicts of interest that may arise in the organization.
- **Grandfather Principle.** Allows all Ambassadors to engage in discussions with the superior of their immediate report, in case they feel intimidated by the latter, or if the latter is violating the Volaris Code of Ethics or any other policy.
- **Anti-Corruption Compliance Policy and Fraud Prevention and Control Policy.** This includes compliance with all anti-corruption laws applicable to the Company, including the Foreign Corrupt Practices Act (FCPA).

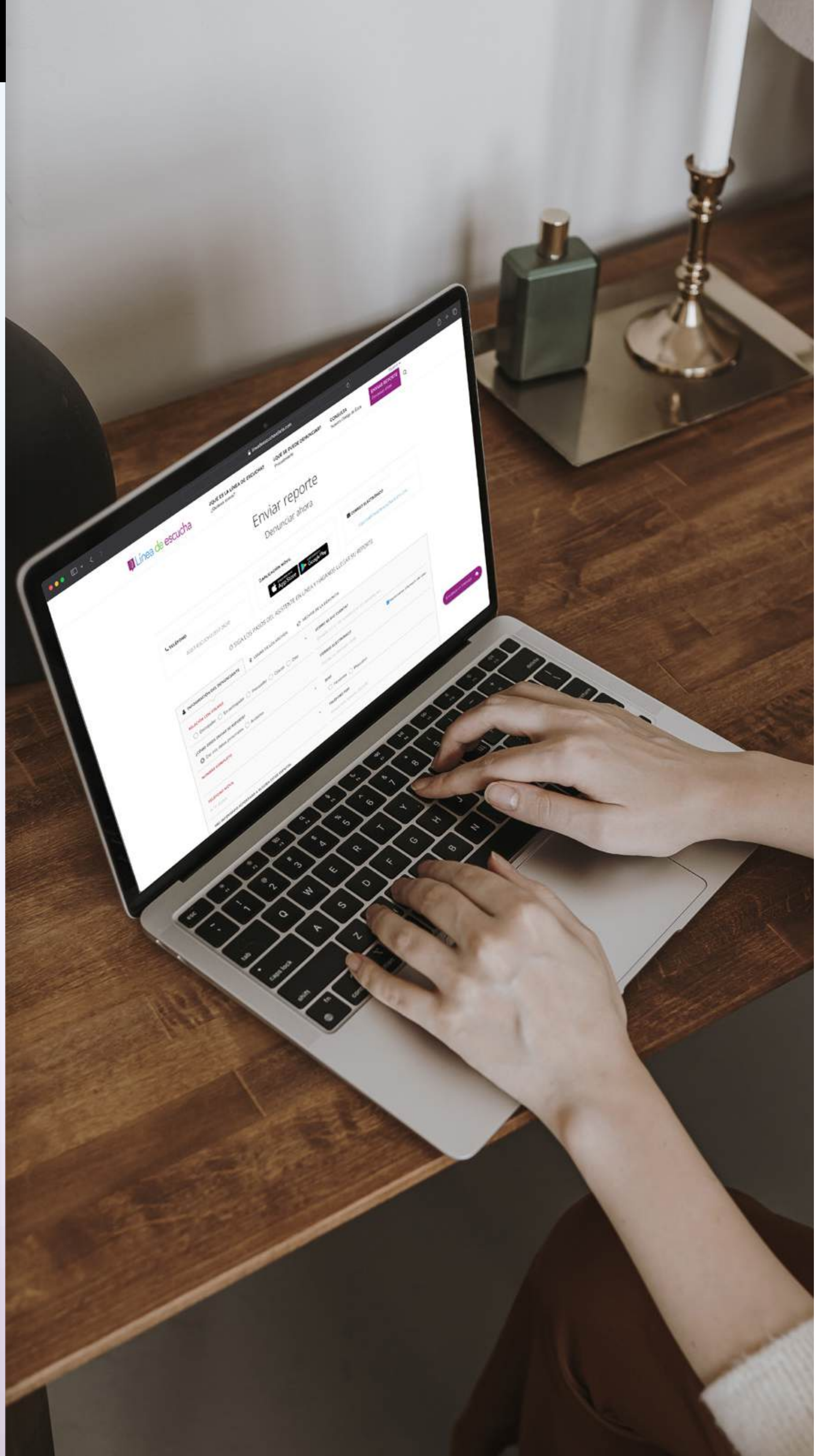
Their objectives are to comply with our responsibilities as a public Company listed on the NYSE, to ensure transparent and lawful practices and to prevent any act of corruption, including fraud, bribery, extortion and embezzlement, among others.

- **Gifts and Benefits Received from Suppliers or Third Parties Policy.** Establishes the guidelines for Volaris' relationship with third parties, such as suppliers and public officials, among others, to avoid benefits in exchange for preferential treatment or other activities that may lead to a conflict of interest.
- **Gifts and Benefits Granted to Suppliers and Third Parties Policy.** Establishes the guidelines for Volaris to grant gifts to third parties, in compliance with the applicable law. Hence, it is forbidden to grant gifts or benefits to suppliers or third parties for practices related to bribes, illicit payments, or undue commissions.
- **Donations Policy.** Establishes the guidelines for the delivery, receipt and management of donations that Volaris allocates to social welfare institutions and individuals through the Company's social responsibility programs, such as the *Avión Ayuda Volaris* and *#VolemosJuntos.*
- **Interpersonal Relations Policy.** Expands and reinforces the concept of conflict of interest mentioned in the Volaris Code of Ethics and ensures that the correct procedure is followed on how to proceed in the event of a sentimental or sexual relationship with Ambassadors or suppliers. We provide annual mandatory training in anti-corruption practices for those Ambassadors who are exposed to any risk related to acts of corruption.

In 2023, 652 Ambassadors completed anti-corruption training,[29] which represents 100% of the positions the Company has identified as highly exposed to possible corruption acts.

29 100% of the active population of Ambassadors at Volaris at that time of the training and the selected group of Ambassadors.

GRI
2-23, 2-24



Whistleblowing program "Volaris Ethics Line"

Managed by an external and independent third party and coordinated by the Ethics Working Group, Volaris' Ethics Line allows Ambassadors, suppliers and other stakeholders to confidentially report any suspected non-compliance related to the Volaris Code of Ethics, our Supplier's Ethics Policy, or other internal policies and principles.

Procedure for reporting to the Volaris Ethics Line

- Receipt of the report through any channel of the Volaris Ethics Line. This report can be anonymous or not.
- Case management and guidance.
- Investigation of the case and formulation of recommendations.
- Implementation of corrective and preventive measures, if necessary, to address future cases.

The Ethics Working Group receives a monthly summary of reported and investigated cases, along with related recommendations.Moreover, a quarterly in-person session is scheduled to review trends, discuss significant changes to relevant policies and practices, and present a general overview of the number of cases. The Ethics Working Group, through our Senior Corporate Audit Services and Risk Assessment Director, briefs the Audit Committee and Corporate Governance Committee on the cases received during the quarter.

In 2023, the Volaris Ethics Line processed 129 reports (equivalent to 1.5 reports per 100 Ambassadors).[30]

Most of the cases were related to our labor environment and improper use of assets and less than 2% of these reports were related to non-material and unsubstantiated fraud issues.

30 Calculated using the formula T=(N/P) *100, where T = the Volaris Ethics Line reports rate per 100 Ambassadors, N = total number of reports and P = total population of Ambassadors.

GRI
2-25, 2-26

At the end of 2023, 94% of the yearly reports were closed. The corrective actions that resulted from the investigation of these cases included: feedback to the parties, formal coaching programs and verbal and written warnings, up to the termination of the labor contract, in compliance with federal, state and local labor laws.

Due to our zero-tolerance policy for corruption, our Corporate Audit Services and Risk Assessment team conducts regular reviews of our anti-corruption practices.

These include a quarterly review of our interactions with government officials and politically exposed persons, an annual anti-fraud audit procedure and a biennial Foreign Corrupt Practices Act (FCPA) compliance review.

In 2024, the Company plans to launch an "Ethics Tour", an educational initiative to raise awareness about our whistleblowing program and how to use the available channels to report unethical behavior. This tour will target our operational Ambassadors in Tijuana, Guadalajara, Mexico City and Cancun.

Regulatory Compliance

The aviation industry is highly regulated due to its impact on public safety, security, international relations and the environment, among others. **Due to our strong commitment to regulatory compliance, during fiscal year 2023, we did not have any significant fines or non-monetary sanctions[31] for noncompliance with environmental regulations, anti-competitive behavior and antitrust practices, health and occupational safety regulations, misleading or inaccurate advertisement, or customer privacy regulations.**

31 Volaris deems any fine exceeding U.S. $14 million to be material.

Political Contributions

By engaging with industry organizations and regulators, we enhance Volaris' reputation by demonstrating our commitment to compliance and contributing to the overall development and success of the aviation sector.

Volaris is a member of the International Air Transport Association (IATA), which aims to lead and represent the airline industry globally by formulating policies on relevant issues to the sector. Since 2021, our CEO has been a member of the Board of Governors of IATA, which is IATA's main governing body. Its members exercise oversight and an executive role on behalf of the membership in representing the interests of the association.

Volaris does not make any type of economic or other contribution to political campaigns, political organizations, lobbying organizations, or industry organizations to intervene in public policy, or to any different kind of organizations of this nature, to adhere to the anti-corruption and transparency regulations that govern us.

GRI
2-27, 2-28, 3-3, 416-2, 417-2, 417-3

SASB
TR-AL-520a.1

Supply Chain Management

At Volaris we recognize the vital role our suppliers play in our operational success and business sustainability. By investing in our suppliers, we promote a steady supply of high-quality goods and services essential for our operations.

A strong and mutually beneficial relationship with all our suppliers is fundamental to the Company's performance, growth and business sustainability.

In 2023, we had 1,727 active suppliers,[32] of which 184 (11%) were new to Volaris.

Chart 4. **Type of Active Suppliers**

	Number	Share of Total Active Suppliers' Spend (%)
Total Tier 1[33]	596	**87.0%**
Significant[34] Tier 1	200	**72.0%**
Significant non-Tier 1[35]	37	**0.4%**

32 Active suppliers refer to the suppliers that had a commercial activity with Volaris (considering at least one payment transaction during the year).
33 Tier 1 suppliers refer to suppliers that directly supply goods, materials, or services related to our core business.
34 Significant suppliers are those identified as having significant business relevance to the Company; we cannot continue our operations without them.
35 Significant non-Tier 1 suppliers refer to those indirect vendors that could be replaceable without affecting the business continuity.

GRI
2-6

Chart 5. **Active Suppliers Spend**

	Domestic	International	Total
Suppliers (products and services)	955	772	**1,727**
Value/payments of products and services (U.S. $million)	$2,562	$1,590	**$4,152**
Share of total supplier spend	62%	38%	**100%**

We have a procurement strategy that is built around the following priorities:

- **Priority 1:** Reduction and resource optimization while maintaining the highest standards of operational efficiency in our core business.
- **Priority 2:** Responsible management of the supply chain by strengthening our processes and controls based on international standards and indicators, through our Responsible Supply Chain Management Model.
- **Priority 3:** Enhanced transparency through the adoption of mechanisms in all procurement operations.
- **Priority 4:** Stronger resilence through collaboration and improved practices with our supply chain.

Responsible Supply Chain Management Model

We understand the importance of a strong and responsible supply chain in fostering sustainable business practices and driving long-term success. A responsible supply chain is not only about promoting operational efficiency and cost-effectiveness, but also about upholding ethical standards, environmental stewardship and social responsibility throughout our entire network of suppliers.

To this end, we developed a Responsible Supply Chain Management Model to enhance our relationships with suppliers and emphasize the importance of ESG issues in creating shared value for our stakeholders.

Our approach involves a phased and cyclical implementation strategy, allowing us to progressively build robust internal processes and systems for tracking supplier practices, assessing potential risks and promoting compliance with our standards.

As part of this Model, we:

- Developed a **Volaris Suppliers' Ethics Policy,** that sets expectations related to human and labor rights, freedom of association, environmental protection, business ethics and transparency, among other issues from our suppliers.
- Implemented a **Supplier Screening and Assessment Program,** that plays a pivotal role in our risk management strategy and provides Volaris with information about their suppliers' financial, fiscal, legal, social and environmental practices, among others
- Established a biennial **training program** for our procurement team that includes topics related to responsible supply chain management practices.

The oversight of the Model is provided by our Senior Management through the Sustainability Working Group, enabling our efforts to align with our business priorities and to receive the necessary support at the highest levels of the organization.

Figure 1. **Volaris Responsible Supply Chain Management Model**

Figure 2. **Phases of the Volaris Responsible Supply Chain Management Model**

2020 Phase 1 — Creation of a Responsible Supply Chain Management Model (definition of goals & timeframes).

2021-2022 Phase 2 — Suppliers' engagement and evaluation.

2023-2025 Phase 3 — Analysis of evaluations; definition of corrective plans, follow-up and support for our suppliers and certifications.

In 2023, we continued with the efforts to incorporate ESG criteria into our responsible supplier management process. Some key milestones achieved:

- We conducted a risk assessment to certain suppliers, to strengthen our understanding of their criticality and impact on the business.
- We added specific wording related to ESG practices, in the master purchase orders format.
- New suppliers were made aware of the Volaris Suppliers' Ethics Policy, including it in the registry process.
- We initiated the implementation of Phase 3 of the Responsible Supply Chain Management Model, focusing on screening process, assessments, results' analysis and remediation plans definition. These remediation plans will be shared with suppliers during 2024, providing them remote support for the implementation of this plan. However, the responsibility for voluntarily adopting corrective measures and improving ESG performance ultimately rests with the suppliers themselves.

Supplier Screening and Assessment Program

We conduct a comprehensive relevance analysis for our suppliers, facilitated by external consultants and including two complementary processes:

- **1. Suppliers' screening:** Is a country-specific monitoring process that helps us identify suppliers that have been flagged for potential involvement in high-risk activities, including legal, fiscal, financial, environmental, social and governance aspects.

In 2023, we conducted this screening process for our total base of 1,727 active suppliers.

Chart 6. **Suppliers' Screening Coverage**

	2023
Total number of Tier-1 suppliers	**596**
Total number of Significant suppliers in Tier-1	**200**
% of total spend on Significant suppliers in Tier-1	**72.0%**
Total number of Significant suppliers in non-Tier-1	**37**
Total number of Significant suppliers (Tier-1 and non Tier-1)	**237**

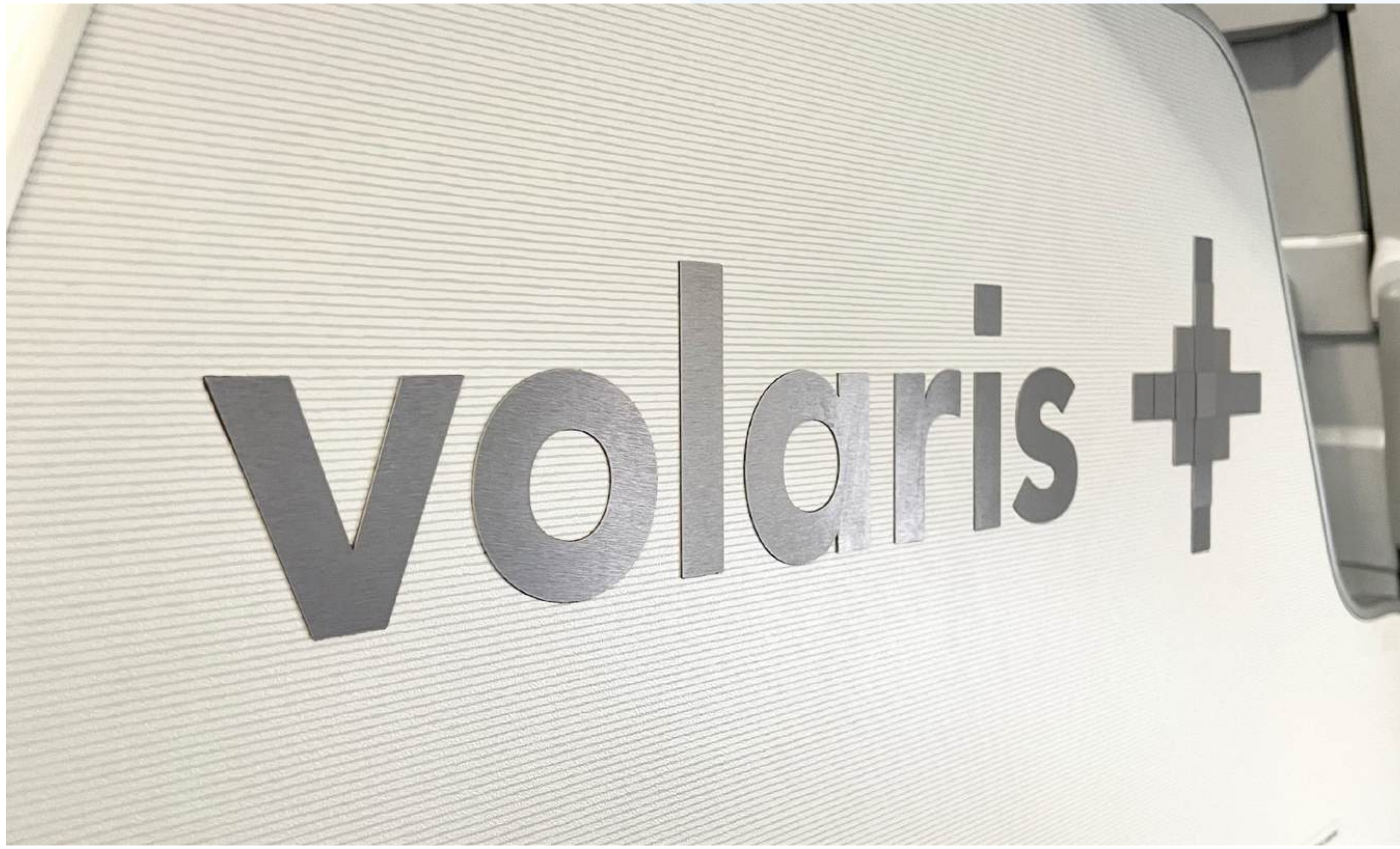
- **2. Suppliers' assessment:** Is an annual voluntary evaluation that helps us identify the impact of those suppliers to our business continuity. The process is divided in two parts:
  - **a. Supplier relevance management exercise:** An internal verification that involves analyzing our suppliers' relevance – considering factors, such as annual spend, commercial transactions, market competitiveness and complexity of supplier replacement. Suppliers were classified with a business relevance rating of 1 to 5, being 1 the lowest and 5 the highest relevance.
  - **b. Third-party validation:** This includes an evaluation of ESG[36] legal, financial and fiscal aspects, as well as a systematic evidence verification.

36 20% of the assessment questions are related to ESG aspects.

In 2023, our assessment focused on 338 suppliers, of which 85% (287 suppliers) were evaluated. Moreover, approximately, 270 (~80%) of them completed the ESG aspects assessment; 20 out of this universe are considered in an ESG low maturity level.[37]

Chart 7. **Suppliers' Assessment Coverage**

	2023	Target for 2023
Total number of suppliers assessed	**287**	338
% of Significant suppliers assessed	**6.0%**	N/A
Number of suppliers assessed with substantial actual/ potential negative impacts	**20**	



Our assessment showed that the ESG maturity level considered the opportunity for our suppliers to include practices, such as adequate mechanisms to improve their ethics and compliance culture, as well as promote environmental protection programs, employee health and safety initiatives, diversity, equity and inclusion (DE&I) practices, non-discrimination and protection of human rights processes, among others.

37 ESG low maturity level suppliers are those evaluated and found to have significant gaps in their ESG practices, with a rating higher than 3 according to our internal assessment.

Expanding Our Vision to

Offer the Best Travel Experience

Our Customers

GRI
3-3, 403-4, 416-1, 418-1

SASB
TR-AL-540a.1, TR-AL-540a.2, TR-AL-000.B, TR-AL-000.C, TR-AL-000.D, TR-AL-000.E

Since Volaris' inception in 2006, we have focused on democratizing air travel through our ultra-low-cost business model by offering affordable options to passengers.

Our success depends on delivering on all aspects of the customer experience, including operational efficiency, low fares, customization options, safety performance, efficient self-service, crisis resilience and respect for customers' rights. We strive to offer travel experiences designed to meet the needs of our core customer base, including those Visiting Friends and Relatives (VFR), price-conscious business travelers and leisure travelers.

Operational Efficiency

In 2023, we offered our customers an average of 552 daily departures (201,376 total departures), with an itinerary compliance factor of 97.8%, an on-time performance (OTP+15min) of 76.9% and an average fleet utilization of 13.3 block hours per day per aircraft. This performance and the addition of 13 NEO aircraft to our fleet enabled us to operate more flights and offer our passengers the flexibility of choosing from a wider range of itineraries. Moreover, we maintained a load factor of 86% in 2023, a 0.4pp increase from 2022.

In addition, during 2023, our rate of baggage incidents, classified as loss, damage, or theft of baggage, was 0.7 per 1,000 passengers, consistent with the prior year. During the year, we implemented a new system called "WorldTracer", which will help us improve our baggage handling service and reduce baggage incidents. Furthermore, we are currently in the process of implementing a self-baggage service.

97.8%
of an itinerary compliance factor

76.9%
of on-time performance (OTP+15min)

Chart 8. **Operational Efficiency Indicators**

	2021	2022	2023
Routes	183	197	**231**
Load factor onboard[38]	78.3%	80.0%	**81.0%**
Load factor booked[39]	84.7%	85.6%	**86.0%**
On-time performance (OTP+15min)	77.3%	71.2%	**76.9%**
On-time performance w/o external contingencies[40]	89.7%	87.4%	**87.5%**
Itinerary compliance factor	97.5%	98.3%	**97.8%**
Average daily aircraft utilization (block hours)	12.5 hrs	13.3 hrs	**13.3 hrs**
Baggage incidents (per 1,000 passengers)	0.5	0.7	**0.7**
Revenue passenger kilometers (RPK onboard)	35,428	45,451	**53,847**
Revenue ton kilometer	3,203	4,120	**4,568**

38 Load factor onboard measures the number of paying passengers without no-show passengers.
39 Load factor booked is related to all the paying passengers.
40 Refers to on-time performance (OTP+15min) when excluding external factors outside of Volaris' control, e.g., weather or air traffic.

GRI
3-3

SASB
TR-AL-000.B, TR-AL-000.C, TR-AL-000.D, TR-AL-000.E

Commercial Benefits

We aim to offer tickets at low fares to stimulate demand while providing a wide range of additional services (ancillaries), allowing our customers to customize their trips and pay only for what they need.

In 2023, our average base fare was U.S. $49.3 and we regularly offer promotional base fares down to U.S. $1.6.

One of our key social development strategies is to promote bus-switching by offering shorter travel times and enhanced safety at comparable bus fares on routes of five hours or more. This initiative helps small and medium-sized businesses expand their operations.

We exclusively compete with bus lines on certain routes: **over 49% of our routes experienced no competition from other air carriers throughout the year**. During 2023, we continued implementing a strategic approach to pricing on these routes, offering base fares lower than the fare for travel by bus to the same destinations (known as the bus switching strategy).

This strategy is designed to stimulate demand for air travel while affording customers the option to transition from buses to flights, thereby enabling them to reach their destinations more expediently, safely and at a lower cost. **In 2023, approximately 4.3% of our surveyed customers were first-time flyers,** indicating the effectiveness of this approach in attracting new customers to our services.

Additionally, we have over 99,800 points of payment throughout Mexico, the United States, Guatemala, El Salvador, Costa Rica, Peru and Colombia giving our customers the flexibility to pay for their tickets using various payment methods, including credit or debit cards, as well as cash at eligible banks or stores within 24 hours of booking. This option of paying in cash ensures that our services remain accessible to individuals who either do not possess cards or prefer not to use them.

Our Affinity Programs

We have developed affinity programs to strengthen our relationship with our frequent customers, offering them special fares and promotions.

In 2023, Volaris announced a new partnership agreement with Digital@FEMSA a subsidiary of *Fomento Económico Mexicano* (FEMSA), to become the first third-party partner of FEMSA's coalition affinity program. This program offers exclusive benefits for its users, allowing them to accumulate and redeem reward points with Volaris, on flights or in ancillaries.

In addition, **in June 2023, we launched our new Annual Pass program** that allows travelers to enjoy unlimited one-way direct flights to all our destinations[41] for a fee of U.S. $399.99 plus Airport Use Fee[42] and taxes for each flight.

Volaris' affinity programs include[43]

v.club Membership	v.pass Subscription	v.business Membership[44]	Volaris INVEX Credit Cards	Annual Pass Membership
This membership offers the lowest available fares. v.club membership is available at three levels: individual, duo and friends and family. Some of the benefits of this membership are: - Lowest available fares on all flights. - Savings up to 20% discount. - Exclusive discounts for hotel and vacation packages at Ya Vas. - Exclusive promotions every Thursday.	The v.pass is a subscription service with a monthly payment that enables our customers to travel to any location within Mexico once a month and pay only Airport Use Fee and taxes. v.pass members have access to free v.club membership.	This membership has special benefits for business travelers, such as: - Unlimited changes in the date/time of their flight. - Flight reservation with payment flexibility (24 hours later), keeping the same rate. - Additional baggage weight allowance at no extra charge. - Same-day flight change for an earlier departure. - Priority boarding. - Selection of preferred seat (excluding emergency exit seats).	Volaris offers three credit card options – INVEX 0, INVEX and INVEX 2.0. While the benefits program for each card varies, all cardholders enjoy: - Welcome free flight (taxes not included). - Priority boarding. - First checked bag (25 kgs). - Interest-free monthly installment plans. - Enjoy a 15% bonus when purchasing onboard food and beverages.	The Annual Pass is a subscription service that offers flexible customers unlimited one-way direct flights for one year on all domestic and international routes. With this membership, customers only need to cover the Airport Use Fee and taxes for each flight booked. Annual Pass members have access to a free v.club Individual membership.
In 2023, v.club had approximately 818,000 members.	**At the end of 2023, v.pass had approximately 50,000 members.**	**In 2023, v.business had approximately 6,000 members.**	**During 2023, our co-branded credit card with INVEX had approximately 688,000 holders.**	**At the end of 2023, Annual Pass had approximately 26,000 members.**

41 Annual Pass seats are based on availability. They are published 24 hours in advance for domestic destinations and 3 days in advance for international destinations.
42 The Airport Use Fee is a payment that Mexican airports require for using their facilities. It is not specific to Volaris.
43 As of the date of this Report, these are the benefits of our affinity programs.
44 v.business membership is a program developed by Volaris specifically for small and medium-sized enterprises.

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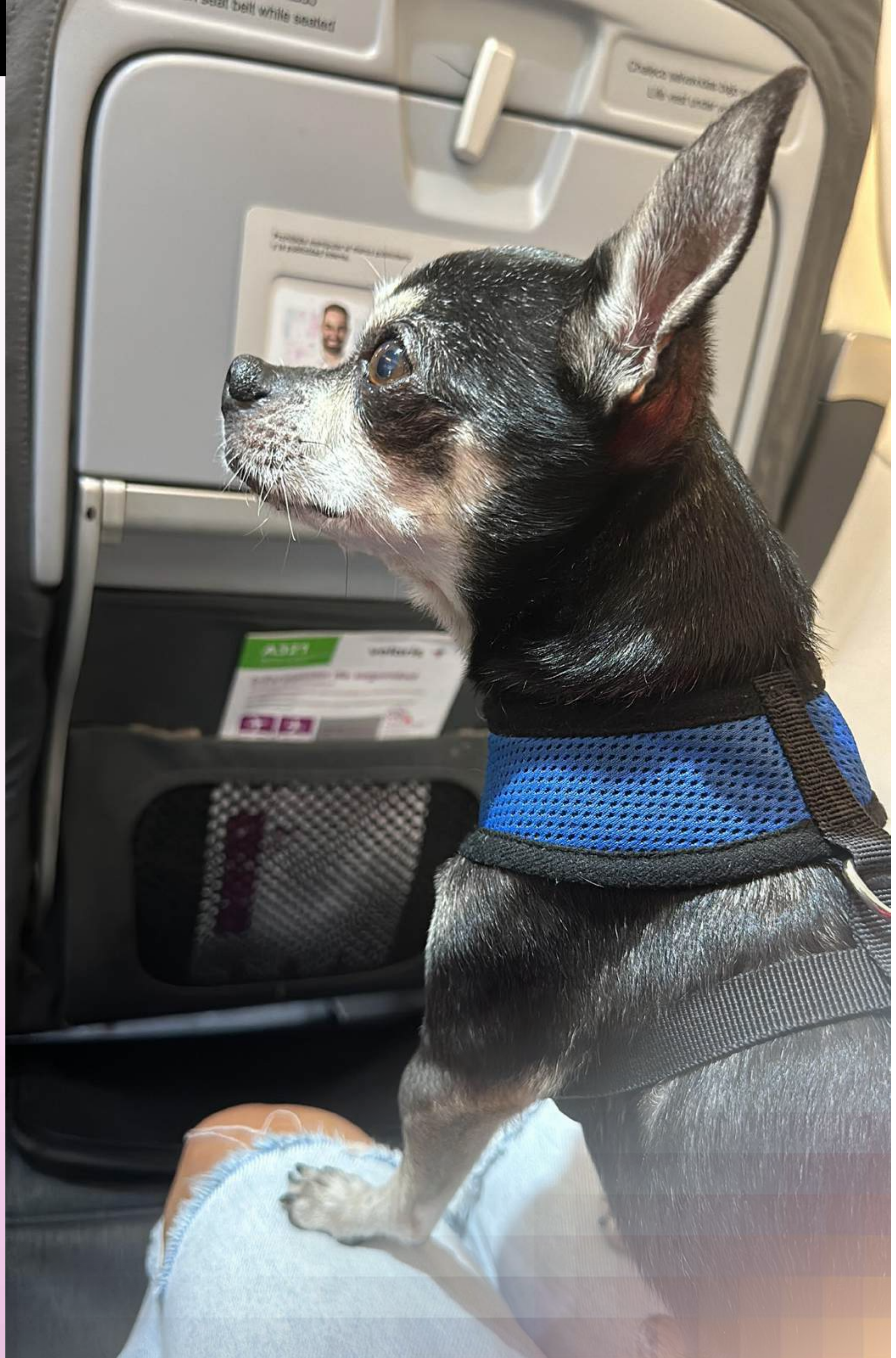


Optimizing the Customer Experience

We strive to provide the best possible experience for our customers to meet their expectations and satisfy their travel needs, fostering loyalty while attracting new passengers.

We value the diverse profiles of our customers and their need for personalized experiences, making it easy for them to purchase services, modify reservations and resolve any issues that arise during their journey. Additionally, we prioritize direct and accessible communication with our customers.

To assess customer loyalty, satisfaction and the likelihood of customers recommending Volaris to others, we utilize Net Promoter Score (NPS) surveys. These surveys encompass various aspects, such as customers' experiences with ticket purchases, check-in procedures, boarding processes and baggage handling. **In 2023, our NPS index was 30.8% compared to 21.3% in 2022**. We attribute this increase in customer satisfaction to operational improvements and a rise in on-time performance.

In 2024, our customer service team will launch two projects aimed at improving passenger experience. The first project involves utilizing Mystery Shoppers (third parties acting as customers), while the second entails forming a Customer Council to conduct surveys with our customers. This information, along with feedback from customers' complaints and focus groups, will be used to identify ways to alleviate customer pain points during travel.

Customer Self-service Strategy

Our self-service strategy allows us to increase efficiency by empowering our customers to independently enhance their travel experience. We provide our products and services, along with exclusive discounts and promotions, **through various official channels such as our website (www.volaris.com), mobile app, social media platforms and chatbot**. Additionally, customers can access our offerings and address requests through our call center, airport counters and travel agencies.

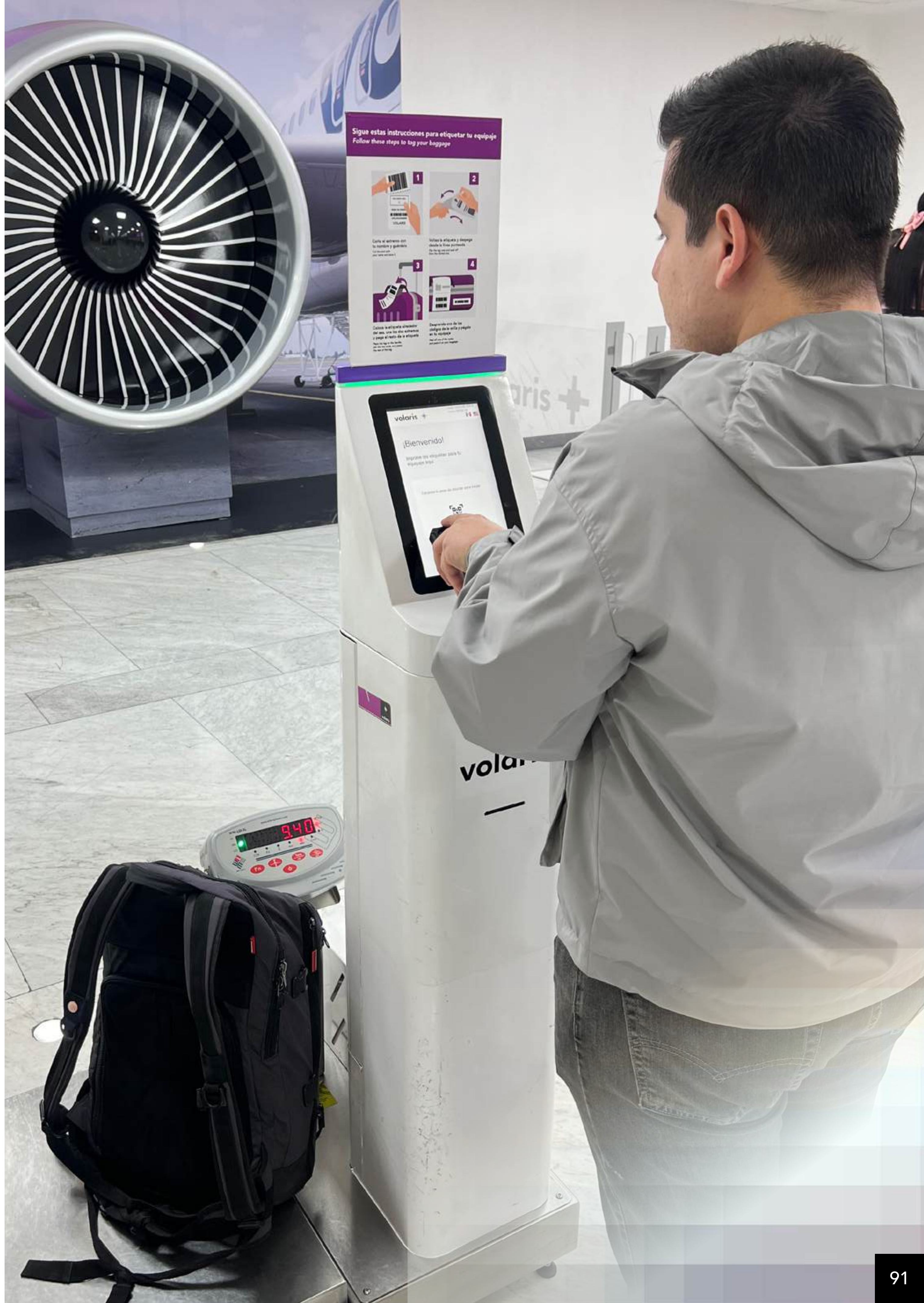
In 2023, we automated the process of issuing refunds and vouchers for itinerary changes and implemented the WorldTracer System, which enables our customers to track their baggage.

To further expand options for customer self-service, besides the domestic check-in, in 2024, Volaris will introduce a digital documentation validation system on the website and mobile app for international flights. This will allow passengers to save time during the check-in process and go directly to the boarding gate area.

Chart 9. **Ticket Sales by Channel**

	% of Tickets Sold[45]
Website and mobile app	76.0%
Call center	3.6%
Third-party travel agencies	16.6%
Airport counters	2.9%

45 These percentages are approximate.



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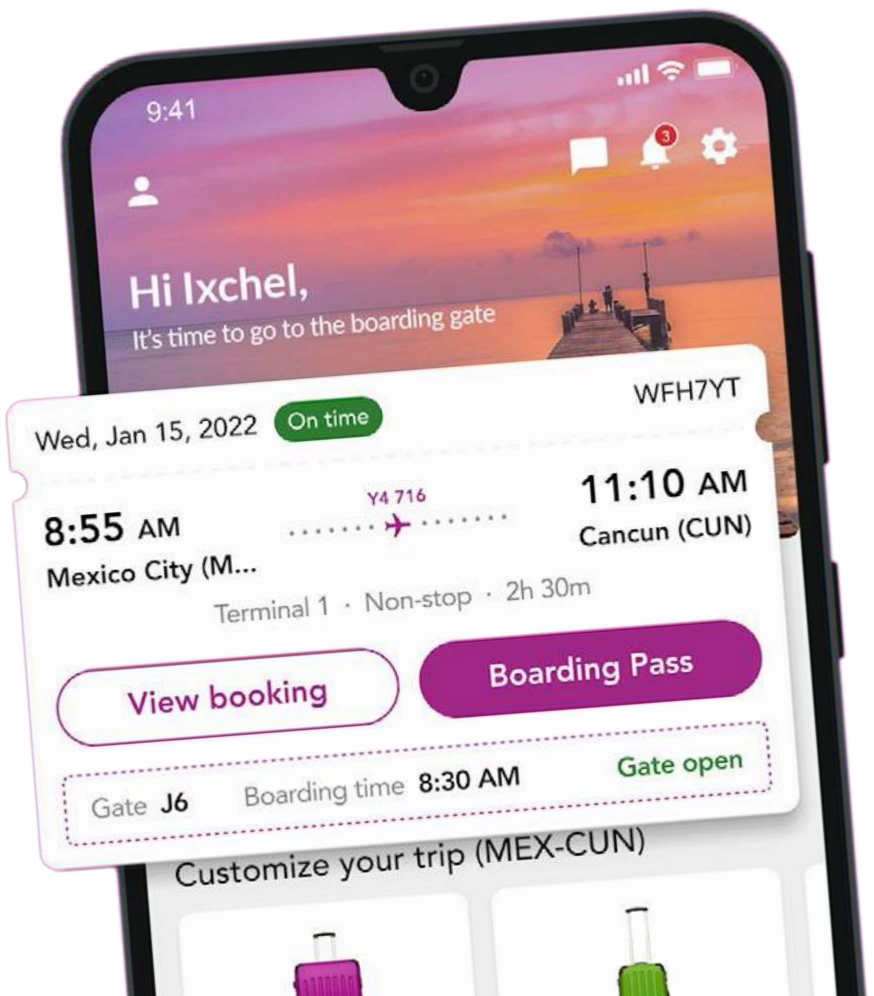
Benefits of our customer self-service initiatives include:

- Travel arrangements anytime, anywhere.
- Flight booking, check-in, seat selection and baggage handling, through our mobile app or our website.
- Access to live information regarding flight status, including gate changes, delays and cancellations.
- Automated refunds and vouchers due to changes in the itinerary.
- Waste reduction through a paperless process.



In 2023, we had the following customer service achievements:

1

39.7% of customers used our self-service options for changes in itineraries.

2

We handled **over 6.6 million** customers requests, with 79.6% submitted through digital channels.

3

We managed **5.3 million** chatbot sessions, achieving an 86.5% containment rate.[46]

4

Our website and mobile app were the main platforms for sale of flight tickets and ancillaries. Our mobile app had been downloaded **31.1 million** times since its launch.

5

89.0% of our passengers carried out online check-in.

6

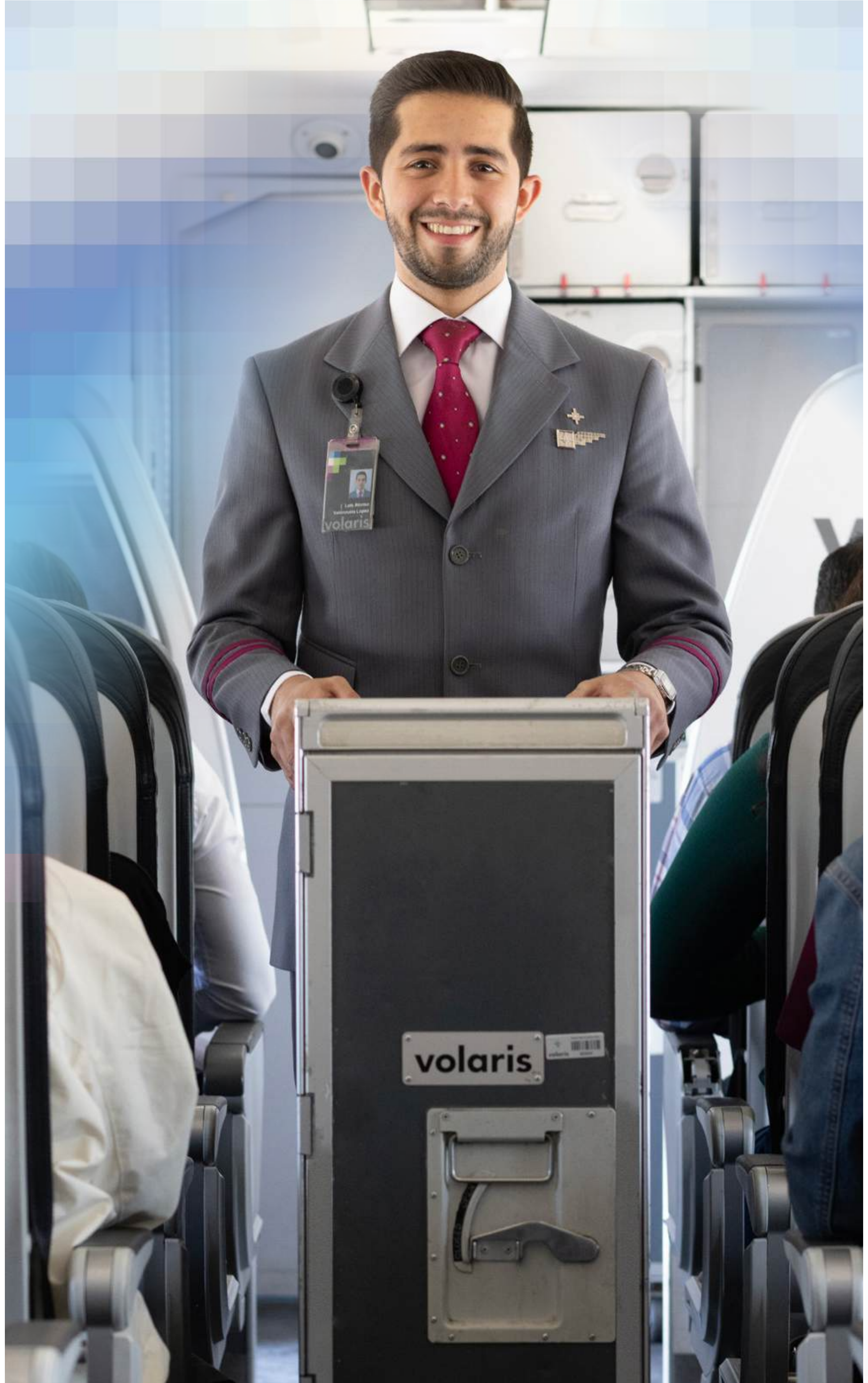
We were the first Mexican airline to install self-bag drop kiosks. We installed **56** of these kiosks at some of our main stations - Guadalajara, Cancun, Culiacan, Monterrey and the Metropolitan Area's International Airports - which significantly helps reduce waiting times for the baggage check-in process to approximately 1.5 minutes, down from previous wait times of 50 minutes.

46 Refers to the percentage of users who interact with an automated service and leave without speaking to a live human agent.

Customer Service Training Programs

At Volaris we aim to provide continuous training to our Ambassadors on customer service best practices, aligned to the Company's culture, pillars and values. Our education initiatives provide tools that allow our Ambassadors to effectively assist, handle and resolve our customers' needs. In 2023, we enhanced *Servicio Orientado a Soluciones* (Solution-oriented Service) program by introducing an e-learning course and providing personalized sessions for airport leaders at all our stations in Mexico, the United States, Central and South America.

In 2024, we plan to expand the scope of the *Servicio Orientado a Soluciones* (Solution-oriented Service) program to encompass all our customer service areas, including call centers, onboard services and digital platforms.



Inclusion Practices and Certifications

Our Ambassadors in airports receive annual **Complaint Resolution Official (CRO) certification under the U.S. Code of Federal Regulations**.

The CRO certification equips them with the tools to better serve customers with disabilities.

Additionally, we offer personalized cabin support for customers requiring special services, as well as assistance for unaccompanied minors and senior citizens.

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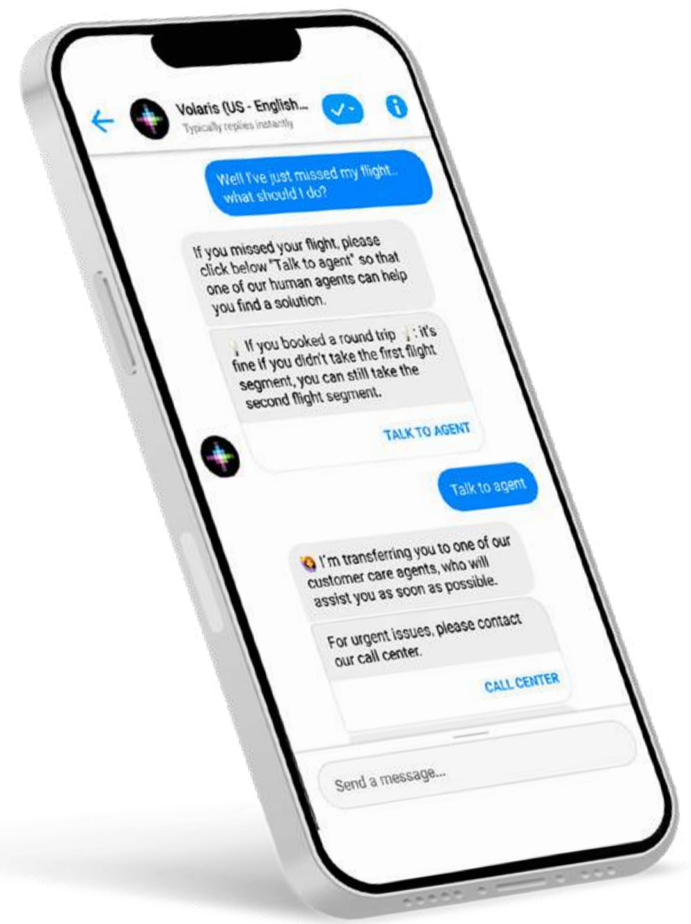
Customer Complaint Resolution Channels

We provide dedicated channels to address and resolve our customers' concerns:

- **Digital Channels.** Through chatbots, social media, WhatsApp and a ticketing system called "*Tu Experiencia.*"[47]
- **Express solutions channel (*Línea Express*).** Provides internal support to our Ambassadors to help them solve customer problems.
- **Conciliation channel (*Conciliaexprés*).** Enables us to effectively handle customer complaints that escalate to the Mexican Consumer Protection Authority (PROFECO).

In 2023, we achieved the highest levels of responsiveness in customer conciliation institutions in both Mexico and the United States, becoming the Mexican airline with the fewest complaints in both countries. Additionally, we integrated Costa Rica, El Salvador and Peru stations into our customer resolution strategy and we plan to extend the availability of these resolution channels to Colombia, Guatemala and Honduras in 2024.



Finally, airlines often face operational disruptions beyond their control, leading to cancellations or itinerary changes that affect passengers. Factors like adverse weather, technical issues, or air traffic congestion can disrupt flights and inconvenience our customers. At Volaris, we are committed to reducing their impact with timely communication, proactive measures and alternative solutions. This includes offering flexibility to move to nearby airports and providing customer protection that exceeds regulatory requirements, regardless of the disruption's cause.

47 Online form designed for customers to submit inquiries or concerns. This form can be accessed through our website or via a QR code available on a banner at the airport's counters. Once the form is submitted, a ticket is generated and tracked for follow-up.

Our Commitment to Ethical Marketing and Advertising

At Volaris, we believe that having a clear commitment to upholding ethical marketing standards is essential for fostering trust and loyalty with our customers.

We provide our customers with balanced and accurate information, including fair and truthful descriptions of our products and services, based on the tenets of legality. This approach extends to all our communications – including our social and environmental impact – prioritizing clarity of messages, appropriate language usage and well-supported information.

Furthermore, we promote fair competition and prioritize respect, inclusion and integrity in the use of images and messages to protect our customers, communities and stakeholders' interests.

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Aviation Security and Safety

We place aviation security and safety as the highest priority throughout all our operations. Volaris utilizes an Integrated Management System based on ISO 9001 and the IATA Operational Safety Audit (IOSA) Standards Manual.

The system includes the following subsystems:

- **Quality Management System (QMS).**
- **Operational Safety Management System (SMS).**
- **Security Management System[48] (SeMS).**

48 SeMS is implemented in Volaris operation even as it is not mandatory by the civil aviation authorities.

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Aviation Security

Volaris continues standardizing its security processes across its three subsidiaries—Volaris Mexico, Volaris Costa Rica and Volaris El Salvador —to meet international requirements set by the International Civil Aviation Organization (ICAO). This ensures efficient and effective compliance with regulations established by the authorities in each country where we operate.

These processes cover the following activities:

- Passengers' acceptance during check-in processes.
- Application of alcohol and drug test for crew members and technical personnel.
- Surveillance, inspection and sealing of aircraft during ground operations.
- Locked Phase II security cockpit doors during all flight phases.
- Screening and inspection of passengers and their personnel belongings.
- Monitoring threats and acts of illicit interference within the air industry and Volaris' competitive scope.
- Screening, surveillance and handling of potentially illicit materials in cargo.
- Managing contingencies and emergency responses.

Furthermore, Volaris is continuously working with airports' administrations to ensure that the flow of inbound and outbound passengers remains separated to guarantee aviation security for international flights, according to the U.S. Transportation Security Administration (TSA) and other civil aviation authorities' requirements.

As of the date of this Report, Volaris has not received any fines from TSA for non-compliance with established aviation security measures.

Additionally, all our Ambassadors and other security personnel receive continuous aviation security education, that include the following topics:

- Security measures according to their responsibilities.
- Use of technologies, such as X-ray and explosive trace detectors, for baggage and passengers' screening.
- Management of contingencies and emergencies, like bomb threats, hijacking, or other illicit interference acts.
- Respect for human rights.
- Management of sensitive security information and reporting processes.

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Safety

At Volaris, protecting the safety and well-being of our customers and Ambassadors is our highest priority throughout every phase of the flight. We utilize a comprehensive Safety Management System (SMS) that complies with ICAO, IATA and both national and international regulations. This system is certified, audited and verified by a third-party (civil aviation authorities) and enables us to proactively identify and mitigate hazards and safety risks, using advanced methods to evaluate and address the root causes of aviation incidents and accidents.

We have defined safety performance indicators (SPIs) based on an average of at least 36 months to track our safety performance, identify safety risks and promote their mitigation. The safety performance indicators are classified in two main types: lagging indicators, that measure events that have already occurred and leading indicators, which measure the processes and inputs that are being implemented to improve or maintain our operational safety standards. These are audited and certified by civil aviation authorities and monitored periodically by the Safety Review Board, which includes oversight of our Senior Management and the Safety Team.

Our safety department focuses on proactively preventing and monitoring the following cases:

- Unstable approaches
- Loss of control in flight
- Runway safety, including runway excursions and incursions
- Mid-air collision
- Controlled flight into terrain

Other safety events that are not necessarily confined to the cockpit are also reviewed, such as:

- Inadvertent slide deployment.
- Cabin injuries (turbulence is regarded as the leading cause of injuries aboard aircraft in incidents).

In 2023, our harmonized accident rate (per million sectors) was zero and we did not have passenger fatalities[49] attributable to the Company's operations.

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49 A passenger fatality is one that happens as a direct result of the Company's operations. It excludes idle-related events (i.e., a fatality during a trip through no fault of the company) and non-passenger fatalities (e.g., employees, contractors, non-passenger civilians).

Safety Tools

To support our SMS, we have implemented a variety of management tools for safety risk mitigation:

- **Flight Data Analysis.** Volaris has a Flight Data Analysis (FDA) program that allows us to compare actual flight parameters against standard operating procedures (SOPs). This program is a key element of our SMS and is crucial to identify where there may be an opportunity for improvement or to provide accurate data to investigate flight safety events. Thus, the FDA offers valuable information to mitigate risk and prevent repeat incidents.
- **Wireless Extension for ACMS[50] (WEFA) system.** In 2023, we increased our 3G wireless flight data transmission technology in 90 aircraft to better monitor pilot performance, which makes the predictive hazard identification systems of the SMS even more effective and efficient.
- **SMS Report and Audit Control.** The Aviation Quality Database (AQD) is a comprehensive and integrated set of tools supporting safety reporting and quality assurance. The AQD allows users to report any situation where safety protocols have been or could be breached. It also serves as a platform to record internal and external quality/safety audits. The AQD also tracks and manages corrective and preventive measures.
- **Airport Safety Inspections.** We continued with airport safety inspections to confirm that risk mitigation procedures were implemented.
- **Safety Culture Survey.** Volaris conducts an annual safety culture survey in line with the objectives, procedures and policies of the SMS focused on our operational Ambassadors. Internal survey results are obtained to identify areas for improvement and the SMS level of understanding. In 2023, we obtained a positive result regarding our safety culture. This survey covers the following topics:
  - Perception of safety culture in the Company.
  - Involvement of the areas with safety.
  - Dissemination of safety information.
  - Training and procedures.
  - Ambassadors' initiative on safety.
  - Reporting culture of deficiencies and hazards.
  - Action against incidents and accidents.

Moreover, in 2023, we continued our SMS education programs. We trained 6,578 Ambassadors and 4,389 suppliers (Mexico: 6,246 Ambassadors/2,788 suppliers, Costa Rica: 102 Ambassadors/1,335 suppliers, El Salvador: 230 Ambassadors/266 suppliers). In 2024, we plan to continue supplier education as we implement new training technologies.

6,578
Ambassadors trained in SMS

50 ACMS: Aircraft Condition Monitoring System.

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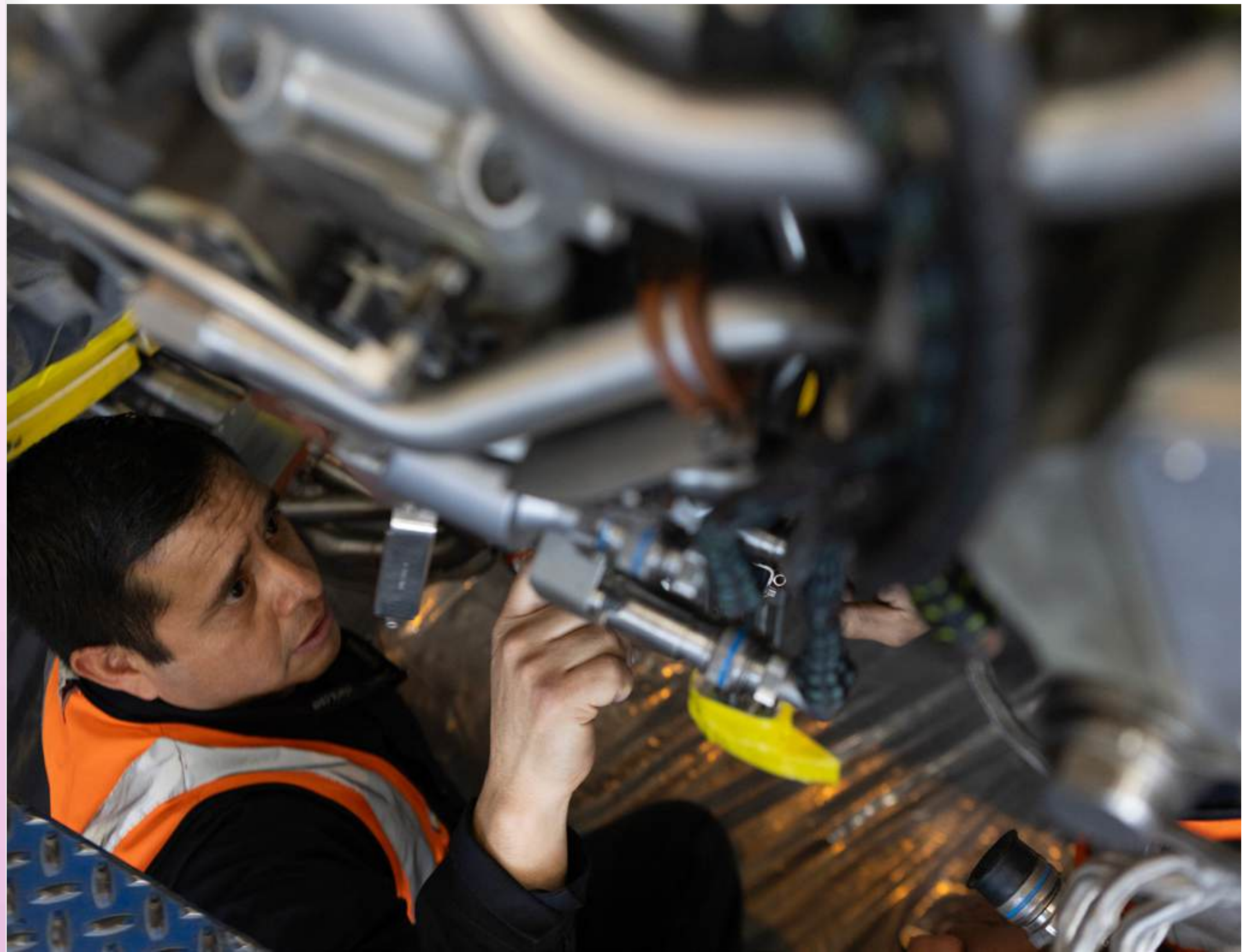


Maintenance

Our aircraft maintenance engineering and planning departments maintains, updates and controls the Volaris Maintenance Program, which is approved by the Federal Civil Aviation Agency (AFAC) of Mexico, the Federal Aviation Administration (FAA) of the United States of America, the General Directorate of Civil Aviation (DGAC) of Costa Rica and Civil Aviation Authority (AAC) of El Salvador, as applicable.

All maintenance is planned and performed to comply with current regulations and is based on manufacturer recommendations. Maintenance activities are carried out by our qualified technicians at a repair station approved by the aviation authorities of Mexico (AFAC) and the U.S. (FAA - under U.S. Federal Aviation Regulation Part 145). Maintenance may also be handled by certified maintenance suppliers who undergo continuous training to ensure quality and compliance, and are also certified by the applicable aviation authorities.

Our fleet operates under FAR 129 rules, as the operation includes flights into U.S. territory. Also, all U.S. register aircraft maintenance (and operation) is under FAA surveillance.

We perform routine and non-routine maintenance, which fall mainly into the following general categories:

- **Line maintenance.** Includes daily and weekly checks on our aircraft, minor routine checks and servicing, such as "A" checks covering the aircraft systems, engines and components. Also includes routine diagnostics and repairs, or any other unscheduled and necessary repairs. Currently, the line maintenance activities are mainly performed by our mechanics and are complemented by contracted third parties at certain airports. Line maintenance includes groups of scheduled tasks that may take around 6 days to complete and are typically required every 24 months.
- **Major maintenance.** Encompasses more complex functions that may take up to six weeks and are performed in a Hangar. Major engine maintenance is performed approximately every six years and involves more complex activities performed by specialized shops approved by the engine manufacturer.
- **Component service or component maintenance.** Involves preventive and corrective maintenance on various aircraft components, including wheels, brakes, valves, hydraulic pumps and computers. It also includes servicing major assemblies such as landing gear systems and the Auxiliary Power Units (APUs).

We have long-term contracts with certified suppliers for the maintenance of our engines and other components, as well as for our airframes.

Safety Regulatory Compliance and Certifications

In 2023, we complied with all applicable safety regulations and maintained several certifications across our operations:

Volaris Mexico

- The Mexican Civil Aviation Law establishes that airlines must implement measures to ensure the safety of operations and, therefore, of customers and crews.
- Compliance with Mexican Official Standard NOM-064-SCT3-2012, which establishes the specifications to be met by the SMS.
- IOSA Certification (2023-2025). IATA carried out our first Risk-Based IOSA audit, in April 2023.
- SMS Certificate (since 2015).

Volaris Costa Rica

- IOSA Certification (2023-2025).
- SMS Certificate (since 2019).

Volaris El Salvador

- First IOSA Certification in 2023, valid until November 2025.
- SMS Certificate (since 2022).

FLIGHT SAFETY FOUNDATION

In 2023, we continued to be a member of the **Flight Safety Foundation**, which provides independent and expert safety guidance and resources to the aviation and aerospace industry.

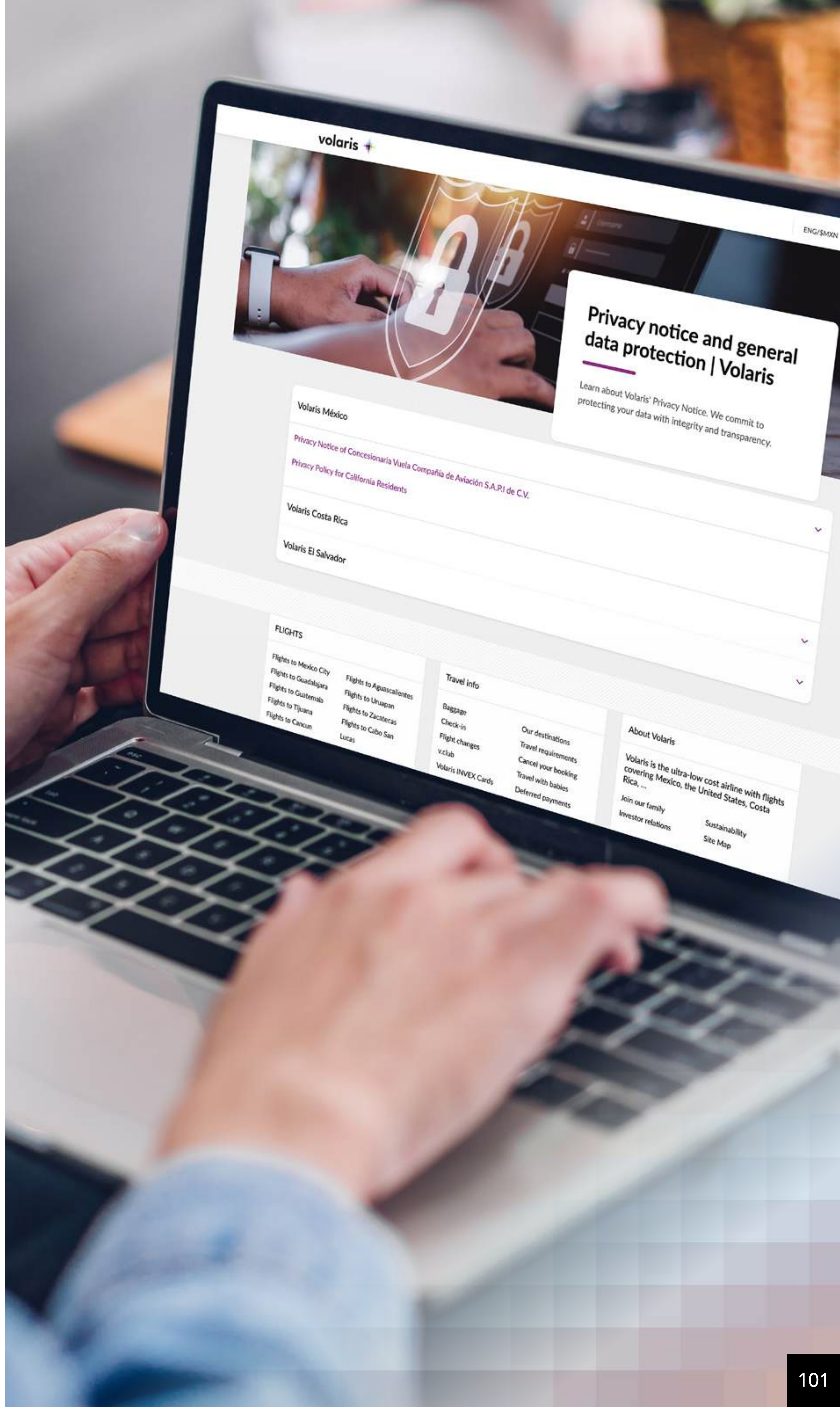
And Volaris was named one of the Top 20 Safest Low-Cost Airlines by AirlineRatings.com, which examined factors like results of ICAO audits, incidents and accident records, fleet age and more, thanks to our unwavering commitment to safety.

Cybersecurity, Data Protection and Customer Privacy

By promoting the integrity of our information systems and safeguarding customers' personal information, we uphold our corporate reputation, maintain customer trust and comply with the applicable regulations for data protection violations.

Volaris is committed to continuously enhancing data protection and customer privacy through various initiatives. We regularly review applicable data protection and privacy regulations and assess our tools and technological advancements to strengthen and update our internal processes and policies. This promotes compliance with regulations and enables us to effectively address customer requests for access, rectification, cancellation and opposition of the processing of their personal data.

In 2023, Volaris did not rent or sell customers' personal data to third parties.



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Cybersecurity and Data Protection

Our cybersecurity and data protection strategy is led by our Technology and Corporate Transformation Senior Director, with ultimate oversight through our Board of Directors and other Senior Management members. The Board of Directors oversees the strategy and review processes reported by the Audit Committee, which in turn, is informed by the IT and Cybersecurity Working Group, which is actively monitored by our CEO. This working group meets at least quarterly. For more information about the integration and main duties of this working group, please refer to the Our Corporate Governance chapter.

At Volaris, we take specific actions to enhance our cybersecurity maturity. Some of the key actions we undertake include, among others:

- **Utilization of servers, databases and networks.** We utilize servers, databases and networks to manage sensitive information, prevent unauthorized access, data interception and cyber-attacks, as well as implement access control measures. We align our practices to the ISO 27001:2013 standard and to the NIST cybersecurity framework.
- **Conduct third-party vulnerability analysis.** We periodically conduct third-party vulnerability analysis, including simulated hacker attacks, to have specialized knowledge and experience in identifying vulnerabilities and mitigating risks.
- **Conduct phishing simulations.** We conduct regular phishing simulations to strengthen preventive controls, protect identities and detect cyberattacks.
- **Implement incident response.** We utilize playbooks to standardized responses to cybersecurity incidents as they occur.
- **Provide training.** We provide annual training for all Ambassadors on cybersecurity, privacy and personal data protection. **In 2023, more than 98% of our Ambassadors received training in both personal data protection and cybersecurity.**

Additionally, we have an **Information Security Standards Policy** aimed at promoting compliance with information security policies among our Ambassadors and a culture to react appropriately to information security incidents. This policy states that our Ambassadors and third parties associated with Volaris are responsible for reporting any information security incidents they detect within their work areas, which must be reported promptly through authorized channels.

Any violation of information protection policies, information security standards, or any breach of laws or regulations endangering the confidentiality, integrity and availability of information and/or information technologies, could be subject to disciplinary and legal actions.

Customer Privacy

In 2023, we further strengthened our customer privacy strategy by identifying, analyzing and addressing emerging risks, considering current trends, new regulations and Volaris' expansion into new markets. Our goal is to enhance existing controls and implement additional measures as needed to mitigate identified risks related to personal data. Volaris has established policies in this area that apply to all our operations, including our suppliers:

- Personal Data Protection General Policy
- Data Subjects Access Rights Policy
- Blocking and Cancellation of Personal Data Policy
- Personal Data Violation Policy
- Data Classification Policy

Our approach to data security and customer privacy is further guided by compliance with key regulations, including Mexico's Federal Law on the Protection of Personal Data Held by Private Parties (LFPDP), California's Consumer Privacy Act (CCPA/CPRA) and the personal data protection laws in Colombia, Costa Rica and Peru. Furthermore, the LFPDP and CCPA/CPRA impose requirements for the security and privacy of personal data abroad.

Additionally, in 2023, we incorporated liability and data protection clauses in new contracts with suppliers that handle personal data to comply with data protection regulations and to mitigate potential risks associated with the mishandling or unauthorized access of sensitive information.

The information we collect from our customers will be used in accordance with **our Privacy Notice and Privacy Policy**.[51] Customers have the option to control how their personal data is collected, used, retained and processed. We guarantee our customers the right to access, rectify, cancel and oppose the processing of their personal data. Volaris retains customer data in accordance with the applicable regulations.

Volaris promotes through agreements and/or other binding documents, that third parties who use customer data maintain adequate security, administrative, technical and physical measures to protect customers' personal data and that said third parties use customers' personal data solely and exclusively for the purposes for which it was gathered and in accordance with our Privacy Notice.

Though we take preventive measures to reduce the risk of cyber incidents and protect our information technology and networks, there is always a risk that we may suffer a major cyberattack that we are unable to repel.

During 2023, we did not identify material breaches or leaks of our customers' data.

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51 Our Privacy Policy applies to our California operations.

Expanding Our Vision to

Grow with the Best Talent

Our Ambassadors

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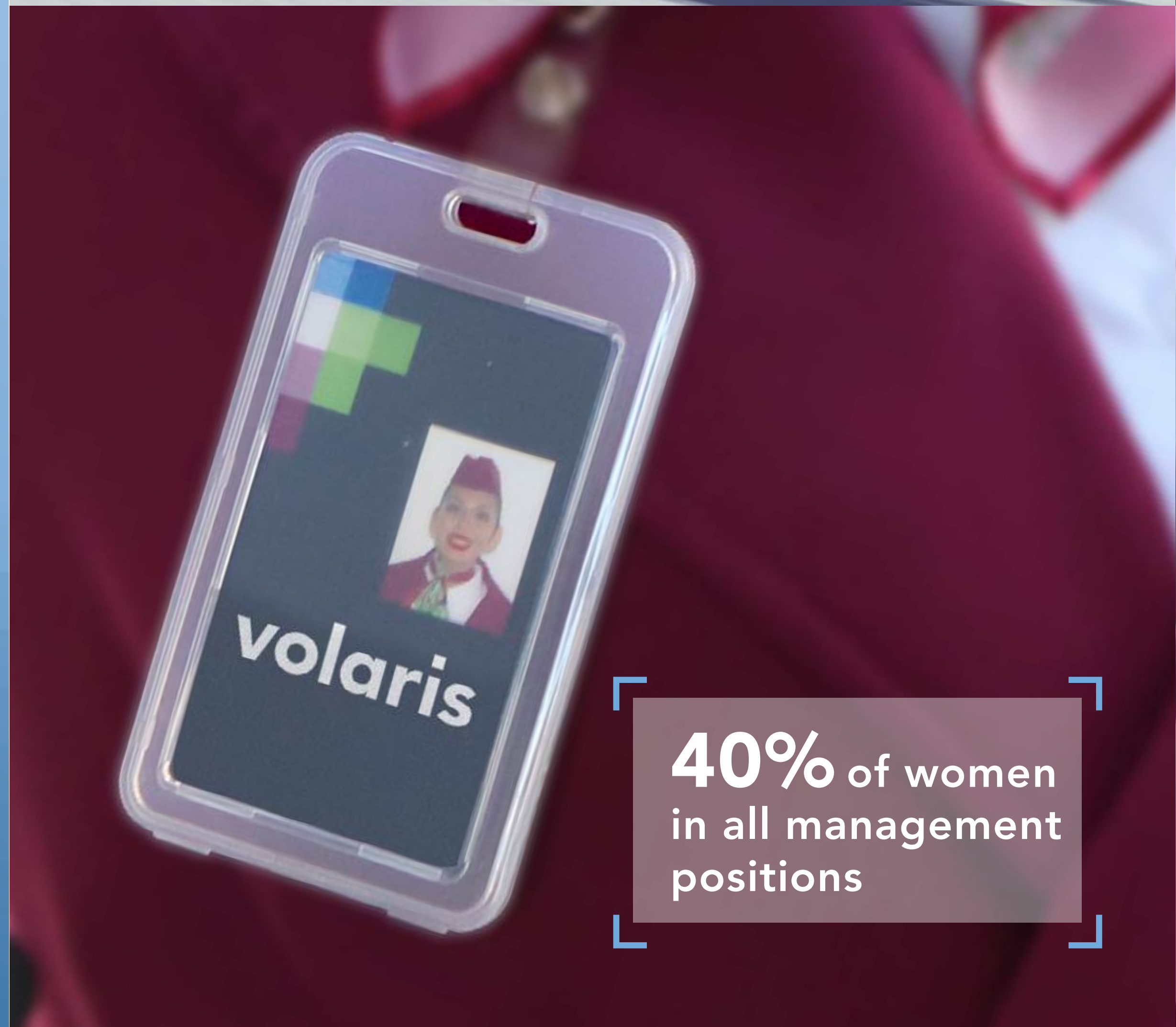

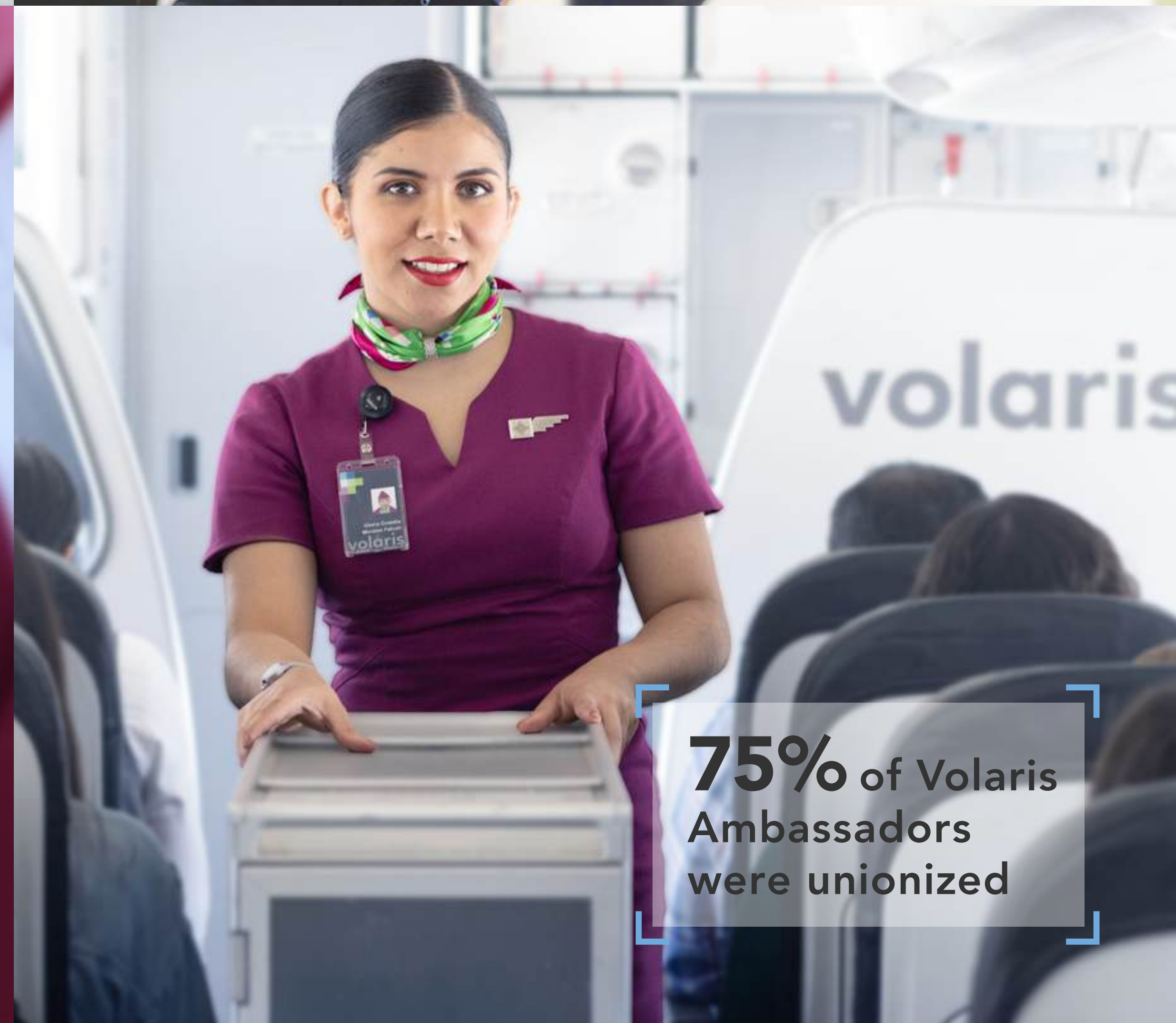

At Volaris, **our employees are referred to as "Ambassadors,"** as they represent our Company, embodying our mission and values to our customers and other stakeholders. All our Ambassadors are part of the **Volaris Family.**

We recognize that people and their well-being are central to sustainable business operations and growth. Through the social pillar of our Corporate Sustainability Strategy, we focus on actions related to human talent management and labor practices that allow us to attract, develop, train and retain the best talent for the Company's future.

Moreover, our people-centered culture is governed by five axes: health, family, professional development, spirit and social commitment.

The Board of Directors oversees our human talent management strategy through the Compensations and Nominations Working Group, which reports directly to the Corporate Governance Committee. This Working Group receives quarterly updates on human talent management and labor practices topics, including compensations and benefits, turnover, employee engagement, talent management and labor relations. Moreover, this strategy is closely monitored by our CEO.

Human Talent Management

At Volaris, we prioritize the development of our human talent, encouraging our Ambassadors to possess the essential skills to effectively execute our business strategy and promoting the protection of their rights.

Freedom of Association and Collective Bargaining

We recognize the rights of all our Ambassadors, including their rights to free association and collective bargaining. **In 2023, 75%[52] of Volaris Ambassadors were unionized, as members of the independent Union of Workers of the Aeronautical, Communications, Similar and Related Industries of the Mexican Republic (STIA).**

In 2023, collaborative initiatives with our Union included, among others:

- Validation in the implementation of the Mexican NOM-035-STPS-2018 questionnaire, that promotes a good work environment by managing psychosocial risk factors in the workplace.
- Participation in promotion processes for maintenance personnel, ensuring fair and transparent opportunities for professional growth.
- Attendance and participation in the *Volaris' Health and Safety Week*, promoting awareness of safe and healthy practices in the workplace.
- Participation in initiatives to communicate our unionized Ambassadors relevant information about their compensations and benefits packages, organizational culture, among others.
- Request for scholarship programs for pilots, promoting educational opportunities and supporting the professional development of Ambassadors.
- Promotion of activities to encourage our Ambassadors' well-being through sports.
- Support initiatives for disease prevention and health promotion, such as vaccination programs.

These agreements are available in our **Collective Bargaining Agreement** and linked documents are registered on the labor authority's public domains.

52 This figure only includes Volaris' unionized employees based in Mexico.

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Chart 10. **Unionized Ambassadors by Trade/Guild**[53]

	2021	2022	2023
Total unionized Ambassadors	5,464	5,819	**5,383**
Percentage of unionized Ambassadors	81%	79%	**75%**
Number of Ambassadors unionized at airports	983	972	**975**
Number of Ambassadors unionized in maintenance	338	495	**513**
Number of pilots unionized	1,453	1,489	**1,370**
Number of flight attendants unionized	2,690	2,863	**2,525**

53 This figure only includes Volaris' unionized employees based in Mexico.

For Ambassadors not covered by collective bargaining agreements, we have established a General Compensation Policy and related policies. These guidelines define and develop the compensation, benefits and overall labor conditions at various levels within the Company.

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Workforce Composition

Volaris remains a driving force of economic growth and job creator in the countries where we operate. In 2023, we created 99 new positions. **By the end of 2023, the Volaris Family consisted of 7,198 Ambassadors, of which 53% were men and 47% were women and we had a ratio of 53.6 full-time employees (FTE) per aircraft.** Moreover, we did not have any temporary or non-guaranteed labor contracts with our Ambassadors.

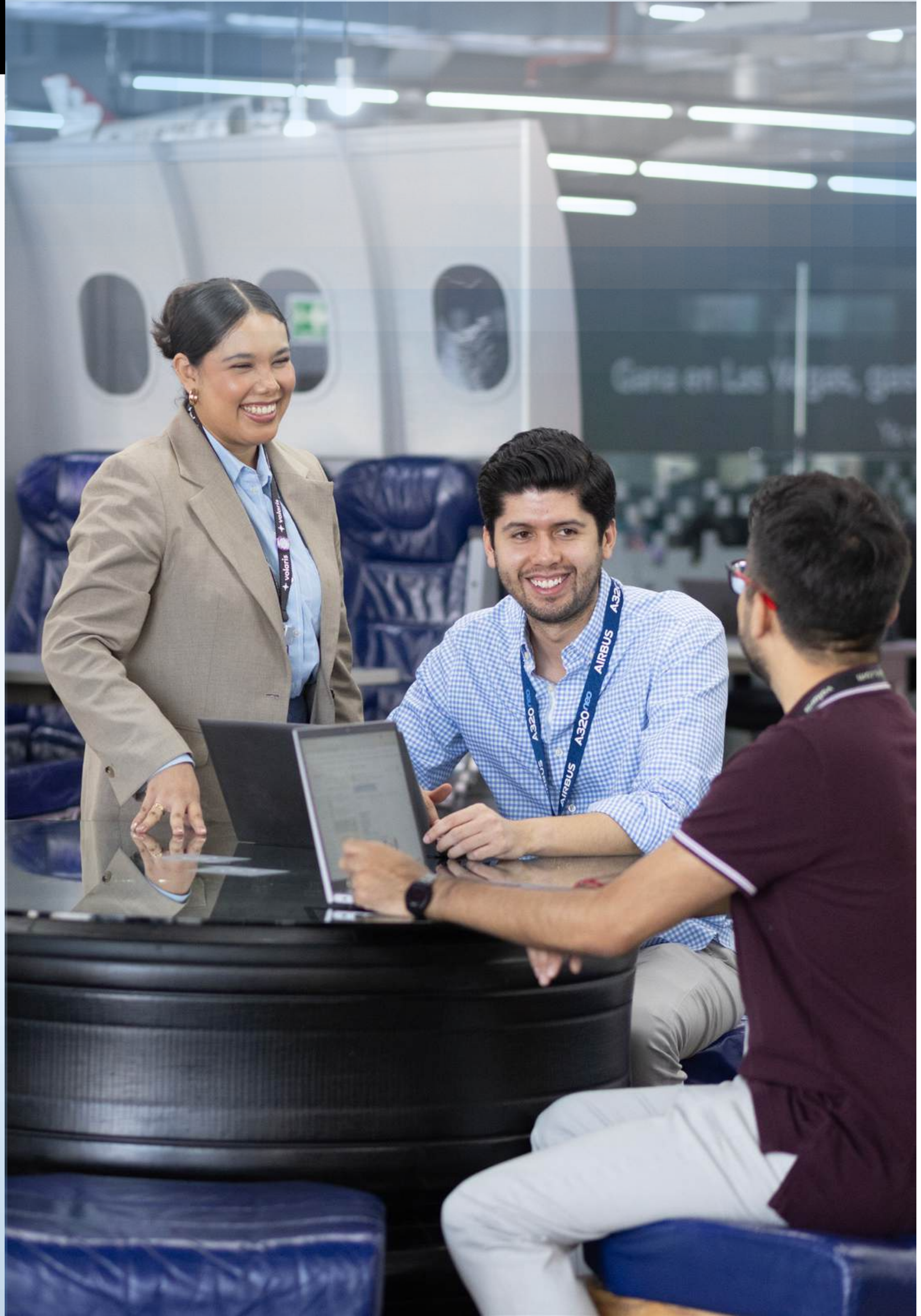
In 2023, our headcount growth fell short of expectations due to external factors, including the accelerated inspections conducted by P&W/IAE on our fleet.

Chart 11. **Headcount by Employee Type and Gender**

	2021			2022			2023		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Permanent	3,138	3,576	6,714	3,429	3,935	7,364	**3,369**	**3,829**	**7,198**
Part-time	369	398	767	573	271	844	**465**	**185**	**650**
Full-time	2,769	3,178	5,947	2,856	3,664	6,520	**2,904**	**3,644**	**6,548**

Chart 12. **Employee Demographics by Age Group**

	2021	2022	2023
<30 Years	48%	47%	**47%**
30-50 Years	46%	47%	**47%**
>50 Years	6%	6%	**6%**



Talent Attraction and Retention

At Volaris, attracting and retaining the most qualified talent is essential to maintaining the sustainable profitability of our business. Our **Talent Attraction Strategy** promotes key initiatives, including:

- **Positive work environment:** We promote equal opportunities and non-discrimination.
- **Competitive compensation and benefits:** Offering attractive packages to draw and keep top talent.
- **Performance assessments and feedback:** Regular evaluations and constructive feedback sessions.
- **Robust talent pipeline:** Developing specialized strategies, such as agreements with aviation schools and universities, to maintain a steady flow of talent for corporate and operational positions.
- **Engagement surveys:** Conducting surveys and follow-up action plans to enhance employee satisfaction and retention.

We also have an **Internal Opportunities Strategy** (an internal hiring program) that contributes to:

- **Increased productivity:** Faster onboarding in new positions.
- **Reduced turnover and costs:** Lowering associated costs by retaining existing talent.
- **Stabilized workforce:** Promoting workforce stability.
- **Development opportunities:** Offering transparent development opportunities for all Ambassadors.

To guide both strategies, we have implemented a **Talent Attraction Policy** and an **Internal Opportunities System (SOI) Policy,** which establish guidelines to ensure the entire talent attraction process (recruitment and selection) is conducted transparently, efficiently and fairly for all candidates, regardless of age, sex, physical condition, sexual orientation, gender identity, religion, political affiliation, ethnic origin, nationality, socioeconomic status, education, or any other condition. Both policies base selection on capabilities, skills and competency alignment, thereby offering opportunities for growth and development.

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To strengthen Volaris as an employer brand, we will continue fostering relationships with aviation schools to attract operational talent and with universities to attract corporate talent. We will analyze and reinforce our current structures and project them for the coming years, as well as strengthen the talent acquisition team. Establishing strategic partnerships with headhunters and training Volaris leaders in the talent acquisition process and competency-based interviews are key components of our plan. This will enable us to be prepared for the coming years and continue selecting the best talent.

In 2023, we hired 1,250 new employees in Mexico, Central and South America, with an average of U.S. $4,784 spent on hiring costs per FTE.

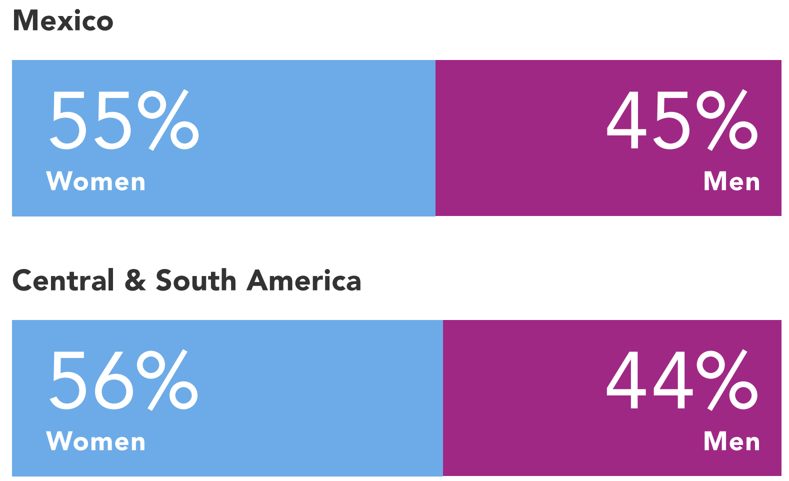
Chart 13. **New Employee Hires by Gender and Geography**

	2021			2022			2023		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Mexico	993	857	1,850	725	786	1,511	**487**	**585**	**1,072**
Central & South America	26	19	45	79	85	164	**100**	**78**	**178**
Total	**1,019**	**876**	**1,895**	**804**	**871**	**1,675**	**587**	**663**	**1,250**

Chart 14. **New Employee Hires by Role**

	Mexico	Central & South America	Total
Top executives[54]	7	-	**7**
Junior management[55]	41	6	**47**
Individual contributors[56]	1,024	172	**1,196**
Total	**1,072**	**178**	**1,250**

Graph 4. **New Employee Hires by Gender and Geography**



54 Refers to Senior Managers, Directors, Senior Directors, Chiefs, Executive VP and CEO.
55 Refers to Leaders, Heads, Senior Heads and Managers.
56 Refers to Auxiliaries, Analysts and Specialists.

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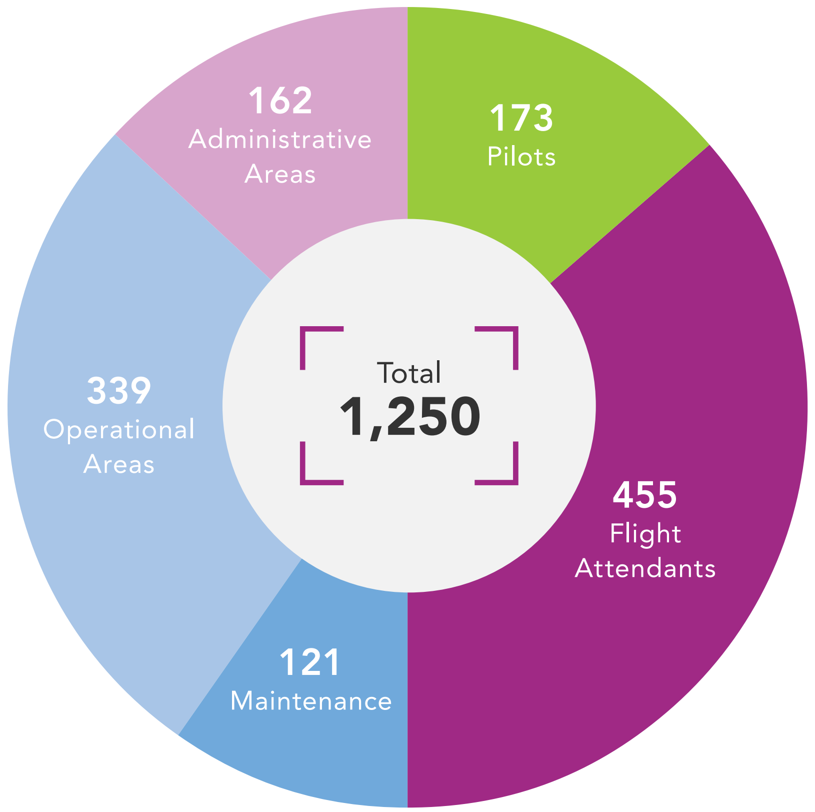
Graph 5. **New Employee Hires by Position/Guild**



Graph 6. **New Employee Hires by Age**

In 2023, the percentage of open positions filled by internal candidates was 17% (vs. 15% in 2022).

Chart 15. **Number of Internal Candidates Hired to Fill Open Positions by Gender**

	2021	2022	2023
Women	87	122	**107**
Men	144	179	**148**
Total	231	301	**255**

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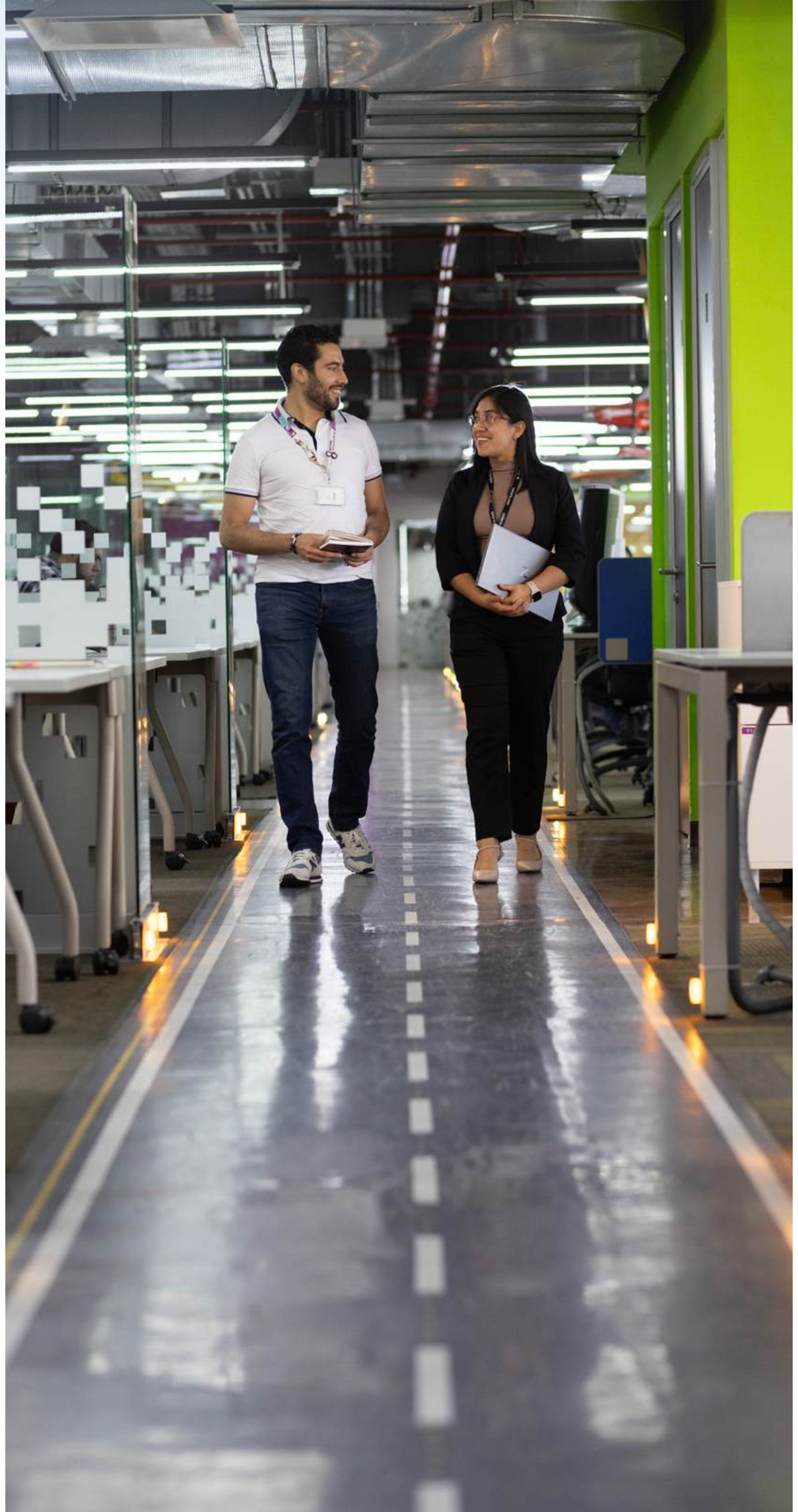
Moreover, we have additional talent attraction programs, such as:

- **Development Galaxy:** Seeks to attract young talent and develop the future leaders of Volaris and is composed of:
  - Novas (Interns): A program for students to participate in administrative and operational projects. The program lasts one to two years, with opportunities to fill future vacancies. **In 2023, we had 63 participating interns, of whom 23 were hired (18 in maintenance and 5 in administrative positions).**
  - Satellites (Trainees): An accelerated learning program that offers recent graduates the opportunity to participate in challenging and high-impact projects for the Company. The program features three rotations in different business areas that match the profile and career interests of each participant. **At the end of 2023, four trainees were hired in administrative positions.**
- **Volaris Pilot Scholarship Program: An initiative that aims to inspire and create a new generation of skilled pilots, helping some of our Ambassadors and their offspring to achieve their dream of becoming a pilot.** The beneficiaries stay in the Company for at least five years, so we also address our need for skilled pilots to support our expansion plans. The scholarship costs are substantial, underscoring our commitment, until 2023 we've invested more than U.S. $867 thousand in this program. In the aviation industry, women have historically been underrepresented and the Pilot Scholarship Program helps close this gender gap by encouraging and empowering women to pursue careers in aviation.



In 2023, 23 Ambassadors – 7 women and 16 men – and 6 offspring of current Volaris' pilots – 4 women and 2 men – were selected as scholarship winners.

In 2024, we are launching a new program called "*Becánicos*", which consists of providing scholarships to maintenance and airports Ambassadors who aspire to become aeronautical mechanics, in order to support the continued professional development of our Ambassadors.

We measure our talent retention performance through:

- **Turnover:** We monitor our turnover rates to assess the stability and retention of our Ambassadors. In 2023, our total turnover rate was 20%, up from 14% in 2022, primarily due to external factors such as the accelerated inspections of the P&W engines. **On the other hand, the voluntary turnover rate remained flat at 13%, thanks to our efforts related to attraction and retention in the Company.**

Chart 16. **Turnover by Gender and Geography**

	2021			2022			2023		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Mexico	310	373	683	488	544	1,032	**739**	**620**	**1,359**
Central & South America	5	2	7	8	4	12	**27**	**34**	**61**
Total	**315**	**375**	**690**	**496**	**548**	**1,044**	**766**	**654**	**1,420**

Chart 17. **Turnover Rate by Gender and Geography**[57]

	2021			2022			2023		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Mexico	8%	6%	14%	7%	8%	15%	**11%**	**9%**	**20%**
Central & South America	4%	3%	8%	5%	4%	10%	**6%**	**8%**	**14%**

Chart 18. **Turnover by Role**

	Mexico	Central & South America	Total
Top Executives[58]	10	1	**11**
Junior Management[59]	35	8	**43**
Individual Contributors[60]	1,314	52	**1,366**
Total	**1,359**	**61**	**1,420**

57 Personnel turnover rate refers to the personnel rotation in terms of total Ambassadors at the end of the year.
58 Refers to Senior Managers, Directors, Senior Directors, Chiefs, Executive VP and CEO.
59 Refers to Leaders, Heads, Senior Heads and Managers.
60 Refers to Auxiliaries, Analysts and Specialists.

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Engagement surveys: In 2023, Volaris conducted an engagement survey, in collaboration with an external consultancy, to assess our Ambassadors' satisfaction with the Company, measure engagement, identify growth opportunities and drive positive change. Employee engagement was assessed by asking Ambassadors to rate their level of engagement on a five-point scale. The survey focused on three key areas:

- Engagement
- 7 P's model – Passion, Peace, Participation, Plurality, Progress, Ownership (*Propiedad* in Spanish) and Purpose
- Leadership

The survey achieved 91% response rate, with 6,797 Ambassadors participating. The results showed that 95% of Ambassadors were at the top level of engagement.[61]

To complement this engagement survey, we also conducted the **NOM-035-STPS-2018 survey,** which supports the identification and prevention of psychosocial risk factors, providing a comprehensive analysis of areas needing improvement within the Company. This integrated analysis has led to targeted action plans addressing key deviations and focus areas.

In 2024, we plan to implement a Buddy Program—a mentoring initiative for new hires—where each person is assigned a "buddy" for their first three months to facilitate cultural adaptation within the organization.

We plan to conduct these surveys on a biennial or triennial basis to continue analyzing and implementing the necessary actions. Additionally, to reinforce our employer branding, starting in 2024, we will implement initiatives to strengthen our external communications through social media. These efforts are aimed at attract top talent in the market.

61 Top level of engagement is based on the classification of Somewhat Engaged (4) and Highly Engaged (5).

Employees Compensation and Benefits

As we aim to attract and retain the best talent, we offer competitive compensation and benefits for employees. Volaris' compensation plans seek to maximize value for our Ambassadors, as well as contribute to equal pay, equal work, responsibilities and experience in all our roles, as well as to the well-being of our Ambassadors. To achieve these goals, we have a **General Compensation Policy** and associated policies, which are closely linked and aligned with Volaris' strategy, mission, vision and practices. These policies promote:

- Equitable and fair compensation, comparable to the duties, experience, responsibilities, complexity and contribution of each role to the results of the Company.
- Ambassador's total rewards composition: competitive salaries, variable compensations aligned to performance and productivity, benefits package and an "emotional salary." The latter is understood as an Ambassador's growth, development, working conditions and overall experience at Volaris.
- Total compensation annual analysis to remain competitive against the market, through best practices benchmarking. Certain key employees[62] at our Company receive a long-term cash incentive for a three-year vesting period (33% each year), subject to performance and talent review ratings.

The benefits package offered to our Ambassadors is **designed to help prioritize their physical health, financial security, mental well-being and work-life balance.** According to Mexican Labor Law, our Ambassadors are entitled to various benefits including paid vacation days, vacation premiums, December bonus, social security, maternity and paternity benefits and access to breastfeeding/ lactation rooms.

All Ambassadors (unionized and non-unionized) are eligible to receive the following benefits:

- Major medical insurance
- Life insurance for natural or accidental death
- Productivity bonus
- Training programs
- Career development programs
- Limited flight tickets
- Access to physical and mental health online platforms, e.g., nutrition programs, psychological counseling, medical counseling, etc.
- Commercial discount agreements

In addition, unionized Ambassadors receive food grocery vouchers and can participate in the December Overnight Program for Crew Members.[63]

62 Key employees include employees that are at most two management levels from the CEO (or equivalent).
63 This initiative consists of an invitation to our crew members that fly on December 24 and 31 to take a companion on the flight with them. The objective is that they spend December holidays with their families.

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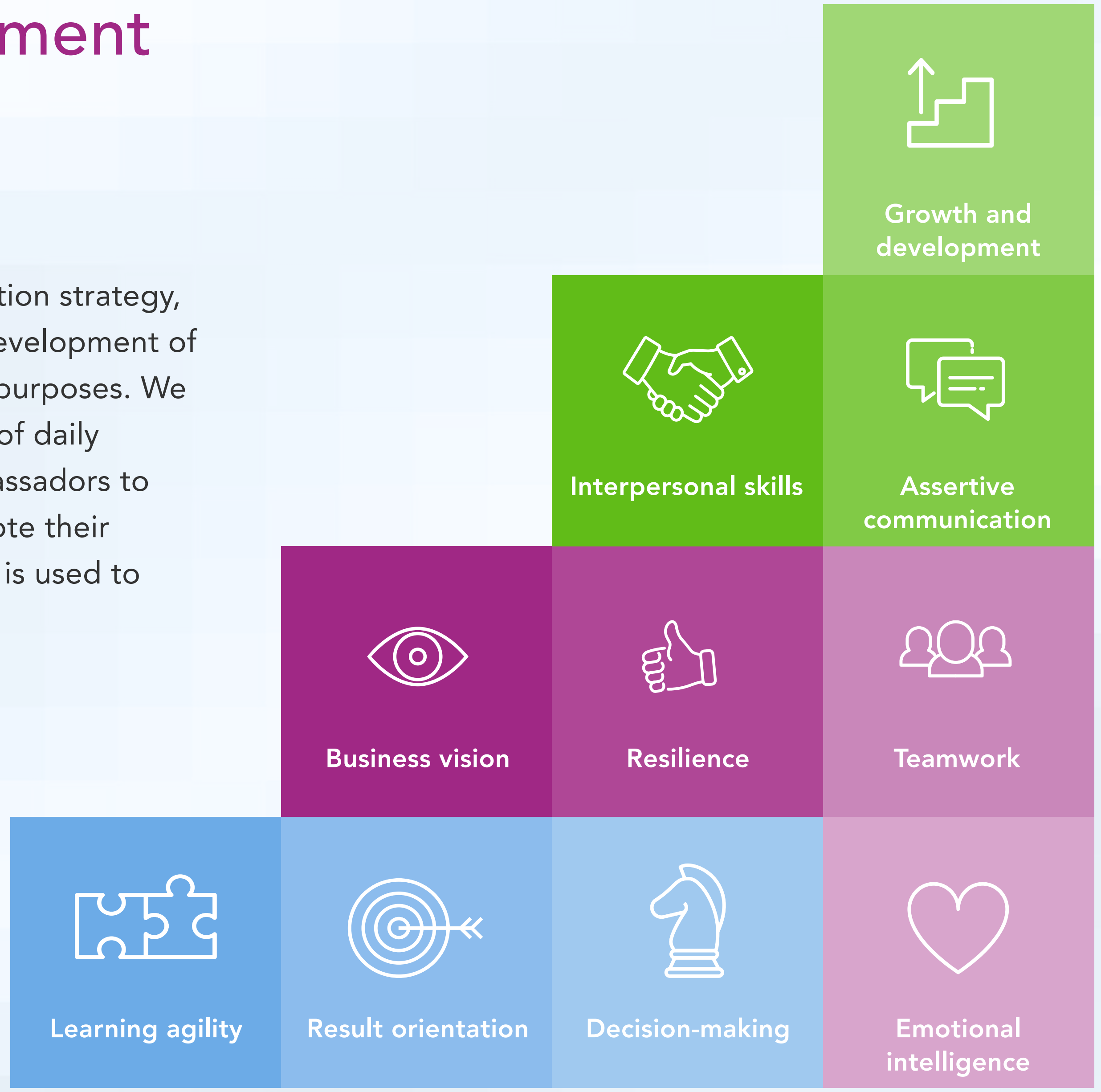
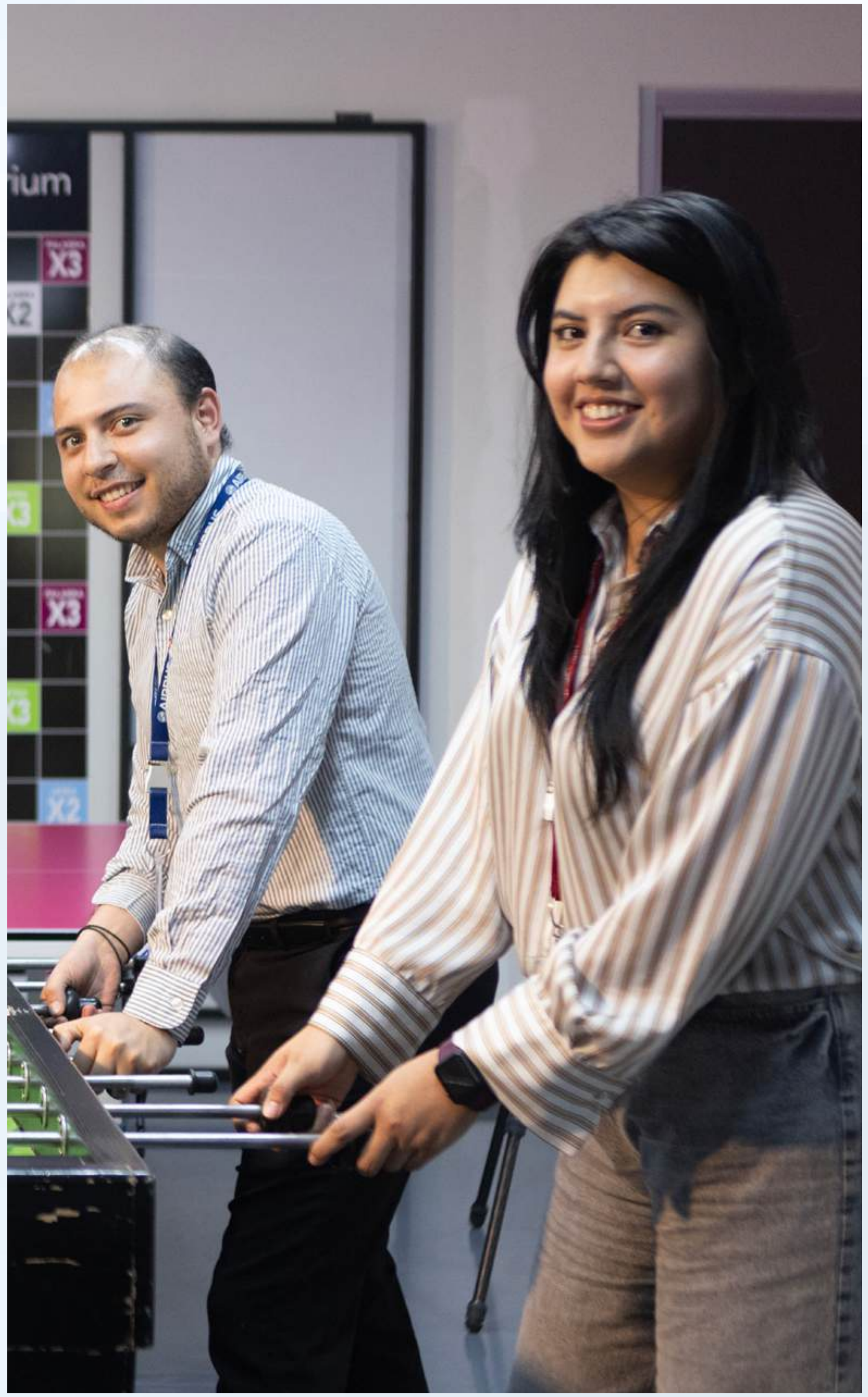
Employee Development Programs

As part of our talent attraction and retention strategy, we promote professional and personal development of our Ambassadors to contribute to these purposes. We have a Volaris Competency Model, a set of daily behaviors and skills expected of all Ambassadors to enhance their leadership skills and promote their professional careers' development and it is used to standardize our evaluation frameworks.





Additionally, we implement and invest in a **comprehensive training strategy for our Ambassadors,** contributing to their professional development and skill enhancement, as well as ensuring they stay updated on operational, safety, administrative and customer service regulations and best practices—essential in aviation, one of the world's most specialized and regulated industries.

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Our strategy is based on strengthening the effectiveness of training through a philosophy of clear leadership and behaviors for the Company. Furthermore, recognizing the internal dynamics, we are continuously working on implementing a micro-learning model to facilitate a more agile and efficient training process.

In 2023, the average hours of training and development per full-time employee (FTE) was 6.1 hours,[64] with an average of U.S. $58 spent per FTE on training and development.

Our training strategy is divided into five areas:

1 Regulated Technical Training

Volaris complies with the training requirements mandated by the authorities in the countries where we operate to ensure regulatory compliance and operational competence among our Ambassadors.

Chart 19. **Number of Regulated Courses Taught by Guild and Gender**

	Pilots	Flight Attendants	Maintenance	Dispatch	Total
Courses offered[65]	2,015	480	94	100	**2,689**
Number of Ambassadors trained[66]	10,715	6,784	969	1,537	**20,005**
Women trained	576	4,976	73	288	**5,913**
Men trained	10,139	1,808	896	1,249	**14,092**

64 Includes only Volaris Corporate University courses.
65 During 2023, on average pilots, flight attendants, maintenance personnel and dispatchers took 8, 2, 7 and 2 courses, respectively.
66 The number of trained ambassadors reflects the ability to participate in several courses throughout the year.

2 Volaris Corporate University

Virtual platform with access to mandatory training certifications. Most of these courses address governance, ethics, safety and security, among other topics.

Chart 20. **Volaris Corporate University Courses, Training Hours, Ambassadors Trained by Gender**

	Training Hours	Women Trained	Men Trained	Total Ambassadors Trained	% Completion / Active Population[67]
MANDATORY COURSES[68]					
PCV: Key Control Policies	1,074	446	628	**1,074**	98%
SMS: Safety Management System (Type A, B, C)	6,243	2,862	3,381	**6,243**	100%
COEV: Volaris Code of Ethics	3,603	3,403	3,803	**7,206**	100%
ECPAT: End Child Prostitution, Child Pornography and Trafficking of Children for Sexual Purposes	2,992	3,124	2,860	**5,984**	100%
PDP: Personal Data Protection	3,606	3,427	3,785	**7,212**	98%
FCPA: Anti-Corruption Practices	652	287	365	**652**	100%
SI: Information Security Matters	3,621	3,392	3,850	**7,242**	99%

67 Active population refers to the total number of Ambassadors assigned to complete the training. The active population is not the same as the total number of Ambassadors at the end of the year.
68 Average length of the mandatory courses: 1 hour.

3 Non-mandatory Training

Specialized courses designed to reinforce soft skills. In some cases, we offer agreements with universities to facilitate the continued education of our Ambassadors.

Chart 21. **Ambassadors Trained in Non-Mandatory Courses by Gender**

	Women Trained	Men Trained	Total Ambassadors Trained	% FTE Participation	Total Training Hours
Non-Mandatory Courses	1,316	2,086	**3,402**	49%	**10,008**

4 Human Rights Training

In 2023, we began updating our human rights and diversity course, which we will integrate into our mandatory training process in 2024. Throughout the year, we continued to reinforce these topics among our Ambassadors to promote a violence-free workplace, equal opportunities for all and an excellent customer service. Additionally, aligned with our commitment to protect children and adolescents from the human trafficking for sexual exploitation purposes in the context of travel and tourism crime, we taught an annual mandatory e-learning training[69] on the implementation of the protocol for our operational Ambassadors.

5 Leadership Academy

A program designed to develop effective leaders; it is based on three training areas: culture, leadership capabilities and ways of working.

Chart 22. **Participation in Leadership Academy by Gender**

	Women	Men	Total
Leadership Academy[70]	333	469	**802**
Leadership Course: Promotion to Captain	4	50	**54**

69 See Chart 20. **Volaris Corporate University Courses, Training Hours, Ambassadors Trained by Gender** for information about Ambassadors trained in the "ECPAT protocol".
70 During 2023, our Leadership Academy underwent a process of renovation.

Additionally, other programs offered to our Ambassadors to develop leadership skills include:

- **Individual Programs:** Focuses on coaching, leadership sessions, shadowing, profile evaluation and feedback.
- **Group Programs:** Focuses on team coaching, group training, leadership sessions, sessions to strengthen collaboration and working methods, among others. In 2023, we implemented some related programs, such as:

Tobera Program

Description

9 hours of training, theoretical test and execution of one improvement project based on Six Sigma methodology.

Objective

To define, measure, analyze, improve and control specific business topics that have a direct impact on our safety, profitability and/or customer service.

Impact of the business benefits

Each project has a specific quantitative impact, e.g.:

- Cost saving and additional revenue through Overbooking process redesign.

Managerial Skills Diploma

Description

96 hours of training, theoretical and practical application and improvement projects for different areas.

Objective

Develop leadership skills of operational and administrative middle management with the aim of strengthening the strategic vision, decision-making and leadership of our leaders.

Impact of the business benefits

Improvement projects were developed and aligned with specific needs, such as recognition programs, retention strategies, improvement in operational processes.

Performance Evaluations

Finally, as part of our professional development efforts for all our Ambassadors, we have implemented a **performance appraisal system** designed to periodically assess and enhance their skills, promote their career growth within the Company and contribute to our business success. This system involves setting objectives and conducting regular reviews to promote continuous improvement and alignment with our strategic goals. **Our performance evaluation programs are linked to our Ambassadors' variable compensation.**

As part of the talent retention strategy, we conduct two assessments specifically designed to evaluate leadership skills for managerial positions:

- **Leader Net Promoter Score:** Using a 360° methodology, evaluate the level of development of leaders' competencies and behaviors.
- **Talent review:** Using the 9-box methodology result in the mapping of succession benches for Significant management positions.

Additionally, we have a 360° assessment as part of the individual development plans managed for improvement and development purposes.

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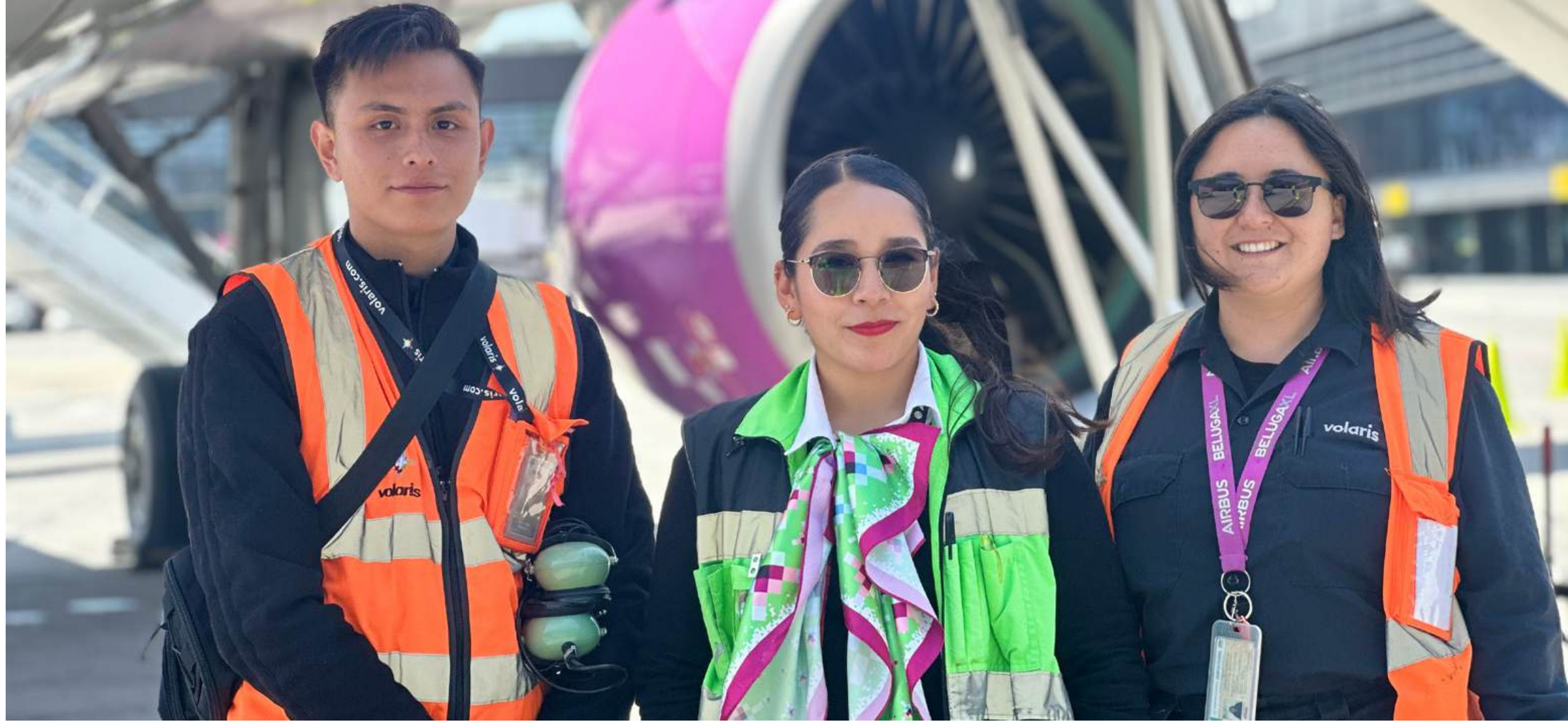
Labor Practices

We believe that promoting good labor relations with our Ambassadors is essential for our Company's success and sustainability. We aim to adhere to the best national and international standards to provide occupational health and safety practices, a fair and diverse work environment and support labor rights for all.



Diversity, Equity and Inclusion (DE&I)

We believe that diversity, equity and inclusion are crucial for fueling innovation, fostering creativity and driving successful business outcomes. Our **Diversity and Equal Employment Opportunities Policy** defines guidelines that provide equal opportunities for all our Ambassadors and encourages transparent and non-biased remuneration, promotions, performance evaluations and development plans. It also requires inclusive and gender-aware training and coaching processes.

The Policy complements and reinforces the guidelines set forth by the Volaris Code of Ethics. It strictly prohibits mistreating, violence and segregation toward and among employees based on physical appearance, culture, disability, language, sex, gender, age, economic status, health or legal status, pregnancy, marital or civil status, religion, political beliefs, ethnic or national origin, sexual orientation and immigration status, among others and requires ethical, egalitarian and non-discriminatory behavior within the organization.

As part of our commitment to increase women representation and reduce gender gaps in the aviation industry – joining in the *IATA's 25by2025 initiative*[71]. **Our goal is to increase the representation of women in underrepresented areas**[72] **by 25% or up to a minimum of 25% by 2025.**

71 Initiative that aims to reduce gender inequality in the aviation sector by increasing the representation of women in senior positions and other underrepresented areas.
72 Underrepresented areas refer to maintenance, engineers, pilots, top management and Senior Management roles.

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In 2023, almost half of our headcount was made up of women (47%), we had 40% of women in all management positions, 86 female pilots, 54 women in line maintenance and engineering and 15 women in top management positions.

Since early 2022, we have increased the number of women in underrepresented areas by 16% and **we aim to have 94 female pilots, 59 women in line maintenance and engineering and 15 women in top management positions by 2025.**

Graph 7. **Total Gender Diversity**

Chart 23. **Total Gender Diversity**

	2021		2022		2023	
	Ambassadors	%	Ambassadors	%	Ambassadors	%
Women	3,138	47%	3,429	47%	**3,369**	**47%**
Men	3,576	53%	3,935	53%	**3,829**	**53%**
Total	**6,714**	**100%**	**7,364**	**100%**	**7,198**	**100%**

Chart 24. **Gender Diversity by Geography**

	2021		2022		2023	
Mexico						
	Ambassadors	%	Ambassadors	%	Ambassadors	%
Women	3,054	47%	3,283	47%	**3,150**	**47%**
Men	3,461	53%	3,760	53%	**3,611**	**53%**
Total	**6,515**	**100%**	**7,043**	**100%**	**6,761**	**100%**
Central & South America						
	Ambassadors	%	Ambassadors	%	Ambassadors	%
Women	84	42%	146	45%	**219**	**50%**
Men	115	58%	175	55%	**218**	**50%**
Total	**199**	**100%**	**321**	**100%**	**437**	**100%**

Chart 25. **Gender Diversity by Role**

	2021		2022		2023	
	Women	Men	Women	Men	Women	Men
Senior management[73]	0%	100%	0%	100%	**0%**	**100%**
Top management[74]	21%	79%	20%	80%	**22%**	**78%**
Junior management[75]	42%	58%	49%	51%	**43%**	**57%**
Management positions in revenue-generating functions[76]	58%	42%	58%	42%	**55%**	**45%**
STEM-related positions	6%	94%	5%	95%	**34%**	**66%**

73 Refers to our C'Suite and our Senior Corporate Audit Services and Risk Assessment Director.
74 Refers to Senior Managers, Directors, Senior Directors.
75 Refers to Leaders, Heads, Senior Heads, and Managers.
76 Include Leaders, Heads, Senior Heads, Managers, Senior Managers, Directors, and Senior Directors in areas that generate revenue.

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In addition, in 2023, we conducted an internal gender pay assessment, to help us offer **equitable and fair compensation and increase the number of women in underrepresented areas.** The ratio of fixed monthly compensation of women vs. men by level is as follows:

Chart 26. **Gender Pay Ratios by Employee Level**

	Ratio
Senior management[77]	**N/A**[78]
Top management[79]	**0.79**
Junior management[80]	**0.98**
Non-managerial level	**0.89**
Pilots	**1.00**
Flight Attendants	**1.00**
Maintenance Staff	**1.00**
Airports	**1.00**

In 2023, the mean and median gender pay and bonus gap was 0%.

77 Refers to our C'Suite and our Senior Corporate Audit Services and Risk Assessment Director.
78 N/A: In 2023, we did not have women in the Senior Management.
79 Refers to Senior Managers, Directors and Senior Directors.
80 Refers to Leaders, Heads, Senior Heads and Managers.

Finally, we promote practices designed **to reduce gender gaps in the workplace,** such as maternity and paternity leave, use of breastfeeding rooms and working from a home office.

In 2023, 18% of women Ambassadors did not return to work after maternity leave and 24% left the organization shortly after their return. This trend is primarily attributed to the demanding nature of their roles, particularly those involving positions such as crew members.

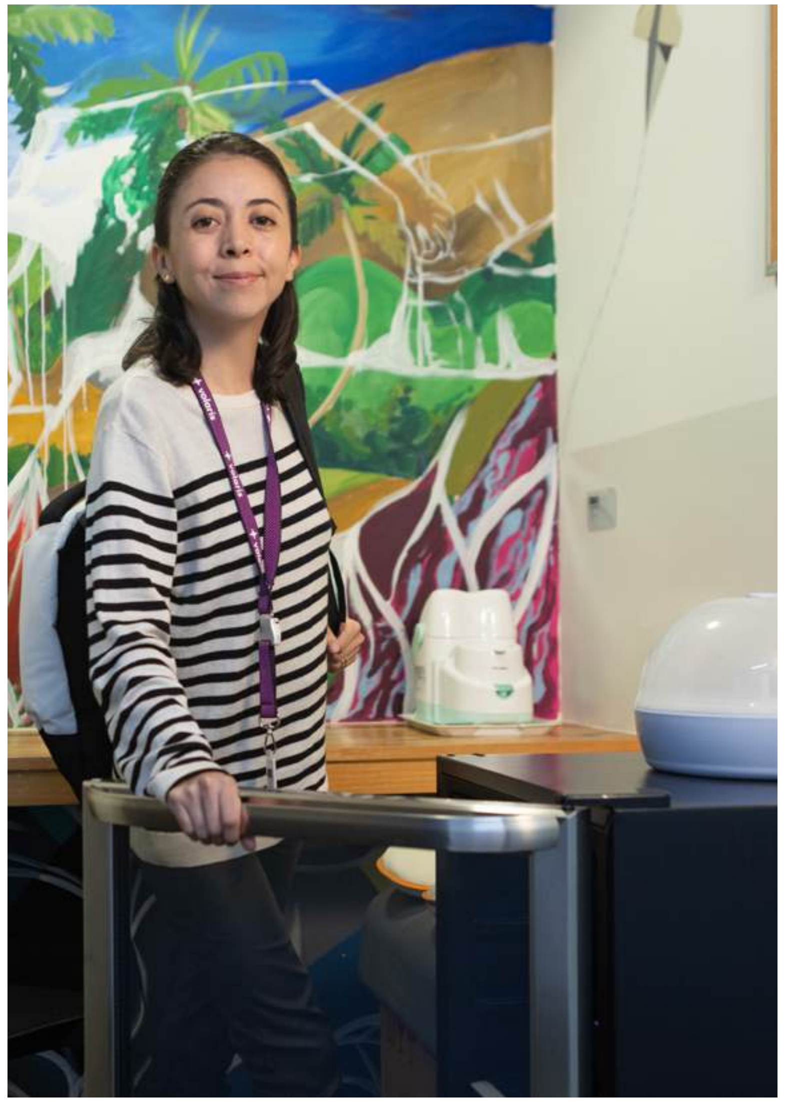

Chart 27. **Number of Ambassadors Who Took Paternity and Maternity Leave**

	2021	2022	2023
Women	100	106	**113**
Men	-	8	**9**
Total	100	114	**122**

Chart 28. **Number of Ambassadors Who Returned to Work After Paternity and Maternity Leave**

	2021	2022	2023
Women	97	85	**93**
Men	-	8	**9**
Total	97	93	**102**

Chart 29. **Number of Ambassadors Who Returned to Work and Stayed with the Organization One Year Later**

	2021	2022	2023
Women	68	52	**71**
Men	-	8	**9**
Total	68	60	**80**

Employees' Health and Safety

In addition to the employees' best practices implementation mentioned before, we prioritize our Ambassadors' well-being, specifically their health and safety. We have an **Occupational Health and Safety (OHS) Policy and a Program that is approved by our Senior Management and covers 100% of our Ambassadors.** It is aligned to international standards, such as the International Finance Corporation (IFC) Guidelines and Mexican regulations of the Ministry of Labor and Social Security, Mexican Social Security Institute, Ministry of Health, AFAC, Ministry of Infrastructure, Communications and Transportation and the Coordination for Civil Protection and is reviewed annually to evaluate the compliance in each work center. To improve the plan, we have processes to support the participation of Ambassadors through initiatives aligned with the OHS strategy.

In 2023, we complied with all our regulators' OHS inspections without any significant fines.

In addition, we have an **OHS Program that includes an Occupational Risk and Disability Management Procedure** to track information about occupational risks, work accidents and lost workdays. As part of this Procedure, we conduct an annual assessment of occupational risks, reviewing the severity of injuries and hazards our Ambassadors could suffer in the workplace, as well as the total number of recovery days and we use a risk matrix to understand and manage health and safety risks.

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To evaluate potential occupational risks, we start an investigation process that works as follows:

When a work accident (materialized risk) occurs, we start an investigation process that works as follows:

- Accident identification and monitoring through documentation required by the Mexican Social Security Institute.
- Risk classification of the possible occupational accident by the Mexican Social Security Institute.
- Accident mitigation efforts and recommendations provided by Volaris' Health and Occupational Safety team to reduce the likelihood of risks reoccurring in the future.

In 2023, we identified and resolved 318 occupational risks and developed corrective actions to mitigate their impact or prevent them from materializing. Moreover, **we experienced 311 work accidents, seven occupational diseases and no occupational fatalities** and we implemented initiatives to reduce the main causes of accidents. As a result of these actions, **the accident frequency rate decreased significantly.**

Chart 30. **Work Accidents by Gender**

	2021		2022		2023	
	Women	Men	Women	Men	Women	Men
Total Number of Accidents (A)	94	43	232	98	**223**	**88**
Total Hours Worked (B)	7,395,152	8,858,672	8,118,419	9,934,765	**9,789,435**	**11,039,149**
Accident Frequency Rate (AFR) = (A/B) X 200,000	2.54	0.97	5.71	1.97	**2.14**[81]	**0.84**

Chart 31. **Occupational Diseases by Gender**

	2021		2022		2023	
	Women	Men	Women	Men	Women	Men
Number of Occupational Diseases (A)	4	2	2	4	**5**	**2**
Total Hours Worked (B)	7,395,152	8,858,672	8,118,419	9,934,765	**9,789,435**	**11,039,149**
Occupational Disease Incidence Rate (OIR) = (A/B) X 200,000	0.11	0.05	0.05	0.08	**0.05**	**0.02**

Chart 32. **Days Lost Due to Disability by Gender**

	2021		2022		2023	
	Women	Men	Women	Men	Women	Men
Total Number of Days Lost (A)	2,087	869	3,846	1,575	**4,014**	**1,357**
Total Hours Worked (B)	7,395,152	8,858,672	8,118,419	9,934,765	**9,789,435**	**11,039,149**
Lost Workdays Rate (LWR) = (A/B) X 200,000	56.44	19.62	94.75	31.71	**82.00**	**24.60**

GRI
403-2, 403-3, 403-4, 403-7, 403-9, 403-10

81 As in past years, women's accident rate remained higher than that among men's. This is attributed to the fact that the flight attendants' guild, composed of 75% female members, accounted for the highest number of accidents. However, thanks to accident prevention initiatives such as training programs, the percentage of accidents decreased by more than 50%.

Chart 33. **Absenteeism Rate by Gender**

	2021		2022		2023	
	Women	Men	Women	Men	Women	Men
Total Number of Days Lost (Due to Absence) During the Period (A)	4,019	2,545	4,039	2,567	**4,489**	**2,770**
Total Number of Days Worked by the Entire Workforce During the Same Period (B)	924,394	1,102,950	1,014,567	1,205,673	**1,223,538**	**1,379,735**
Absenteeism Rate (TAL) = (A/B) X 200,000	869.54	461.49	796.20	425.82	**733.80**	**401.53**

We implemented a diagnosis on Preventive Services of Health and Occupational Safety at Work – Functions and Activities, based on the Mexican NOM-030-STPS-2009, to reduce risks negative impact.

Some activities considered are:

1. Environmental studies conducted every two years in collaboration with a third-party, to identify and evaluate noise pollution, exposure to chemical substances and improper lighting risks.
2. Use of personal protection equipment.
3. Inspection walks in our workplaces.
4. Hygiene and occupational safety commissions for each work center meet quarterly to identify risks and evaluate accidents if they have occurred.
5. Prevention training and education programs to raise awareness and avoid OHS risks materialization.

In addition, Ambassadors participate by communicating any possible occupational risks through a reporting channel, such as the Volaris Ethics Line and emails to the Occupational Health and Safety team.

In 2023, we carried out initiatives to reduce the risk of work accidents and occupational diseases, complying with the Mexican NOM-002-STPS-2010, such as:

- Monthly internal reviews of fire extinguishers.
- Quarterly internal checks of electrical installations.
- Semi-annual internal reviews of smoke detectors.
- Annual events include “Health and Occupational Safety Week”, to promote good practices among Ambassadors, through activities such as accident drills, teamwork, memory and attention to tasks, effective communication and risk identification.

Moreover, during 2023, we maintained comprehensive measures to prevent or attend to various illnesses such as enhanced hygiene, testing and vaccination services:

- We administered 17,863 COVID-19 tests and 1,345 flu vaccines[82] (1,067 for our Ambassadors and 278 for their families).
- We provided medical service to 3,492 Ambassadors, through our online medical platform.

Finally, we aim to promote practices that contribute to the well-being of our Ambassadors and support a healthy work-life balance. For example, work-from-home arrangements, flexible working hours and breast-feeding/lactation facilities. Additionally, for our crew members, we have a base transfer policy that allows Ambassadors to request relocation to another city, enabling a better balance between work and family life. We also offer them the flexibility to voluntarily reduce their flying hours to accommodate their personal needs.

82 2023 was the last year of actions due to the COVID-19 pandemic; in case of another wave of this virus or any other, actions will always be taken for the well-being of our Ambassadors.

GRI
403-2, 403-3, 403-4, 403-6, 403-7, 403-9

Community Engagement

At Volaris, our commitment to social responsibility is reflected in our efforts to make air travel accessible to all, ensuring that our operations contribute positively to the communities we serve. By offering low base fares, we democratize air travel, opening doors to opportunities that were once out of reach for many. Our extensive route network, which connects key destinations across Mexico, the U.S., and Central America, is designed with inclusivity in mind, enhancing accessibility for individuals and businesses alike.

On nearly half of our routes, where we compete solely with bus services, we provide a faster, safer, and more affordable travel option, empowering those in underserved areas to connect with major urban centers. This connection is more than just a route; it's a lifeline that fosters economic growth and strengthens community ties by enabling small and medium-sized businesses to flourish.

Volaris' dedication to affordable air transportation is a cornerstone of our broader mission to support the economic and social development of the regions we serve. By focusing on the visiting friends and relatives (VFR) market, we prioritize the needs of the community, ensuring that our services not only meet the demands of travelers but also contribute to the well-being and prosperity of the communities that rely on us.

Furthermore, as a key element of our community engagement priorities, we have a comprehensive Social Responsibility Program. This program is built around five strategic pillars, each dedicated to supporting and uplifting the communities in which we operate:

1. Humanitarian assistance for emergencies (natural disasters, health, medical).
2. Access to healthcare.
3. Access to education.
4. Employee and community development.
5. Environmental protection.

We action on these pillars through our two programs: *Avión Ayuda Volaris* and the corporate volunteering program *#VolemosJuntos*.

Avión Ayuda Volaris

We donate free-of-charge flight tickets and cargo capacity to promote social well-being and active engagement with the communities where we operate. This program specifically supports:

- Disaster emergencies / civil protection.
- Transportation of organs and tissues for transplant purposes.
- Health emergencies and medical treatments.
- Reuniting immigrants with their families.

#VolemosJuntos

We are dedicated to enhancing social welfare through our:

- Volunteering program.
- In-kind contributions.

Our goal is to empower our Ambassadors to make a meaningful impact by providing support to the organizations they volunteer with. Also, through in-kind contributions we acknowledge and bolster their dedication to community service, amplifying the positive effects of their actions.

Our volunteering program is designed to nurture engagement, personal growth and professional development among our Ambassadors.

Here we highlight other key initiatives under each of our social responsibility pillars:

1 Humanitarian Assistance for Emergencies

We aim to promote resilience in the communities where we operate to strengthen their ability to withstand and recover from challenges derived from emergencies and humanitarian crises, such as disasters, natural phenomena and health and medical situations, among others. By providing support, in coordination with strategic alliances, we help build a more stable and sustainable environment for everyone involved.

Some of the strategic allies that help us respond more effectively and provide robust support to the communities where we operate, in 2023 were:

- Anáhuac University.
- CADENA A.C.
- Civil Protection National Coordination (*CNPC*).
- Mexican Red Cross.
- Topos A.C.
- Transplant National Center (*CENATRA*).

In 2023, in collaboration with our strategic allies, we transported free-of-charge:

- **22+ tons** of humanitarian cargo, including food, personal care items and packaging equipment to Mexican communities in need.
- **50+ volunteers** for different purposes.
- **50+ organs/tissue** for transplant purposes, in collaboration with CENATRA.
- **6 thousand blankets** to the communities in Sierra de Tarahumara, Chihuahua and hygiene kits to benefit 500 families in Durango during the cold season, with CADENA A.C.
- **6 volunteers** who provided workshops and training sessions to educate migrants and government officials on effective menstrual management strategies, due to the migrant crisis in Chiapas, Mexico, with CADENA A.C.
- **4 volunteers** to address the crisis resulted from severe rainfall in Puerto Vallarta, Jalisco.
- **50,000** wall braces to prevent wall drifting from 11 communities in Tijuana, Baja California. This initiative directly benefited nearly 50,000 families.

In response to Hurricane Otis, our programs *Avión Ayuda Volaris* and *#VolemosJuntos* joined efforts to deliver a well-rounded humanitarian response for the communities in Acapulco in collaboration with the Mexican Red Cross, *CADENA AC*, Anáhuac University and *Los Topos A.C.*

We facilitated transportation for 1,200+ affected people, assisting their return home or reunion with family.

We transported volunteers to Acapulco to aid in distributing supplies to the most severely affected communities and helping in the rescue efforts for those most impacted. As part of these efforts, we additionally deployed a volunteer campaign directed towards helping the affected families in which our Ambassadors participated in a food drive and assisted in assembling 200 pantries and hygiene kits, delivered directly to the Mexican Red Cross in Acapulco by our volunteers.

Additionally, we partnered with Anahuac University of Cancun to transport more than 9 tons of food to Acapulco.

2

Access to Healthcare

Medical treatments and access to healthcare often require air transportation, which allows for the efficient and safe transport of medical personnel, patients, organs and tissues for transplantation, among others. To help on this purpose, **in 2023 we carried out activities focused on the relief of ill people's needs, such as blood drive campaigns and transportation of volunteers**, in collaboration with the Mexican Red Cross. Additionally, we transported free-of charge:

- **Medical equipment for the Bloom Hospital in El Salvador.**
- **A group of doctors who would be trained in extracorporeal membrane oxygenation therapies in Mexico and autologous bone marrow transplant in Costa Rica.**
- **Patients from the *Asociación Pro Personas con Parálisis Cerebral* (APAC) to participate in a rehabilitation camp and recreational activities.**
- **Volunteers of the *Banco de Tapitas* foundation, for the opening of shelters in new locations.**

Moreover, our pilots, flight attendants and operational staff actively participate in fulfilling the final wishes of children with terminal illnesses. By engaging in such initiatives, our Ambassadors not only contribute to the well-being of others, but also experience personal fulfillment and growth in their own lives.

3

Access to Education

We contribute to education in the communities where we operate by facilitating air transportation so that educational personnel and students can access education programs and training in different locations.

In 2023, we donated 85+ flight tickets to our strategic allies, such as *Fundación Azteca* and *Tecnológico de Monterrey* to address this goal.

4

Employee and Community Engagement

We seek to foster our Ambassadors' engagement, personal growth and professional development through community engagement activities. Through recreational activities and corporate volunteering initiatives, we promoted Ambassador teamwork and their awareness of vulnerable populations to reinforce leadership skills, such as empathy, situation adaptability and emotional intelligence.

In 2023, 282 Ambassadors took part in various volunteer activities, including working with children, organizing blood drives and assembling care packages. They also collected over 4,500 food and hygiene supplies, as well as more than 700 toys for children with terminal illnesses and vulnerable children in Acapulco, generating MXN $294,476 total value.

Chart 34. **Key Indicators for Corporate Volunteering Activities**

	2021	2022	2023
Volunteers (number of Ambassadors)	17	201	**282**
Employee volunteer hours (paid)	47	697	**339**
Volunteering activities	8	14	**16**
Value generated through corporate volunteering (Mexican pesos)[83]	$10,917	$179,866	**$294,476**

Chart 35. **Key Indicators for Donations of Flight Tickets and Cargo Capacity**

	2021	2022	2023
Number of alliances	13	10	**12**
Tickets donated	205	318	**228**
Cargo capacity donated (tons)	3.1	5.2	**22.1**
Value generated through social programs (thousands of Mexican pesos)[83]	$1,392	$2,021	**$1,174**

83 Calculated using KPMG's True Value methodology.

Human Trafficking Prevention Program

We acknowledge our responsibility to contribute to the development of an ethical and sustainable tourism industry. **Since 2013, we have a zero-tolerance policy against human trafficking for commercial sexual exploitation purposes, as we are Top Member of The Code**, an initiative by ECPAT International to protect children from trafficking for commercial sexual exploitation purposes and online abuse.

In collaboration with ECPAT International and ECPAT Mexico, we work to protect children and adolescents from human trafficking through:

- Annual human trafficking prevention training for all our operational Ambassadors.
- The implementation of a protocol to detect possible cases in all stages of the flight process.
- The inclusion of a clause in some commercial contracts with suppliers (especially those related to tourism promotion activities), which establishes that the supplier must comply with the guidelines of The Code and promote responsible tourism.
- Communication strategies to educate and involve our customers and civil society in general in the promotion of children's human rights and in the fight against human trafficking.

Volaris is the first airline in Mexico and in Latin America and the second worldwide, to implement The Code.

THE CODE .ORG

In 2023, for the tenth consecutive year, we received the **Top Member Distinction from ECPAT International**, recognizing our efforts to protect children and adolescents' safety in our operations and promote these practices throughout our value chain. **Since our adherence to the ECPAT's initiative, we have succeeded in changing the destinies of more than 15 children and adolescents**.

Moreover, by the end of the year, we expanded our protocol to our destinations in Central and South America and increased our alliances with organizations such as the United Nations Office on Drugs and Crime (UNODC), *Grupo Presidente*, *Fundación Azteca*, Freedom Foundation and our travel agency, Ya Vas to raise awareness among travelers about this crime.

In line with these efforts, at the beginning of 2024, we launched a communication campaign titled "*Ojos en el Cielo*" (Eyes in the Sky) to raise awareness among our stakeholders about this program and invite them to join the fight against human trafficking and commercial sexual exploitation. We also joined the United Nations' *Campaña Corazón Azul* (Blue Heart Campaign), a global initiative led by the UNODC to raise awareness about human trafficking and its impact on people and society.

ojos en el cielo volaris

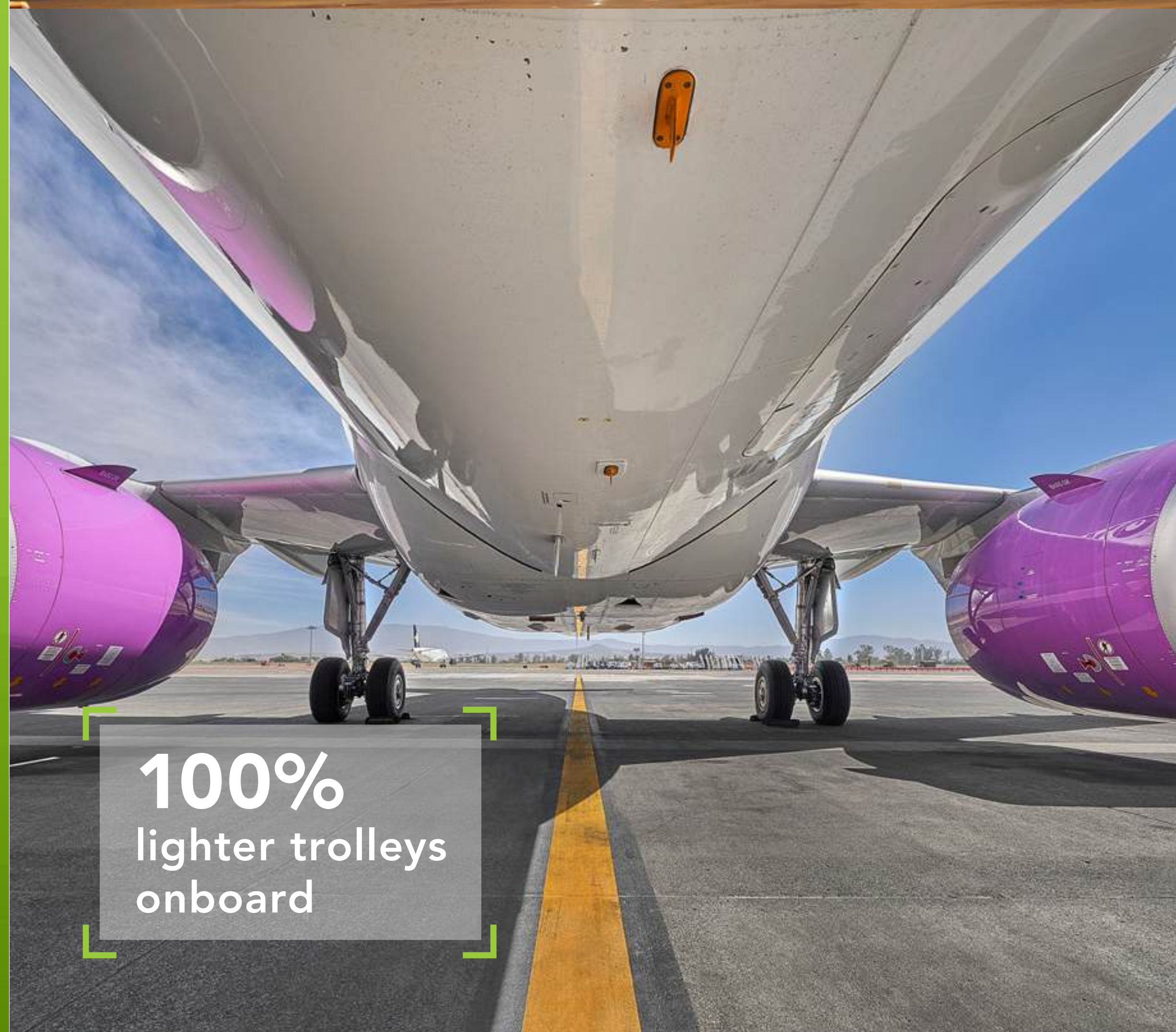
Expanding Our Vision on the

Path to Protect the Planet

Our Climate Change Strategy

GRI
2-27, 3-3, 302-1, 302-3, 302-4, 305-1, 305-2, 305-3, 305-4, 305-5

SASB
TR-AL-110a.1,TR-AL-110a.2, TR-AL-110a.3, TR-AL-000.F



GRI
3-3, 305-1, 305-2, 305-5

SASB
TR-AL-110a.1, TR-AL-110a.3

We recognize that part of the long-term sustainability of our business depends on understanding and managing the environmental impact of our operations, as well as the associated risks and opportunities. Additionally, we must consider how the environment and climate affect our business.

Greenhouse Gas (GHG) Emissions

Since 2015, we have measured our Scope 1 and Scope 2 Greenhouse Gas (GHG) emissions. We are committed to measuring our GHG emissions annually to understand our footprint and the impact of our reduction efforts. A summary of these emissions is provided in the tables below.

Chart 36. **Total GHG Emissions by Scope (metric tons CO_2)**

	2021	2022	2023
Scope 1	2,684,278	3,345,231	**3,580,722**
Scope 2	258	283	**296**
Total	**2,684,536**	**3,345,514**	**3,581,018**

Chart 37. **Scope 1 GHG Emissions from Flight Operations (metric tons CO_2e)**

	2021	2022	2023
Jet fuel – flight operations[84]	2,644,019	3,297,455	**3,529,222**

84 CO_2 emissions derived from jet fuel consumption are calculated using the methodology established in Annex 16 of the ICAO International Civil Aviation Convention.

Chart 38. **Scope 1 GHG Emissions from Ground Operations (metric tons of CO_2e)**

	2021	2022	2023
Land operations (APU[85]) – jet fuel	39,576	47,033	**50,673**
Operation of ground vehicles – diesel	75	80	**208**
Operation of ground vehicles – gasoline	608	663	**619**
Total	**40,260**	**47,776**	**51,500**

Chart 39. **Scope 2 GHG Emissions by Source (metric tons CO_2)**

	2021	2022	2023
Electricity consumption	258	283	**296**

Chart 40. **Fuel Usage by Type**

	2021	2022	2023
Jet fuel (metric tons)	849,239	1,058,210	**1,120,356**
Gasoline (liters)	254,504	260,426	**243,060**
Diesel (liters)	26,597	27,718	**72,314**
Total (GJ)	**36,356,737**	**45,301,066**	**47,962,017**

Note: 1 liter of gasoline is equal to 33.14 megajoules.
Note: 1 liter of diesel is equal to 37.68 megajoules.
Note: 1 kilogram of jet fuel is equal to 42.8 megajoules.

Chart 41. **Fuel Consumption by Operation (gallons per 1,000 available seat miles (ASMs))**

	2021	2022	2023
Jet fuel (flight operations)	9.6	9.5	**9.1**
Total jet fuel (ground and flight operations)	9.8	9.6	**9.3**

85 The Auxiliary Power Unit (APU) is a small engine in the tail of the aircraft that serves multiple purposes, including providing electrical power for aircraft systems, starting the main engines and supplying air conditioning and pressurization when the aircraft is on the ground.
Note: The calculations were performed following the provisions of Annex 16, Volume IV of the Chicago Convention (ICAO), Mandatory Circular CO AV 16.5/18, issued by the AFAC and General Law on Climate Change and its Regulations (Mexico). The Global Warming Potentials (GWP) used were as follows: CO_2 GWP = 1; CH4 GWP = 28; and N2O GWP = 265. (Source: National and international emissions report required by AFAC, CORSIA emissions reports for 2019-2022, 2019-2022 calculations required by SEMARNAT.)

GRI
302-1, 302-3, 302-4, 305-1, 305-2

SASB
TR-AL-110a.3

Our Climate Goals

Volaris is cognizant that the aviation industry is responsible for approximately 2% of global CO_2 emissions and we are taking steps to reduce our portion of this impact by tying our operational goals to our efforts to reduce aircraft fuel consumption per passenger.

In 2021, we joined IATA's Fly Net Zero initiative, a commitment by the air transport industry to achieve net-zero carbon emissions by 2050 in line with the objectives of the Paris Agreement. In support of this objective, we committed to reduce our Scope 1 aircraft CO_2 emissions intensity by 35.42% gCO_2/RPK (grams of CO_2 per revenue passenger kilometer) by 2030, compared to a 2015 baseline,[86] during the same year.

Also, in September 2021, we issued the first Sustainability-Linked bond that compromises emissions reduction in the Mexican market. This issuance is linked to our 2030 emissions reduction goal, serving as Key Performance Indicator. It is aligned with the Sustainability-Linked Bond Principles of 2020 and has received a Second-Party Opinion from Sustainalytics, which rated our goals as very strong and ambitious. In 2022, we closed Sustainability-Linked Pre-delivery aircraft financing, which also compromises our emissions reduction goals.

Our path to achieving these ambitious targets depends, to a great extent, on the actions of the members of our value chain and external factors like the extended FAA downgrade of Mexico to Category 2.

Our carbon reduction strategy primarily relies on transitioning from current engine options (CEO, previous technology) to 100% new engine option (NEO).

We are proud of our progress, having achieved a 59% NEO fleet and a reduction of 20.03% gCO_2/RPK in 2023 vs 2015. However, the preventive P&W engine inspections resulting groundings will force us to retain CEO aircraft longer than originally expected to protect passenger travel plans. Additionally, Airbus delivery delays impacted the feasibility of achieving our 2030 emissions intensity target, including any intermediate targets set in the Sustainability Linked Bond and previous disclosures.

We remain fully committed to reducing our emissions and, if necessary, will revisit our targets as we gain a better understanding of our ability to receive more efficient aircraft from Airbus and to operate our most fuel-efficient aircraft once the P&W engine inspections are completed.

Chart 42. **Scope 1 aircraft CO_2 Emissions Intensity (gCO_2/RPK onboard)[87]**

	2015	2021	2022	2023	2030 Goal[88]
gCO_2/RPK Onboard	87.32	75.75	73.58	**69.83**	**56.57**
% Reduction since 2015	-	-13.25%	-15.74%	**-20.03%**	**-35.42%**
gCO_2 (flight operations + land operations APU)	1,560,780,030	2,683,594,650	3,344,488,019	**3,579,895,500**	-
RPK Onboard	17,874,000	35,427,511	45,451,422	**50,698,785**	-

86 We defined our baseline to be 2015 since that is the year we began to transition our fleet to Airbus A320neo family aircraft. The established target is being closely monitored. If Airbus continues delaying scheduled aircraft deliveries and/or the anticipated inspections of P&W's NEO engines persist and face increased challenges, Volaris would need to revisit this goal.

87 gCO_2 includes emissions of aircraft flights and emissions associated with taxiing and the use of auxiliary power units (APU) at the gate.

88 The established target is being closely monitored. If Airbus continues delaying scheduled aircraft deliveries and/or the anticipated inspections of P&W's NEO engines persist and face increased challenges, Volaris would need to revisit this goal.

GRI
305-3, 305-4, 305-5

SASB
TR-AL-110a.2

Our Emissions Reduction Pathway and Progress

We have a multi-faceted approach to reducing our GHG emissions intensity, implemented through our environmental management systems. This approach consists of near-term measures and long-term initiatives that seek to balance our operational growth with our commitment to environmental stewardship.

EMISSIONS REDUCTION INITIATIVES				
Drivers	Fuel Saving Program			Regulatory Compliance
	Fleet renewal and technology upgrades	Onboard weight reduction	Route optimization and operational techniques	Emissions reporting
Key Initiatives	Ongoing conversion of full fleet to Airbus NEO powered aircraft equipped with sharklets.	Ongoing reviews of cabin equipment and service items, including installation of lighter-weight trolleys. Installation of lighter-weight Recaro seating.	Continued optimization of our point-to-point network. APU usage reduction. Training our pilots to employ actions and practices to enhance the efficient operation of our aircraft.	Annual report of our GHG emissions to the Mexican authorities.

GRI
3-3, 305-5

SASB
TR-AL-110a.2

Emissions Reduction Initiatives Progress

Goal	2023 Status	
By 2023: 70% of the fleet will be equipped with super-lightweight trolleys.	COMPLETE	We installed these lighter trolleys on 100% of our onboard service carts.
By 2028: Recaro lighter seats installed in 80 aircraft.	ON TRACK	We installed lighter Recaro seats in 13 aircraft, bringing the total percentage of aircraft with this seat configuration to 16%.
By 2028: 100% Airbus A320neo family fleet.	DEFERRED	**Please see Fleet Renewal and Technology Upgrades for more information.**
By 2030[89]: 100% of fleet equipped with sharklets.	ON TRACK	88% of our fleet had sharklets installed.

89 Since the publication of the 2022 IAR, the goal's target date has been changed from 2028 to 2030 due to aircraft and engine manufacturers' delivery schedule delays and P&W engines preventive accelerated inspections.

GRI
305-5

Fleet Renewal and Technology Upgrades

As the transition to more fuel-efficient aircraft is a critical component to our ability to meet our 2030 emissions target, we maintained our goal to transition our fleet to 100% Airbus NEO aircraft with sharklets. Powered by P&W's GTF engines that achieve at least 20% less fuel consumption and 50% smaller sound footprint, compared to the previous generation aircraft[90], making them among the most efficient in the world. Sharklets are aerodynamic devices that help to additionally improve aircraft fuel economy.

At the end of 2023, **59% of our fleet is powered by GTF engines and 88% of our fleet is equipped with sharklets**. In addition, our all-Airbus fleet can fly with up to 50% SAF blend.

In 2023, delays in the delivery of new aircraft significantly slowed our transition to Airbus NEO aircraft. Additionally, the preventive accelerated inspections of P&W engines forced us to temporarily ground a significant portion of our NEO fleet, as these engines power many of our aircraft and required us to extend CEO leases that otherwise would have been returned.

We anticipate that both factors will continue to impact our operations in the foreseeable future and hinder our ability to deploy our most fuel-efficient aircraft. In the meantime, we are working closely with Airbus to establish a reliable delivery schedule and with our engine supplier, P&W, to restore capacity as soon as possible. However, the engines time on wing remains a challenge, meaning the inspections will likely extend at least until 2026.

Since 2023, we also had to ground 16 aircraft on average per month to facilitate comprehensive inspections, disrupting our operational schedule and impacting roughly 6.5% of our future bookings.

However, in November, we signed a compensation agreement with P&W. The agreement will help to address certain fixed costs associated with the aircraft groundings during inspections and will complement our cost mitigation initiatives.

Chart 43. **Where We Are Headed – Fuel Savings Using NEO Engines**

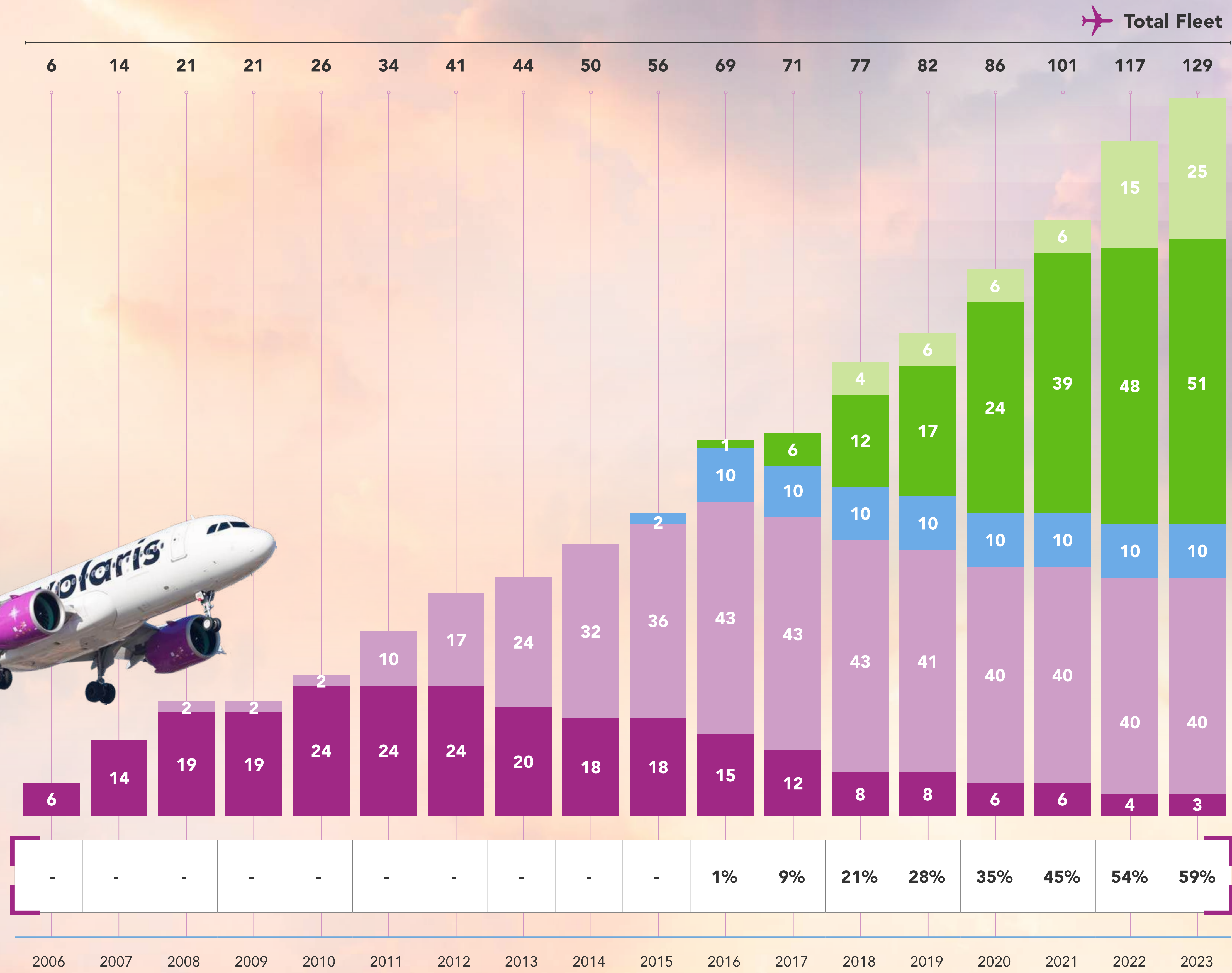
	% Reduction (Gal/ASMs) since 2015[91]	Reduction since 2015 (millions of gallons)
2015	0.0%	-
2019	-11.6%	-33.0
2020	-16.9%	-35.8
2021	-15.9%	-51.7
2022	-17.1%	-69.9
2023	**-19.9%**	**-89.5**
2030 (goal)[92]	**-30.6%**	**-2,336.0**

90 According to the technical specifications provided by **Airbus for the A320neo aircraft family**.
91 In 2015, our fleet began to be replaced by Airbus A320neo family aircraft. That is why 2015 is used as a baseline.
92 The established target is being closely monitored. If Airbus continues delaying scheduled aircraft deliveries and/or the anticipated inspections of P&W's NEO engines persist and face increased challenges, Volaris would need to revisit this goal.

By the end of 2023, our fleet consisted of 129 Airbus A320 family aircraft, 12 net more than in 2022. Our continued investment in our fleet has helped to keep the average age of our aircraft among the youngest in the market. **In 2023, the average age of our fleet was 5.7 years.** A young fleet leads to better performance reliability, greater fuel efficiency and lower maintenance costs.

Graph 8. **Volaris Fleet Composition**

A321 NEO
A320 NEO
A321 CEO
A320 CEO
A319 CEO



GRI
3-3, 302-4, 305-5

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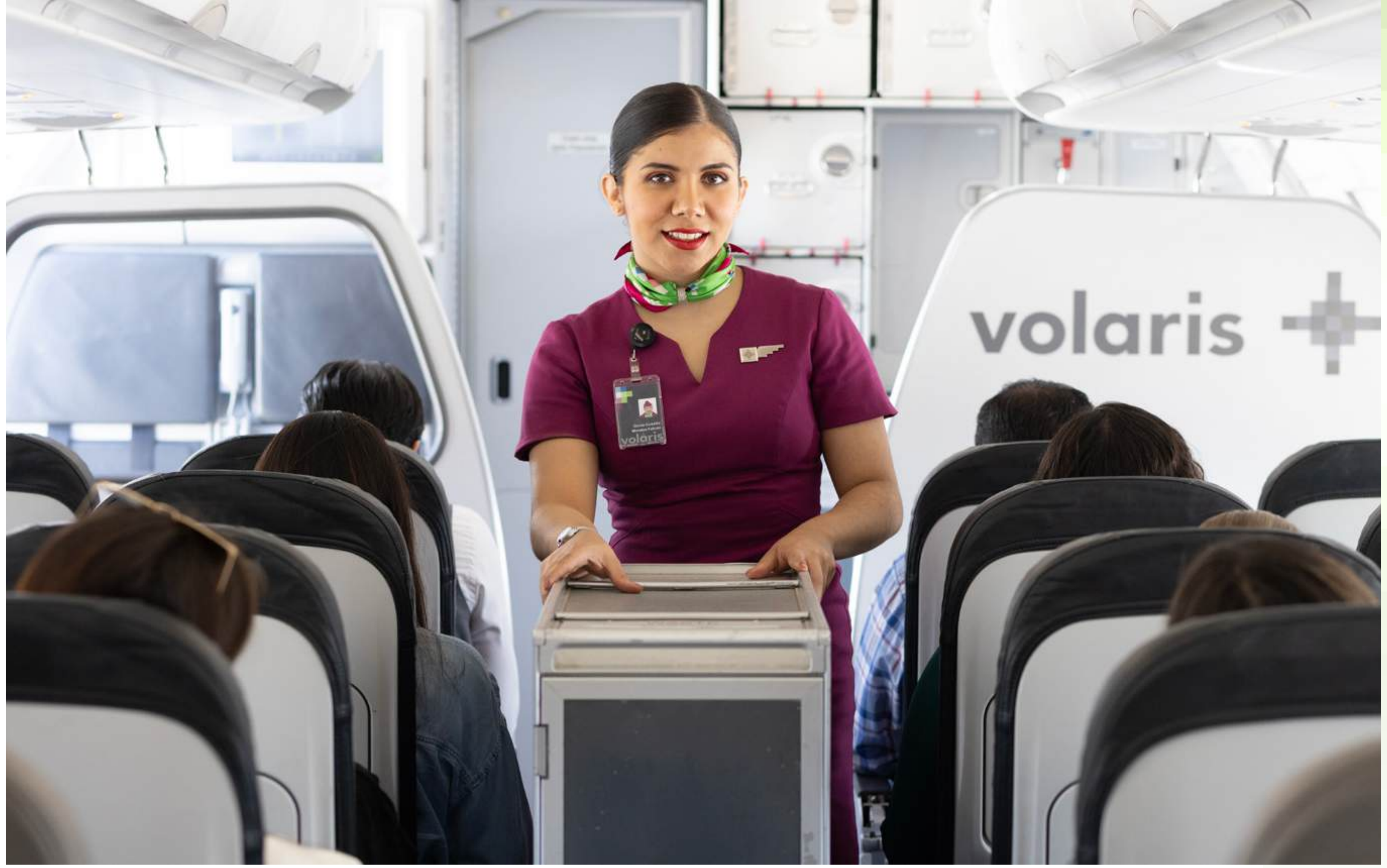
Onboard Weight Reduction

Lighter aircraft consume less fuel and generate fewer GHG emissions. We continuously look for ways to reduce onboard weight through various optimizations of the inflight experience. Current weight reduction initiatives include:



New trolleys and service carts	Menu reviews	New seats installation	Fuel load optimization	Strategic aircraft design
We have acquired lighter trolleys or onboard service carts that are 25% lighter than previous models. By the end of 2023, we installed these lighter trolleys on 100% of our onboard service carts.	Our onboard service team conducts annual reviews of the onboard menu content, considering factors such as sales performance, waste generation, operational times, regulatory compliance and product weight.	During 2023, we installed lighter Recaro seats in 13 aircraft and plan to complete the installation in 80 aircraft by 2028. Recaro seats are 30% lighter than comparable models.	In 2023, we continued efforts to optimize fuel load per flight, resulting in less ballast weight and consumption.	We take full advantage of the capacity of our aircraft through seating plans designed to maximize the number of possible passengers per flight. In 2023 we had an average of 191 seats per aircraft, compared to 173 in 2016.

GRI
302-4, 305-5

Route Optimization and Operational Techniques

Volaris has implemented several operational procedures and strategic flight planning decisions so we can operate our fleet as efficiently as possible and reduce fuel consumption. These initiatives include:

Route optimization. Our business model allows us to operate point-to-point routes, meaning we do not have to go to a hub on every flight. This enables us to avoid stopovers and reduce our fossil fuel consumption. Flight plans are designed to minimize navigational miles whenever feasible.

Since 2008, we have been working to promote Performance-Based Navigation (PBN) in Mexican airspace. This type of navigation is supported by a Global Navigation Satellite System (GNSS). Volaris has obtained several types of PBN operational approvals from the AFAC. Recently, Volaris was the first airline to fly the newest PBN approach paths (specified as RNP APCH) to Mexico City International Airport (AICM). **These paths are 2.5 nautical miles shorter, resulting in shorter flight times and lower fuel consumption**.

We are also collaborating with *Servicios a la Navegación en el Espacio Aéreo Mexicano* (SENEAM) and AFAC in the approval and implementation of PBN paths specified as RNP AR, **which provide the greatest savings in flight time and fuel**.

Pilot operational techniques. We train our pilots to employ specific actions and practices to enhance the efficient operation of an aircraft. For example, we utilize machine learning software to brief pilots on personal performance and potential fuel savings.

APU usage reduction. We promote the use of lower-emission ground power sources, such as Ground Power Units whenever possible to reduce APU usage while aircraft are on the ground. In 2023, Volaris aircraft used APUs for an average of about 36.5 minutes per operation.

GRI
302-4, 305-5

Sustainable Aviation Fuels (SAFs)

Volaris continues to champion SAFs as a key lever to reduce carbon emissions in the aviation industry for the long term. SAFs are a low-carbon alternative to conventional jet fuel and can be produced from various renewable sources, such as waste oils, agricultural residues and non-food crops.

However, SAFs are not currently available at scale and competitive prices to replace fossil jet fuel in our operations. The supply of SAFs in the jet fuel market is limited in the countries where we operate and currently contributes to less than 1% of global commercial aviation fuel used. Moreover, the additional costs of this solution in its initial stage are high and we cannot predict the long-term financial impact of the increased use of SAFs.

Government policies and incentives, as well as sufficient third-party investment in SAFs are needed to make SAFs commercially and economically feasible for companies that will require large quantities of SAFs.

Nevertheless, Volaris is committed to advancing the viability of SAFs on a large scale. Since 2022 and continuing into 2023 for the second consecutive year, Volaris has partnered with Airbus and other major airlines and aviation associations to request research proposals from universities and research institutions in various countries. These proposals aim to accelerate the development and scalability of SAFs in Mexico.

Investing in SAF Production

In April 2023, Volaris announced a U.S. $50 million investment agreement, alongside several other firms, with CleanJoule, a North American startup company focused on the further development of sustainable aviation fuel (SAF) production worldwide. As part of this agreement, Volaris will receive an estimated 30 million gallons of SAF.

"Joining this investment is crucial to ensure the viability of our model and the sustainability of our business."

Enrique J. Beltranena M.
Chief Executive Officer

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Voluntary Emissions Offsetting

#cielitolimpio

We also recognize that offsets are an important tool to mitigate carbon emissions that cannot be eliminated only via technological or operational advances. Since 2015, we have offered our customers the option to purchase *#CielitoLimpio*, a product that allows them to offset part of the environmental impact of their trips. Our customers can voluntarily purchase this product through our **Web Page** in **My Trips** section after booking their flights, or they can also add it by contacting our **Call Center** or at the airport counters. For more details about this program, please refer to our **Terms and Conditions**.

Through these voluntary offsets, we acquire certified carbon credits from the Mexican Carbon Platform (MexiCO$_2$), which are used to develop environmental projects aimed at neutralizing atmospheric carbon emissions.

We provide information below regarding the carbon removal projects voluntarily funded by Volaris customers through the *#CielitoLimpio* program.

Volaris does not count any emissions offset through these projects when calculating progress toward the Company's Scope 1 aircraft CO$_2$ emissions reduction goals.

In 2023, Volaris customers offset 1,121 metric tons of CO$_2$ through the *#CielitoLimpio*, a 20.3% increase vs. 2022.

Chart 44. **Carbon Offset Projects Funded through #CielitoLimpio**

PROJECT NAME	Location	Offset Seller Name	Applicable Registry	Project ID No.	Offset Project Type	Protocol Used to Estimate Emissions Reductions/ Removal Benefits	Independent Verification
Oaxaca IV Wind Energy Project	Tehuantepec region, Oaxaca, Mexico	Allcot México	Verified Carbon Standard (VCS)/ VERRA Registry	**VCS1041**	Avoided emissions: Energy industries (renewable/non-renewable sources)	ACM0002: Grid-connected electricity generation from renewable sources	Verified by **4K Earth Science Private Limited**
Aguascalientes – EcoMethane Landfill Gas to Energy Project	Aguascalientes, México	Allcot México	UNFCCC Clean Development Mechanism (CDM) Registry	**CDM425**	Avoided emissions: Energy industries (renewable/non-renewable sources); Waste handling and disposal	ACM0001: Flaring or use of landfill gas Ver. 2 AMS-I.D: Grid connected renewable electricity generation Ver. 8	Verified by **Det Norske Veritas**

Environmental Management

Volaris' climate change strategy establishes the framework to manage our environmental impact and achieve key goals, including the reduction of our Scope 1 aircraft CO_2 emissions intensity.

The day-to-day management of our environmental programs is owned by the collaborative and multidisciplinary group named **Green Team,** which performance is reported to the ESG Round Table and to the Sustainability Working Group. **For more information please refer to the Sustainability Oversight**.

The Green Team is focused on monitoring and the continuous improvement of Company processes **certified under ISO 9001 and ISO 14001 Standards.** This group is coordinated by the Operations Engineering department and has representatives from Dispatch, Crisis Management, Fuel, Industrial Safety, Corporate Sustainability, Flight Operations, Cargo Operations, Flight Operations Engineering, Procedures and Standards Engineering, Real Estate Planning, General Services, Information Security and Crew Control departments.

The Green Teams' main functions include the following:

1. Propose environmental objectives, goals and initiatives that allow us to comply with the **Comprehensive Policy**.
2. Review the results of the Company's environmental programs and propose improvements as necessary.
3. Identify and evaluate significant environmental issues of the corporate offices and certified processes in accordance with ISO 9001/14001 standards.
4. Request the necessary resources for environmental programs that contribute to improving environmental conditions.
5. Evaluate the efficiency of our environmental programs.

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Integrated Airline Management System (IAMS)

The IAMS is a comprehensive management system that encompasses environmental management, aviation security, operational safety, supplier management and more. This system provides the necessary resources for the continuous improvement of the Company's performance, including environmental performance and its measurement, contributing to Volaris' adaptation to the effects of climate change.

In 2023, our IAMS maintained the ISO 9001:2015, ISO 14001:2015 and IOSA certifications.

These certifications cover the following areas of our operations:

ISO 9001:2015 Coverage:
Includes the following processes: Flight Dispatch and the Organization of the Operational Control Center, Crisis Management department, Fuel Savings Program, Administrative Activities of the Corporate Offices (Ecological Offices), Emissions Monitoring processes, administrative procedures of the organization of Flight Attendants, Operations Engineering and Technical Publications, Crew Planning, Cargo Operations, Ground Operations, Flight Operations and Flight Operations Support.

ISO 14001:2015 Coverage:
Applies to the Flight Dispatch and Organization of the Operational Control Center, Crisis Management department, Fuel Savings Program, Environmental Waste Management and Energy Management Programs in Corporate Offices (Ecological Offices)[93], Emissions Monitoring processes, Crisis Management department, Crew Planning, Cargo Operations and Purchase of Voluntary Carbon Credits (#CielitoLimpio).

IOSA Certification Coverage:
Applies to all activities of Flight Operations, Maintenance, Training of Technical Personnel, Safety, Aviation Security, Cargo, among others.

Integrated Airline Management System
(Certified under ISO 14001 and ISO 9001)

Fuel Saving Program
- Technology upgrades.
- Operation techniques.

Facilities Management
- Electricity consumption.
- Non-hazardous waste.
- Urban solid waste.

Flight Operations
- Cargo.
- Crew planning.
- Emergency response management.
- Flight Attendants (Administrative procedures).
- Dispatch.
- Ground Handling.
- Operations Engineering.

Regulatory Compliance
- Emissions monitoring and reporting.

Carbon Offsets
- *#CielitoLimpio* product.

93 According with NORMEX certification.

Compliance with Environmental Regulation

We seek to comply with all applicable environmental regulations in all our operations.

In 2023, Volaris received no significant sanctions or fines related to non-compliance with environmental legislation.

We emphasize our compliance with the Carbon Offset and Reduction Scheme for International Aviation (CORSIA) adopted by the ICAO, which provides a framework for a global market-based measure to stabilize the aviation industry's CO_2 emissions associated with international travel. Accordingly, we report our Scope 1 aircraft CO_2 emissions from international flights to Mexico's Federal Civil Aviation Agency (AFAC), which verifies the reported figures.

Additionally, in Mexico, we comply with the General Law on Climate Change through the Emissions Report delivered to the National Emissions Registry (RENE), reporting CO_2 emissions from fuel consumption in our national air and land operations, as well as the management of our hazardous waste through the Registry of Emissions and Transfer of Pollutants (RETC), both to the Secretariat of the Environment and Natural Resources (SEMARNAT).

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Other Environmental Metrics

Electricity Consumption

Although electricity consumption makes up a relatively small portion of our overall GHG emissions, representing 0.01% of our total emissions, we are committed to reducing energy use at our facilities. We have taken actions such as replacing light bulbs in corporate offices with energy-saving alternatives, turning off lights in unused work areas, providing timely maintenance to our air conditioning equipment and investing in space remodels to enhance energy efficiency.

We have an **Electrical Energy Consumption Program** certified under ISO 14001, which includes internal and external audits by the ISO Standard, to identify energy-saving opportunities and action plans.

In 2023, electricity consumption in corporate offices totaled 676,798 kWh. This usage constituted an approximately 3.9% increase from 2022, however, per capita energy consumption in the corporate and workplace was reduced from 1.3 to 1.1 MWh/pc, compared to the previous year thanks to the actions implemented.

Chart 45. **Electricity Consumption**[94]

	2021	2022	2023
Scope 2 emissions (tons CO_2e)	258	283	**296**
Electricity consumption (kWh)	609,227	651,207	**676,798**
Energy consumption (GJ)[95]	2,193	2,344	**2,437**

94 We did not consume electricity from renewable sources.
95 The ratio used to convert kWh to GJ was 1 kWh = 0.0036 GJ.

Waste Management

Volaris is committed to responsible waste management practices, striving to minimize our environmental impact through proper waste disposal and recycling through our hazardous and non-hazardous waste management programs.

Hazardous Waste Management

Volaris' hazardous waste is generated mainly from aircraft maintenance. We follow all regulatory requirements and have implemented waste management practices that enable the safe handling, storage, transportation and disposal of these hazardous waste streams.

Chart 46. **Generation and Disposal of Hazardous Waste**

	2021	2022	2023
Total (tons)[96]	50.6	70.9	**66.5**
Fleet size (number of aircraft)	101	117	**129**
Hazardous waste intensity (tons/aircraft)	0.5	0.6	**0.5**

Graph 9. **Hazardous Waste Disposal by Method**

96 The ratio used to convert liters to kilograms was 1Lt = 1Kg.

Non-Hazardous Waste Management

We have implemented a **Paperless Policy** to reduce our paper consumption. In our corporate offices, we promote printing only the most essential documents, thereby minimizing the use of paper, ink and printer energy. As a result, in 2023, total paper consumption in our corporate offices remained consistent with the levels recorded in the previous year. In addition, we have adopted digitalization processes that further help to limit our paper use.

Onboard, our in-flight catering service has transitioned to more environmentally friendly products. Since 2021, 100% of the single-use plastic materials for our onboard service, such as forks, napkins, soap, bags and stirrers, are made with biodegradable materials. Additionally, 98% of the products we offer for onboard sale have biodegradable packages. Additionally, in 2024, we plan to transition to a fully digital onboard food menu.

Food and Loss Waste Program

At Volaris, we aim to minimize food waste and aligning with regulatory standards across the markets where we operate, with a particular focus on perishable items.

To enhance the onboard experience, we conduct an annual review of our menu to meticulously select products that cater to our customers' preferences, while also considering weight, balance and potential waste generation.

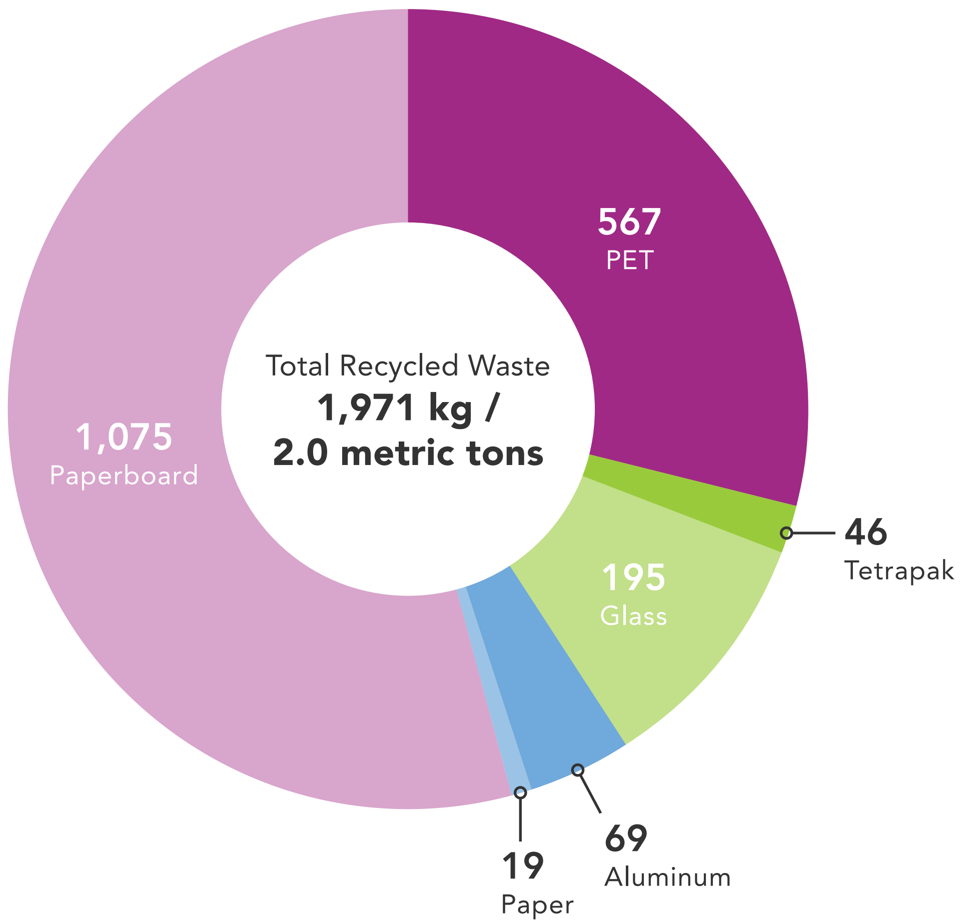
In 2023, we made significant strides in our waste reduction efforts by negotiating with United States authorities regarding the back catering process for fresh food meals, including sandwiches, baguettes, croissants and instant soups.

This agreement applies to international flights from Mexico, Costa Rica, Guatemala and El Salvador to the United States. It allows these fresh food items to be used from United States stations within three hours of arrival on subsequent flights. This initiative has led to a reduction in our organic waste, as previously, these items had to be discarded upon arrival.

Waste Recycling Program

We promote recycling and have implemented solid waste recycling in our corporate offices. **In 2023, we recycled approximately 2.0 metric tons of waste.**

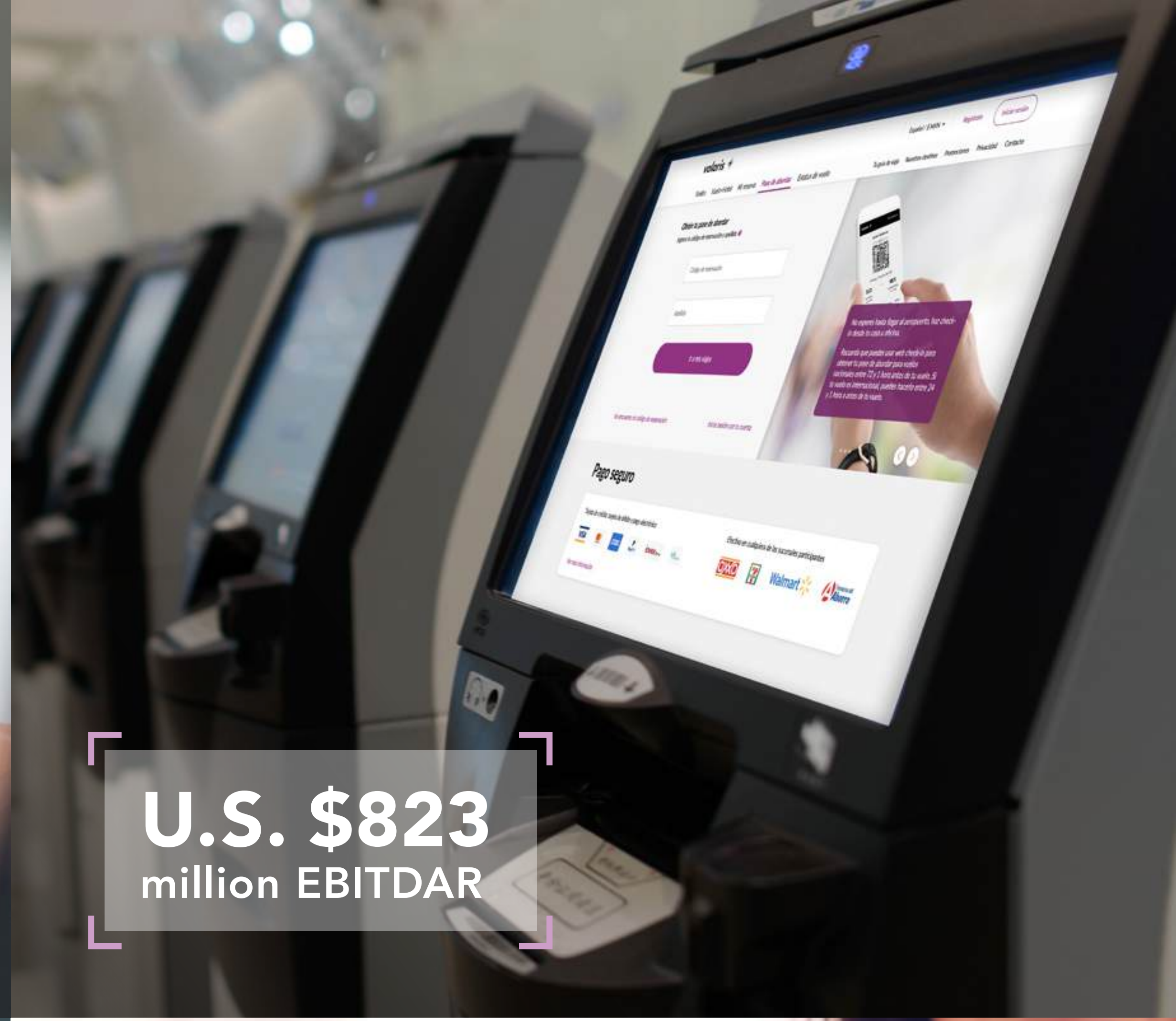
Graph 10. **Composition of Waste Recycling Stream (kg)**

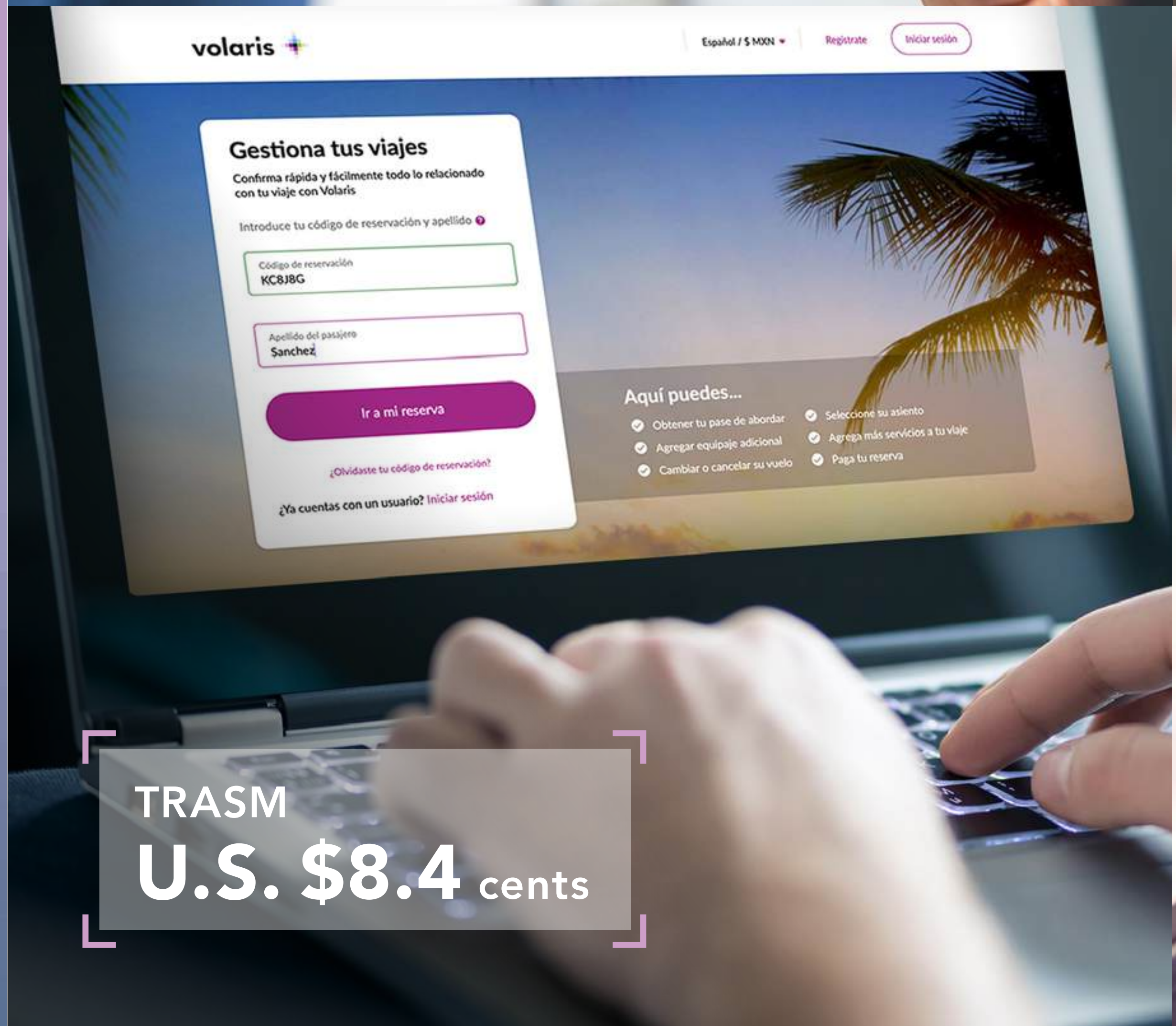


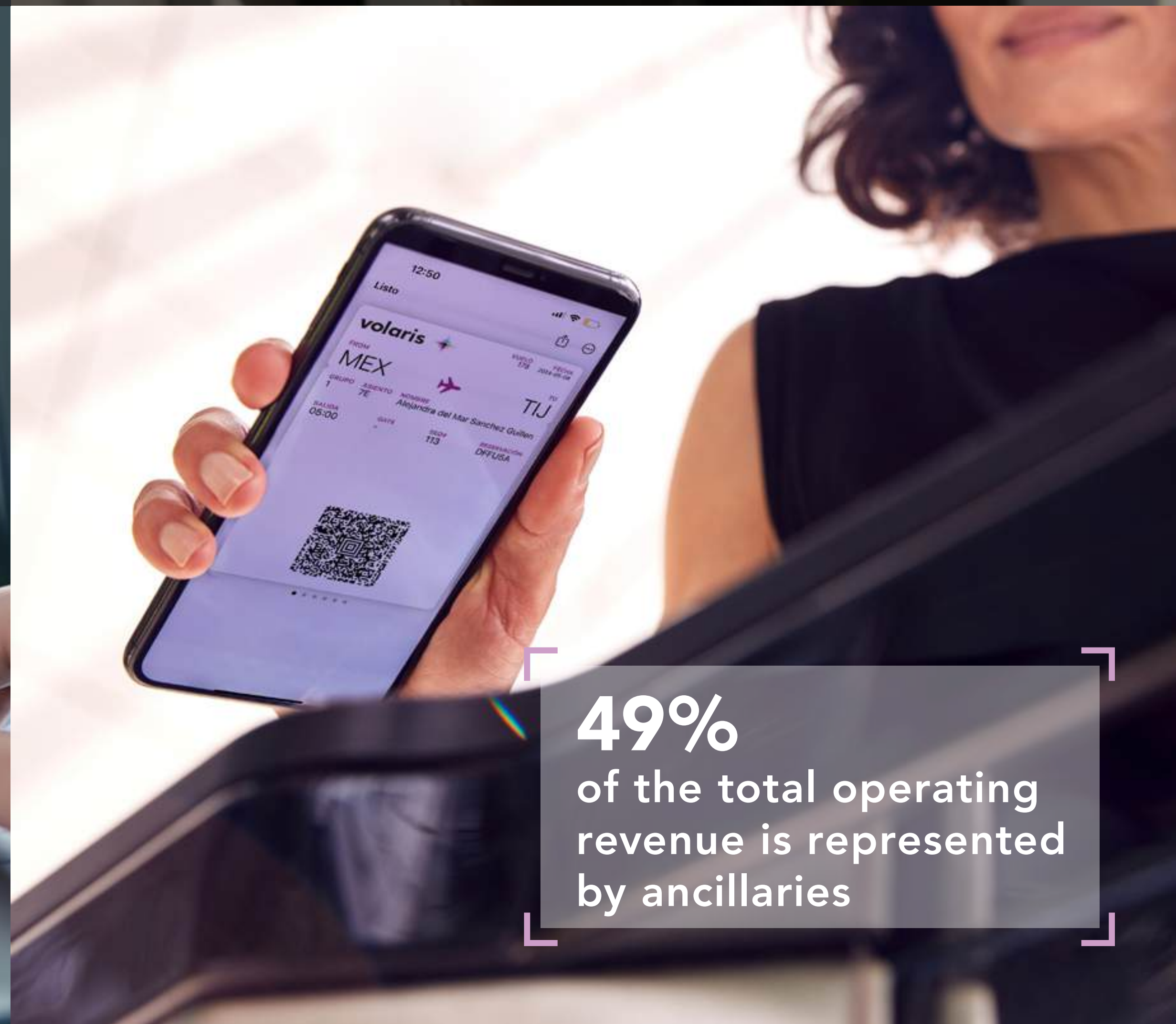
Expanding Our Vision to

Continue Delivering Value

Our Economic Performance







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Despite significant challenges, the hard work of our team allowed us to end 2023 on a high note. In the fourth quarter of the year **we recorded our highest-ever historical quarterly TRASM** and finished the full year with operating revenues of U.S. $3.3 billion, a 14% increase over the prior year.

2023 Financial Performance

Net income of U.S. $8 million. Earnings per share of $0.01 and earnings per ADS of $0.07.

Total operating revenues of U.S. $3,259 million, a **14.5%** increase.

Total revenue per available seat mile (TRASM) increased **3.8% to U.S. $8.4 cents**.

Available seat miles (ASMs) increased **10.2% to 38.9 billion.**

Total operating expenses of U.S. $3,036 million, representing 93% of total operating revenue.

Total operating expenses per available seat mile (CASM) decreased **1.7% to U.S. $7.8 cents**.

Average economic fuel cost decreased **18.1% to U.S. $3.1 per gallon**.

CASM ex fuel increased **12.8% to U.S. $4.8 cents**.

EBITDAR of **U.S. $823 million,** a **40.4%** increase.

Note All figures are compared to 2022 unless otherwise noted.

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Retained Economic Value

(in U.S. $million)

	2019	2020	2021	2022	2023
Revenues					
Operating revenues	1,844	1,111	2,170	2,847	3,259
Expenses					
Employee salaries and benefits	191	173	236	283	387
Operating costs and expenses (excluding salaries)	1,422	1,101	1,542	2,520	2,650
Capital providers (payments for financing)	12	14	11	18	37
Payments to the government (taxes)	339	186	370	530	661
Investments in the community[97]	0.1	0.1	0.1	0.1	0.1
Distributed economic value[98]	1,963	1,474	2,159	3,352	3,735
Retained economic value[99]	(119)	(363)	10	(504)	(476)

Operating Data Key Performance Indicators

	2019	2020	2021	2022	2023
ASMs (M)	24,499	18,275	28,097	35,281	38,890
Load Factor (%)	86%	80%	85%	86%	86%
Passengers (000)	21,975	14,712	24,405	31,051	33,497
TRASM (USD $cents)	7.5	6.2	7.8	8.1	8.4
CASM ex fuel (USD $cents)	4.1	5.1	4.2	4.3	4.8

97 GRI 2-4: The investments in the community were reported as 2019 – 123; 2020 – 88; 2021 – 68; 2022 – 100, and instead should have been 2019 – 0.1; 2020 – 0.1; 2021 – 0.1; 2022 – 0.1, due to an arithmetic error.
98 GRI 2-4: The distributed economic value was reported as 2019 – 2,087; 2020 – 1,562; 2021 – 2,227; 2022 – 3,437, and instead should have been 2019 – 1,963; 2020 – 1,474; 2021 – 2,159; 2022 – 3,352, due to an arithmetic error.
99 GRI 2-4: The retained economic value was reported as 2019 – (243); 2020 – (452); 2021 – (57); 2022 – (590), and instead should have been 2019 – (119); 2020 – (363); 2021 – 10; 2022 – (504), due to an arithmetic error.

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Appendix

Consolidated Financial Statements

Years Ended December 31, 2023, and 2022 with Independent Auditor's Report

Independent Auditor's Report

Consolidated Financial Statements:

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Independent Auditors' Report

To the Board of Directors and Stockholders
Controladora Vuela Compañía de Aviación, S.A.B. de C.V.:
Thousands of U.S. dollars

Opinion

We have audited the consolidated financial statements of Controladora Vuela Compañía de Aviación, S.A.B. de C.V. and subsidiaries ("the Group"), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, the consolidated statements of operations, comprehensive income, changes in equity and cash flows for the years then ended, and notes comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Mexico, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Aircraft components and engines lease return obligations

The key audit matter

As described in Notes 1s, 2i) and 16) to the consolidated financial statements, as of December 31, 2023, the Group has a provision for its aircraft components and engines lease return obligations in the amount of $287,208. Aircraft lease agreements require the Group to return aircraft (airframe, APU and landing gears) and, engines (overhaul and limited life parts) to the lessor under specific conditions of maintenance or, alternatively, pay an amount to the lessor based on the condition of these components due to usage of the aircraft. A provision for the aircraft components and engines lease return obligations is recognized from the time it becomes more likely than not that such costs will be incurred, and these can be estimated reliably. The provision is included as part of other liabilities and the costs are recognized as a component of variable lease expenses on a straight-line basis through the remaining lease term. The Group estimates the provision for its aircraft components and engines lease return obligations using certain assumptions including the projected usage of the aircraft and the expected costs of the maintenance tasks to be performed at the return date as well as discount rates to determine the present value of the obligations at the reporting date.

We have identified the evaluation of the provision for aircraft components and engines lease return obligations as a key audit matter, given the complexity and the significant judgment involved in determining the projected usage of the aircraft, the estimated maintenance cost at the end of the lease contract and the discount rates.

How the matter was addressed in our audit

Our audit procedures in this area included, among others, the following:

- We evaluated the design and tested the operating effectiveness of certain internal controls related to the provision for the aircraft components and engines lease return obligations process, including controls related to the inputs used in the estimate of the provision.
- We compared the assumptions for the projected usage of the aircraft with the average usage in 2023 and the Group's business plans, and we compared the estimated costs of maintenance tasks to be performed at the return date with current prices agreed with third party maintenance providers and historical payments for these types of maintenance.
- We involved our valuation specialists to assist in the evaluation of the reasonableness of the discount rates to reflect the present value of the aircraft components and engines lease return obligations, by assesing the method, inputs, and assumptions used by the Group in their determination of these discount rates.
- We also compared the actual cost of historical aircraft components and engines lease returns to the provision amounts at the reporting date prior to those returns in order to evaluate the Group's ability to accurately estimate its future aircraft components and engines lease return obligations.

Other information

Management is responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended December 31, 2023, to be filed with the National Banking and Securities Commission (Mexico) (Comisión Nacional Bancaria y de Valores) and the Mexican Stock Exchange (Bolsa Mexicana de Valores) but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Cárdenas Dosal, S.C.

C.P.C. Saúl Andrés Aguayo Juárez
Ciudad de México, April 9, 2024

Controladora Vuela Compañía de Aviación, S.A.B. de C.V. and Subsidiaries (d.b.a. VOLARIS)

Consolidated Statements of Financial Position

(In thousands of U.S. dollars)

	At December 31, 2023	At December 31, 2022
Assets		
Current assets:		
Cash, cash equivalents and restricted cash (Note 6)	US$ 774,154	US$ 711,853
Short-term investments	15,265	-
Accounts receivable:		
Related parties (Note 7)	-	2,155
Other accounts receivable, net (Note 8)	89,244	78,849
Recoverable value added tax and others	69,159	94,348
Recoverable income tax	92,196	64,774
Inventories (Note 9)	16,117	15,758
Prepaid expenses and other current assets (Note 10)	43,676	33,189
Assets held for sale (Note 1k)	-	795
Guarantee deposits (Note 11)	147,836	64,357
Total current assets	1,247,647	1,066,078
Non-current assets:		
Rotable spare parts, furniture and equipment, net (Note 12)	804,610	478,771
Right-of-use assets (Note 14)	2,338,392	2,180,931
Intangible assets, net (Note 13)	16,219	12,725
Derivative financial instruments (Notes 3, 4 and 5)	1,683	1,585
Deferred income taxes (Note 20)	236,026	208,010
Guarantee deposits (Note 11)	461,996	483,878
Other long-term assets	39,399	35,675
Total non-current assets	3,898,325	3,401,575
Total assets	US$ 5,145,972	US$ 4,467,653
Liabilities and equity		
Current liabilities:		
Unearned transportation revenue (Note 21)	US$ 343,400	US$ 346,469
Suppliers	233,861	194,856
Related parties (Note 7)	15,845	14,610
Accrued liabilities (Note 15a)	162,763	186,572
Lease liabilities (Note 14)	372,697	335,620
Other taxes and fees payable (Note 1t)	262,115	218,329
Income taxes payable	8,310	5,738
Financial debt (Note 5)	220,289	112,148
Other liabilities (Note 16)	2,303	5,398
Total current liabilities	1,621,583	1,419,740
Non-current liabilities:		
Financial debt (Note 5)	432,776	160,887
Accrued liabilities (Note 15b)	13,515	13,283
Lease liabilities (Note 14)	2,518,745	2,373,103
Other liabilities (Note 16)	286,405	244,454
Employee benefits (Note 17)	14,644	10,987
Deferred income taxes (Note 20)	15,710	10,462
Total non-current liabilities	3,281,795	2,813,176
Total liabilities	4,903,378	4,232,916
Equity (Note 19):		
Capital stock	248,278	248,278
Treasury shares	(11,555)	(12,866)
Contributions for future capital increases	-	-
Legal reserve	17,363	17,363
Additional paid-in capital	282,040	283,174
Accumulated deficit	(148,084)	(155,903)
Accumulated other comprehensive loss	(145,448)	(145,309)
Total equity	242,594	234,737
Total liabilities and equity	US$ 5,145,972	US$ 4,467,653

The accompanying notes are an integral part of these consolidated financial statements.

Controladora Vuela Compañía de Aviación, S.A.B. de C.V. and Subsidiaries (d.b.a. VOLARIS)

Consolidated Statements of Operations

(In thousands of U.S. dollars except for earnings per share)

	For the years ended December 31,					
	2023		2022		2021	
Operating revenues (Notes 21 and 26):						
Passenger revenues:						
Fare revenues	US$	1,650,287	US$	1,661,176	US$	1,265,980
Other passenger revenues		1,473,237		1,078,251		866,944
		3,123,524		2,739,427		2,132,924
Non- passenger revenues:						
Other non-passenger revenues (Note 21)		115,424		92,977		76,872
Cargo		20,025		14,786		11,882
Non-derivative financial instruments		-		-		(21,378)
		3,258,973		2,847,190		2,200,300
Other operating income (Note 22)		(54,710)		(25,066)		(10,758)
Fuel expense, net (Note 3a)		1,165,078		1,299,254		609,390
Landing, take-off and navigation expenses		503,366		379,108		296,831
Salaries and benefits		386,723		283,089		239,215
Depreciation of right of use assets (Note 14)		362,015		320,443		269,351
Sales, marketing and distribution expenses		167,341		124,287		96,705
Other operating expenses (Note 22)		169,864		102,585		65,858
Aircraft and engine variable lease expenses		103,845		124,532		83,373
Maintenance expenses		98,445		97,783		96,256
Depreciation and amortization (Notes 12 and 13)		134,296		97,486		57,049
Operating income		222,710		43,689		397,030
Finance income (Note 23)		38,222		12,902		3,531
Finance cost (Note 23)		(219,343)		(192,535)		(139,374)
Foreign exchange (loss) gain, net (Note 3b)		(34,147)		3,581		(124,161)
Income (loss) before income tax		7,442		(132,363)		137,026
Income tax benefit (expense) (Note 20)		377		52,139		(30,573)
Net income (loss)	US$	7,819	US$	(80,224)	US$	106,453
Earnings (loss) per share basic:	US$	0.007	US$	(0.069)	US$	0.092
Earnings (loss) per share diluted:	US$	0.007	US$	(0.069)	US$	0.091

The accompanying notes are an integral part of these consolidated financial statements.

Controladora Vuela Compañía de Aviación, S.A.B. de C.V. and Subsidiaries (d.b.a. VOLARIS)

Consolidated Statements of Comprehensive Income

(In thousands of U.S. dollars)

	For the years ended December 31,					
	2023		2022		2021	
Net income (loss) for the year	US$	7,819	US$	(80,224)	US$	106,453
Other comprehensive income (loss):						
Other comprehensive income (loss) to be reclassified to profit or (loss) in subsequent periods:						
Discontinuation of hedge relationships (Note 24b)		-		-		79,076
Net (loss) gain on cash flow hedges (Note 24b)		(1,175)		336		957
Benefit (expense) income tax deferred (Note 20c)		362		(80)		(274)
Exchange differences on translation of foreign operations		749		3,471		(10,489)
Other comprehensive income (loss) not to be reclassified to profit or (loss) in subsequent periods:						
Remeasurement (loss) gain of employee benefits (Note 17)		(107)		253		(432)
Benefit (expense) income tax deferred (Note 20c)		32		(79)		138
Other comprehensive (loss) income for the year, net of tax	US$	(139)	US$	3,901	US$	68,976
Total comprehensive income (loss) for the year	US$	7,680	US$	(76,323)	US$	175,429

The accompanying notes are an integral part of these consolidated financial statements.

Controladora Vuela Compañía de Aviación, S.A.B. de C.V. and Subsidiaries (d.b.a. VOLARIS)

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023, 2022 and 2021

(In thousands of U.S. dollars)

	Capital stock	Treasury shares	Contributions for future capital increases	Legal reserve	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive loss	Total equity
Balance as of December 31, 2020	US$ 248,278	US$ (9,412)	US$ -	US$ 17,363	US$ 284,257	US$ (182,132)	US$ (218,186)	US$ 140,168
Treasury shares	-	(4,366)	-	-	(953)	-	-	(5,319)
Exercise of stock options (Note 18)	-	2,859	-	-	-	-	-	2,859
Long-term incentive plan cost (Note 18)	-	2,267	-	-	(2,267)	-	-	-
Net income for the year	-	-	-	-	-	106,453	-	106,453
Other comprehensive income items	-	-	-	-	-	-	68,976	68,976
Total comprehensive income	-	-	-	-	-	106,453	68,976	175,429
Balance as of December 31, 2021	248,278	(8,652)	-	17,363	281,037	(75,679)	(149,210)	313,137
Treasury shares	-	(5,239)	-	-	3,162	-	-	(2,077)
Long-term incentive plan cost (Note 18)	-	1,025	-	-	(1,025)	-	-	-
Net loss for the year	-	-	-	-	-	(80,224)	-	(80,224)
Other comprehensive income items	-	-	-	-	-	-	3,901	3,901
Total comprehensive (loss) income	-	-	-	-	-	(80,224)	3,901	(76,323)
Balance as of December 31, 2022	248,278	(12,866)	-	17,363	283,174	(155,903)	(145,309)	234,737
Treasury shares	**-**	**(4,020)**	**-**	**-**	**4,186**	**-**	**-**	**166**
Exercise of stock options (Note 18)	**-**	**11**	**-**	**-**	**-**	**-**	**-**	**11**
Long-term incentive plan cost (Note 18)	**-**	**5,320**	**-**	**-**	**(5,320)**	**-**	**-**	**-**
Net income for the year	**-**	**-**	**-**	**-**	**-**	**7,819**	**-**	**7,819**
Other comprehensive loss items	**-**	**-**	**-**	**-**	**-**	**-**	**(139)**	**(139)**
Total comprehensive income (loss)	**-**	**-**	**-**	**-**	**-**	**7,819**	**(139)**	**7,680**
Balance as of December 31, 2023	**US$ 248,278**	**US$ (11,555)**	**US$ -**	**US$ 17,363**	**US$ 282,040**	**US$ (148,084)**	**US$ (145,448)**	**US$ 242,594**

The accompanying notes are an integral part of these consolidated financial statements.

Controladora Vuela Compañía de Aviación, S.A.B. de C.V. and Subsidiaries (d.b.a. VOLARIS)

Consolidated Statements of Cash Flows

For the years ended December 31, 2023, 2022 and 2021

(In thousands of U.S. dollars)

	2023	2022	2021
Operating activities			
Net income (loss)	US$ 7,819	US$ (80,224)	US$ 106,453
Adjustments for:			
Depreciation and amortization (including right-of-use-assets) (Notes 12, 13 and 14)	496,311	417,929	326,400
Allowance for credit losses (Note 8)	1,330	1,672	795
Finance income (Note 23)	(38,222)	(12,902)	(3,531)
Finance cost	218,130	191,809	138,890
Net foreign exchange loss (gain) differences	25,471	(8,669)	80,372
Derivative financial instruments (Notes 3 and 4)	579	161	688
Amortized Cost (CEBUR)	634	566	412
Net gain on disposal of rotable spare parts, furniture and equipment (Note 22)	(11,815)	(19,548)	(9,546)
Employee benefits (Note 17)	3,296	7,210	552
Aircraft and engine lease extension benefit and other benefits from service agreements	(761)	(517)	(519)
Income tax (benefit) expense	(377)	(52,139)	30,573
Management incentive and long-term incentive plans	5,769	709	(1,273)
	708,164	446,057	670,266
Changes in operating assets and liabilities:			
Related parties	3,390	6,570	3,392
Other accounts receivable	(7,784)	49,670	(15,787)
Recoverable and prepaid taxes	69,607	(33,293)	16,918
Inventories	(359)	(1,361)	(857)
Prepaid expenses	(24,488)	(21,489)	645
Other assets	(1,904)	(12,494)	3,435
Guarantee deposits	(58,243)	(13,445)	(52,048)
Suppliers	36,620	86,627	6,168
Accrued liabilities	(24,929)	17,201	45,053
Other taxes and fees payable	(9,453)	44,985	12,972
Unearned transportation revenue	(3,069)	42,487	20,023
Derivative Financial instruments	-	-	(1,854)

	2023	2022	2021
Other liabilities	41,775	40,429	76,687
Cash generated from operating activities	729,327	651,944	785,013
Interest received	38,222	12,902	3,531
Income taxes paid	(37,724)	(51,244)	(3,188)
Net cash flows provided by operating activities	729,825	613,602	785,356
Investing activities			
Acquisitions of rotable spare parts, furniture and equipment (Note 12)	(480,753)	(347,147)	(186,121)
Acquisitions of intangible assets (Note 13)	(10,387)	(6,790)	(10,063)
Acquisitions of subsidiaries	-	-	(79)
Acquisitions of other investments	(17,012)	-	-
Pre-delivery payments reimbursements	45,085	221,253	43,678
Proceeds from disposals of rotable spare parts, furniture and equipment	122	1,990	17,940
Proceeds from disposals of aircraft	901	-	-
Net cash flows used in investing activities	(462,044)	(130,694)	(134,645)
Financing activities			
Transaction costs related to the CEBUR offering and other financing	(2,547)	-	-
Proceeds from exercised stock options (Note 18)	11	-	2,859
Proceeds from sale of treasury shares	1,018	-	-
Financial instrument (CEBUR)	(1,493)	-	-
Treasury shares purchase	(4,021)	(5,239)	(4,366)
Interest paid	(37,179)	(17,637)	(12,477)
Payments of principal portion of lease liabilities (Note 14)	(529,074)	(449,004)	(458,968)
Payments of financial debt	(97,909)	(196,565)	(76,936)
Proceeds from financial debt	456,808	155,357	114,704
Net cash flows used in financing activities	(214,386)	(513,088)	(435,184)
Increase (decrease) in cash, cash equivalents and restricted cash	53,395	(30,180)	215,527
Net foreign exchange differences on cash balance	8,906	911	19,127
Cash, cash equivalents and restricted cash at beginning of year	711,853	741,122	506,468
Cash, cash equivalents and restricted cash at end of year	US$ 774,154	US$ 711,853	US$ 741,122

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(In thousands of U.S. dollars, except when indicated otherwise)

1. Description of the business and summary of material accounting policy information

Controladora Vuela Compañía de Aviación, S.A.B. de C.V. ("Controladora" or the "Company") was incorporated in Mexico in accordance with the laws of Mexico on October 27, 2005.

Controladora is domiciled in Mexico City at Av. Antonio Dovali Jaime No. 70, 13th Floor, Tower B, Colonia Zedec Santa Fe, Mexico City, Mexico, 01210.

The Company, through its subsidiary Concesionaria Vuela Compañía de Aviación, S.A.P.I. de C.V. ("Concesionaria"), has a concession to provide air transportation services for passengers, cargo and mail throughout Mexico and abroad.

Concesionaria's concession was granted by the Mexican federal government through the Mexican Infrastructure, Communications and Transportation Ministry (*Secretaría de Infraestructura, Comunicaciones y Transportes*) on May 9, 2005 initially for a period of five years and was extended on February 17, 2010 for an additional period of ten years. On February 24, 2020, Concesionaria's concession was extended for a 20-year term starting on May 9, 2020.

Concesionaria made its first commercial flight as a low-cost airline on March 13, 2006. Concesionaria operates under the trade name of "Volaris". On June 11, 2013, Controladora Vuela Compañía de Aviación, S.A.P.I. de C.V. changed its corporate name to Controladora Vuela Compañía de Aviación, S.A.B. de C.V.

On September 23, 2013, the Company completed its dual listing Initial Public Offering on the New York Stock Exchange ("NYSE") and on the Mexican Stock Exchange (Bolsa Mexicana de Valores, or "BMV"), and on September 18, 2013 its shares started trading under the ticker symbol "VLRS" and "VOLAR", respectively.

On November 16, 2015, certain shareholders of the Company completed a secondary follow-on equity offering on the NYSE.

On December 11, 2020, the Company announced the closing of an upsized primary follow-on equity offering in which the Company offered 134,000,000 of its Ordinary Participation Certificates (Certificados de Participación Ordinarios), or CPOs, in the form of American Depositary Shares, or ADSs, at a price to the public of US$11.25 per ADS in the United States and other countries outside of Mexico, pursuant to the Company's shelf registration statement filed with the Securities and Exchange Commission (the "SEC"). In connection with the offering, the underwriters exercised their option to purchase up to 20,100,000 additional CPOs in the form of ADSs. Each ADS represents 10 CPOs and each CPO represents a financial interest in one Series A share of common stock of the Company.

On November 10, 2016, the Company, through its subsidiary Vuela Aviación, S.A. ("Volaris Costa Rica"), obtained from the Costa Rica Civil Aviation Authority an Air Operator Certificate to provide air transportation services for passengers, cargo and mail, in scheduled and non-scheduled flights for an initial period of five years. On December 20, 2021 Volaris Costa Rica´s Air Operator Certificate was renewed, modified and extended for an additional 15- years term. Volaris Costa Rica started operations on December 1, 2016.

On August 25, 2021, the Company through its subsidiary Vuela El Salvador, S.A. de C.V. ("Volaris El Salvador") obtained from the El Salvadorian Civil Aviation Authority an Operation Permit, for scheduled and non-scheduled international public air transportation services for passengers, cargo and mail valid until May 30, 2024. Volaris El Salvador started operations on September 15, 2021.

On June 20, 2019, Concesionaria, issued fifteen million (15,000,000) asset backed trust notes (certificados bursátiles fiduciarios; the "Trust Notes"), under the ticker symbol VOLARCB 19 for the amount of Ps.1.5 billion Mexican pesos (US$78.5 million, based on an exchange rate of Ps.19.10 to US$1 on June 20, 2019) by CIBanco, S.A., Institución de Banca Multiple, acting as Trustee under the Irrevocable Trust number CIB/3249 created by Concesionaria in the first issuance under a program approved by the Mexican National Banking and Securities Commission (Comisión Nacional Bancaria y de Valores) for an amount of up to Ps.3.0 billion Mexican pesos (US$157.1 million based on an exchange rate of Ps.19.10 to US$1 on June 20, 2019). The Trust Notes are backed by future receivables under agreements entered into with credit card processors with respect to funds received from the sale of airplane tickets and ancillaries denominated in Mexican pesos, through credit cards VISA and Mastercard, via the Company's website, mobile app and travel agencies. The Trust Notes were listed on the Mexican Stock Exchange, have a maturity of five years and will pay an interest rate of Tasa de Interes Interbancaria de Equilibrio ("TIIE") 28 plus 175 basis points.

On October 13, 2021, Concesionaria, completed the issuance of fifteen million (15,000,000) of asset backed trust notes (certificados bursátiles fiduciarios) (the "Trust Notes") issued under the ticker VOLARCB 21L for an amount of Ps.1.5 billion Mexican pesos (US$72.1 million, based on an exchange rate of Ps.20.80 to US$1 on October 13, 2021), issued by CIBanco, S.A., Institución de Banca Múltiple, acting as Trustee of the Irrevocable Trust number CIB/3249 created by Concesionaria, in the second offering under the program authorized by the Mexican National Banking and Securities Commission for an amount of up to Ps.3.0 billion (three billion pesos 00/100 national currency) (US$144.2 million, based on an exchange rate of Ps.20.80 to US$1 on October 13, 2021). The Trust Notes are aligned with the Sustainability-Linked Bond Principles 2020, administered by the International Capital Market Association (ICMA) and has Sustainability Objectives (SPT) for the Key Performance Indicator (KPI), to reduce carbon dioxide emissions from Volaris´ operations, measured as grams of CO_2 emissions per revenue passenger/kilometer (gCO_2 / RPK) by 21.54%, 24.08% and 25.53% by 2022, 2023 and 2024, respectively, compared to 2015. This offering incentives the Company to accomplish its long-term sustainable goals, among which are to reduce CO_2 emissions by 35.42% gCO_2 / RPK by 2030 vs 2015. The Trust Notes have a maturity of five years and will pay an interest rate of TIIE 28 plus 200 basis points.

On December 20, 2021, one of the Company´s shareholders concluded the conversion of 30,538,000 Series B Shares for the equivalent number of Series A Shares. This conversion has no impact either on the total number of outstanding shares nor on the earnings-per-share calculation.

The accompanying consolidated financial statements and notes were approved for issuance by the Company's Chief Executive Officer, Enrique J. Beltranena Mejicano, and the Chief Financial Officer, Jaime E. Pous Fernández, on April 8, 2024 and subsequent events were considered through that date. These consolidated financial statements will be submitted for authorization to the Board of Directors of the Company on April 17, 2024 and further for authorization to the Annual General Ordinary Shareholders' Meeting on April 19, 2024.

a) Relevant events

Contract with FEMSA

On January 23, 2023, the Company, through its subsidiary Concesionaria, entered into an agreement with Lealtad Mercadotecnia y Conocimientos Agregados, S.A.P.I. de C.V. (the "Supplier"), a subsidiary of Fomento Económico Mexicano, S.A.B. de C.V. (FEMSA). Under this contract, Concesionaria became a participating company in a coalition that integrates a loyalty program called "Spin Premia®", established and managed by the Supplier. This Program offers exclusive benefits to its users, allowing them to accumulate and redeem reward points with OXXO and Volaris.

Contract with CleanJoule

On June 14, 2023, the Company announced an investment agreement alongside Indigo Partners, GenZero, Cleanhill Partners, Frontier Airlines, and Wizz Air. The investment aims to accelerate the production of Sustainable Aviation Fuel (SAF) worldwide through the North American startup CleanJoule. Through its corporate sustainability strategy, the Company implements practices that contribute the environmental impact of its operations (Note 7j).

The Mexican Aviation Authority recovers Category 1 for operational safety

On September 14, 2023, the U.S. Department of Transportation's Federal Aviation Administration of the United States of America (FAA) determined that the operational safety oversight applied by the Mexican Federal Civil Aviation Authority (AFAC) adheres to the safety standards of the International Civil Aviation Organization (ICAO), there by recovering Category 1 in operational safety.

Offering of asset backed trust notes under the ticker VOLARCB 23

On September 28, 2023 "Concesionaria" completed the offering of 15,000,000 (fifteen million) asset backed trust notes (certificados bursátiles fiduciarios) (the "Trust Notes ") in Mexico under the ticker VOLARCB 23 for an amount of Ps.1.5 billion Mexican pesos (US$85.8 million, based on an exchange rate of Ps.17.47 to US$1 on September 28, 2023) by CIBanco, S.A., Institución de Banca Múltiple, acting as Trustee of the Irrevocable Trust number CIB/3249 created by Concesionaria Vuela Compañía de Aviación, S.A.P.I. de C.V., in the third offering under the program authorized and enlarged by the Mexican National Banking and Securities Commission for an amount of up to Ps.5.0 billion Mexican pesos (US$286.2 million, based on an exchange rate of Ps.17.47 to US$1 on September 28, 2023). The Trust Notes will be backed by future collection rights under agreements entered into with credit card processors regarding flows derived from the sale of airline tickets and other related services through VISA and Mastercard credit cards, through their internet portal, travel agencies, call centers and sales offices. The Trust Notes have a maturity term of five years and will pay an interest rate of Tasa de Interes Interbancaria de Equilibrio ("TIIE") 28 plus 215 basis points spread. The underwriters were Casa de Bolsa BBVA México, S.A. de C.V., Grupo Financiero BBVA México and Actinver Casa de Bolsa, S.A. de C.V., Grupo Financiero Actinver.

Conversion from Series "B" shares to Series "A" shares

On November 22, 2023, all holders of the 57,513,873 outstanding Series B shares of the Company concluded the conversion of all Series B Shares into 57,513,873 Series A Shares represented by Ordinary Participation Certificates (*Certificados de Participación Ordinarios*) in the form of the corresponding American Depositary Shares.

b) Basis of preparation

Statement of compliance

These consolidated financial statements which comprise the financial statements of the Company and its subsidiaries as of December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021 were prepared in accordance with IFRS Accounting Standards ("IFRS" International Financial Reporting Standards) as issued by the *International Accounting Standards Board* ("IASB").

The presentation currency of the Company's consolidated financial statements is the U.S. dollar. All values in the consolidated financial statements are rounded to the nearest thousand (US$000), except when otherwise indicated.

The Company has consistently applied its accounting policies to all periods presented in these consolidated financial statements and provide comparative information in respect of the previous period, except for the effects of changes in functional currency that are affected prospectively (See "Change in functional currency" and Note 3b).

Basis of measurement and presentation

The accompanying consolidated financial statements have been prepared under the historical-cost convention, except for derivative financial instruments that are measured at fair value.

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts reported in the accompanying consolidated financial statements and notes. Actual results could differ from those estimates.

Presentation currency and definition of terms

The consolidated financial statements and the accompanying notes are presented in U.S. dollars, except when specific reference is made to a different currency. When reference is made to U.S. dollars or "$" it means dollars of the United States. All amounts in the consolidated financial statements and the accompanying notes are stated in thousands, except when references are made to earnings or loss per share and/or prices per share. When reference is made to "Ps" or "pesos", it means Mexican pesos. When it is deemed relevant, certain amounts in foreign currency presented in the notes to the consolidated financial statements include between parentheses a convenience translation into dollars and/or into pesos, as applicable.

(In thousands of U.S. dollars, except when indicated otherwise)

Change in functional currency

An entity's functional currency is the currency of the primary economic environment in which it operates. During the second half of 2021 management identified indicators of changes in the primary economic environment in which its main subsidiary Concesionaria operates, as follows: (i) increase in the international market transactions during 2021, (ii) change in the determination of rates, and (iii) most representative costs are determined and denominated in U.S. dollars. As a result, the Company evaluated the functional currency of its main subsidiary in accordance with the provisions contained in IAS-21 "Effects of Variations in Foreign Currency Exchange Rates", concluding that the functional currency changed from the Mexican peso to the U.S. dollar as of December 31, 2021.

In addition, considering the dependency of the Company in its operations related to its wholly owned subsidiary Concesionaria, management evaluated and concluded that its functional currency also changed from the Mexican peso to U.S. dollar as of December 31, 2021.The change in functional currency was prospectively applied from the date of the change (Note 3b).

c) Basis of consolidation

The accompanying consolidated financial statements comprise the financial statements of the Company and its subsidiaries. As of December 31, 2023, and 2022 for accounting purposes the companies included in the consolidated financial statements are as follows:

Name	Principal Activities	Country	% Equity interest 2023	% Equity interest 2022
Concesionaria Vuela Compañía de Aviación S.A.P.I. de C.V.	Air transportation services for passengers, cargo and mail throughout Mexico and abroad	Mexico	100%	100%
Vuela Aviación, S.A.	Air transportation services for passengers, cargo and mail in Costa Rica and abroad	Costa Rica	100%	100%
Vuela, S.A. ("Vuela")(1)	Air transportation services for passengers, cargo and mail in Guatemala and abroad	Guatemala	100%	100%
Vuela El Salvador, S.A. de C.V.	Air transportation services for passengers, cargo and mail in El Salvador and abroad	El Salvador	100%	100%
Comercializadora Volaris, S.A. de C.V. ("Comercializadora")	Merchandising of services	Mexico	100%	100%
Servicios Earhart, S.A.(1)	Rendering specialized services to its affiliates	Guatemala	100%	100%
Servicios Corporativos Volaris, S.A. de C.V. ("Servicios Corporativos")	Rendering specialized services to its affiliates	Mexico	100%	100%
Comercializadora V Frecuenta, S.A. de C.V. ("Loyalty Program")(1)	Loyalty Program	Mexico	100%	100%
Viajes Vuela, S.A. de C.V. ("Viajes Vuela")	Travel agency	Mexico	100%	100%
Guatemala Dispatch Service, S.A., ("GDS, S.A.")	Aeronautical Technical Services	Guatemala	100%	100%
CIBanco, S.A., Institución de Banca Múltiple, Fidecomiso 1710(2)	Pre-delivery payments financing (Note 5)	Mexico	-	100%
CIBanco, S.A., Institución de Banca Múltiple, Fidecomiso 1711(3)	Pre-delivery payments financing (Note 5)	Mexico	-	100%
Fideicomiso Irrevocable de Administración número F/307750 "Administrative Trust"(4)	Share administration trust (Note 18)	Mexico	-	100%
Fideicomiso Irrevocable de Administración número F/745291 "Administrative Trust"	Share administration trust (Note 18)	Mexico	100%	100%
Fideicomiso de Administración número CIB/3081 "Administrative Trust"	Share administration trust (Note 18)	Mexico	100%	100%
Fideicomiso Irrevocable de Administración número CIB/3249 "Administrative Trust"	Asset backed securities trustor & administrator (Note 5)	Mexico	100%	100%
CIBanco, S.A., Institución de Banca Múltiple, Fideicomiso CIB/3853(5)	Pre-delivery payments financing (Note 5)	Mexico	100%	100%
CIBanco, S.A., Institución de Banca Múltiple, Fideicomiso CIB/3855(6)	Pre-delivery payments financing (Note 5)	Mexico	100%	100%
CIBanco, S.A., Institución de Banca Múltiple, Fideicomiso CIB/3866(6)	Pre-delivery payments financing (Note 5)	Mexico	100%	100%
CIBanco, S.A., Institución de Banca Múltiple, Fideicomiso CIB/3867(7)	Pre-delivery payments financing (Note 5)	Mexico	100%	100%
CIBanco, S.A., Institución de Banca Múltiple, Fideicomiso CIB/3921(8)	Pre-delivery payments financing (Note 5)	Mexico	100%	100%

(1) The Company has not started operations.
(2) With effect from January 20, 2023, the Trust 1710 was extinguished.
(3) With effect from January 20, 2023, the Trust 1711 was extinguished.
(4) The Trust was terminated on August 9, 2022.
(5) With effect from June 8, 2022 the trust was constituted.
(6) With effect from April 1st, 2022 the trusts were constituted.
(7) With effect from April 13, 2022 the trust was constituted.
(8) With effect from July 21, 2022 the trust was constituted.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent Company, using consistent accounting policies.

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if, the Company has:

(i) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
(ii) Exposure, or rights, to variable returns from its involvement with the investee.
(iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(i) The contractual arrangement with the other vote holders of the investee.
(ii) Rights arising from other contractual arrangements, and
(iii) The Company's voting rights and potential voting rights.

The Company re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

All intercompany balances, transactions, unrealized gains and losses resulting from intercompany transactions are eliminated in full on consolidation in the consolidated financial statements.

On consolidation, the assets and liabilities of foreign operations are translated into U.S. dollar at the exchange rates prevailing at the reporting date and their statements of profit or loss are translated at the average exchange rates prevailing at the time. The exchange differences arising on translation for consolidation are recognized in other comprehensive income ("OCI"). On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognized in profit or loss.

d) Revenue recognition

Passenger revenues

Revenues from the air transportation of passengers are recognized at the earlier of when the service is provided or when the non-refundable ticket expires at the date of the scheduled travel.

Ticket sales for future flights are initially recognized as contract liabilities under the caption "unearned transportation revenue" and, once the transportation service is provided by the Company or when the non-refundable ticket expires at the date of the scheduled travel, the earned revenue is recognized as passenger ticket revenue and the unearned transportation revenue is reduced by the same amount. All the Company's tickets are non-refundable and are subject to change upon a payment of a fee. Additionally, the Company does not operate a frequent flier program.

The most significant passenger revenue includes revenues generated from: (i) fare revenue, and (ii) other passenger revenues. Other passenger services include but are not limited to fees charged for excess baggage, bookings through the call center or third-party agencies, advanced seat selection, itinerary changes and charters. They are recognized as revenue when the obligation of passenger transportation service is provided by the Company or when the non-refundable ticket expires at the date of the scheduled travel.

The Company also classifies as other passenger revenue "V Club" and other similar services, which are recognized as revenue over time when the service is provided.

The Company sells certain tickets with connecting flights with one or more segments operated by its other airline partner. For segments operated by its other airline partner, the Company has determined that it is acting as an agent on behalf of the other airline as is responsible for its portion of the contract (i.e., transportation of the passenger). The Company, as the agent, recognizes revenue within other operating revenue at the time of the travel, for the net amount retained by the Company for any segments flown by other airline.

Non-passenger revenues

The most significant non-passenger revenues include revenues generated from: (i) revenues from other non-passenger services described below, and (ii) cargo services.

Revenues from other non-passenger services mainly include but are not limited to commissions charged to third parties for the sale of trip insurance, rental cars, and advertising spaces to third parties. These as well as cargo services, are recognized as revenue at the time the service is provided.

The Company also evaluates, in each new transaction where applicable, the principal versus agent considerations concerning certain non-air travel service arrangements with third-party providers. When the Company determines that the underlying services are provided through third parties who are primarily responsible for providing the services, revenue for these specific non-air travel services is presented on a net basis (agent).

Code-share agreement

On January 16, 2018, the Company and Frontier Airlines (herein after Frontier) entered into a code-share operations agreement, which started operations in September 2018.

Through this alliance, the Company´s customers gain access to additional cities in the U.S. beyond the current available destinations as the Company's customers are able to buy a ticket throughout any of Frontier's actual destinations; and Frontier customers gain first-time access to new destinations in Mexico through Volaris presence in Mexican airports.

Code-share tickets can be purchased directly from the Volaris' website. The airline that provides the transportation recognize the revenue when the service is provided to the customer.

Other considerations analyzed as part of revenue from contracts with customers

All services provided by the Company including sales of tickets for future flights, other passenger related services and non-passenger services must be paid through a full cash settlement. The payment of the transaction price is equal to the cash settlement from the client at the sales time (using different payment options like credit or debit cards, paying through a third party or directly at the counter in cash). There is little or no judgment to determine the point in time of the revenue recognition, and the amount of it. Even if mainly all the sales of services are initially recognized as contract liabilities, there is no financing component in these transactions.

The cost to obtain a contract is represented by the commissions paid to the travel agencies and the bank commissions charged by the financial institutions for processing electronic transactions (Note 10). The Company does not incur any additional costs to obtain and fulfill a contract that is eligible for capitalization.

Trade receivables are mainly with financial institutions due to transactions with credit and debit cards, and therefore they are non-interest bearing and are mainly on terms of 24 to 48 hours. The Company has the right of collection at the beginning of the contracts and there are no discounts, payment incentives, bonuses, or other variable considerations after the purchase that could modify the amount of the transaction price.

The Company's tickets are non-refundable. However, in the event that the company cancels a flight due to causes attributable to the airline, including the COVID-19 pandemic, the passengers are entitled to either move their flight at no additional cost, receive a refund or obtain a voucher. No revenue is recognized until either the voucher is redeemed, and the associated flight occurs, or the voucher expires. When vouchers issued exceed the amount of the original amount paid by the passenger the excess is recorded as reduction of the operating revenues. All the Company´s revenues related to future services are rendered through an approximate period of 12 months.

Contract with FEMSA

Under the "Spin Premia" agreement customers participating in this program are entitled to accumulate or redeem points when they purchase goods or use services with any of the companies that are part of the coalition.

The points accumulated for services provided by the Company are recorded as a reduction in revenues. The points redeemed for the Company's services are recorded as deferred revenue until the time when the service is provided, or the points expire. The value of points is determined according to contractual conditions between the Company and FEMSA.

e) Cash, cash equivalents and restricted cash

Cash and cash equivalents are represented by bank deposits and highly liquid investments with maturities of 90 days or less at the original purchase date. For the purposes of the consolidated statements of cash flows, cash and cash equivalents consist of cash and short-term investments as defined above.

The Company has agreements with financial institutions that process customer credit card transactions for the sale of air travel and other services. These credit card processing agreements do not have significant cash reserve requirements.

Restricted cash are used to constitute the debt service reserves and cannot be used for purposes other than those established.

f) Short-term investments

Short-term investments consist of fixed-term bank deposits with a maturity of more than three but less than twelve months.

g) Financial instruments initial recognition and subsequent measurement

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

i) Financial assets

Initial recognition

Classification of financial assets and initial recognition

The Company determines the classification and measurement of financial assets, in accordance with the categories in IFRS 9, which are based on both: the characteristics of the contractual cash flows of these assets and the business model objective for holding them.

Financial assets include those carried at fair value through profit and losses ("FVTPL"), whose objective to hold them is for trading purposes (short-term investments), or at amortized cost, for accounts receivables held to collect the contractual cash flows, which are characterized by solely payments of principal and interest ("SPPI"). Derivative financial instruments are also considered financial assets when these represent contractual rights to receive cash or another financial asset. All the Company's financial assets are initially recognized at fair value, including derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial assets depends on their initial classification, as is described below:

1. Financial assets at FVTPL which include financial assets held for trading.
2. Financial assets at amortized cost, whose characteristics meet the SPPI criterion and were originated to be held to collect principal and interest in accordance with the Company's business model.
3. Financial assets at fair value through other comprehensive income ("OCI") with recycling of cumulative gains and losses.

Derecognition

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

a) The rights to receive cash flows from the asset have expired.

b) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (i) the Company has transferred substantially all the risks and rewards of the asset, or (ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset; or when the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset.

In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

ii) Impairment of financial assets

The Company assesses at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is credit - impaired. A financial asset is credit- impaired when one or more events have occurred since the initial recognition of an asset (an incurred 'loss event'), that has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence that a financial asset is credit - impaired may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in receivable, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated cash flows, such as changes in arrears or economic conditions that correlate with defaults. Further disclosures related to impairment of financial assets are also provided in (Note 8).

For trade receivables, the Company applies a simplified approach in calculating Expected Credit Losses (ECLs). Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

Based on this evaluation, allowances are taken into account for the expected losses of these receivables (Note 8).

iii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, including loans and borrowings, accounts payables to suppliers, unearned transportation revenue, other accounts payable and financial instruments.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

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

Financial liabilities at amortized cost

Accounts payable, are subsequently measured at amortized cost and do not bear interest or result in gains and losses due to their short-term nature.

Loans and borrowings are the category most relevant to the Company. After initial recognition at fair value (consideration received), interest bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate method (EIR). Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on issuance and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statements of operations. This amortized cost category generally applies to interest-bearing loans and borrowings (Note 5).

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities under the fair value option, which are classified as held for trading, if they are acquired for the purpose of selling them in the near future. This category includes derivative financial instruments that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognized in the consolidated statements of operations.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is:

(i) A currently enforceable legal right to offset the recognized amounts, and
(ii) An intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

h) Other accounts receivable

Other accounts receivable are due primarily from major credit card processors associated with the sales of tickets and are stated at cost less allowances made for credit losses, which approximates fair value given their short-term nature.

i) Inventories

Inventories consist primarily of flight equipment expendable parts, materials and supplies, and are initially recorded at acquisition cost. Inventories are carried at the lower of cost or at their net realization value, which ever less. The cost is determined based on the method of specific identification and expensed when used in operations. The Company recognizes the necessary estimates for decreases in the value of its inventories due to impairment, obsolescence, slow movement and causes that indicate that the use or realization of the aircraft spare parts and flight equipment accessories that are part of the inventory will be less than recorded value. The cost of inventories is determined based on the specific identification method and is recorded as an expense as it is used in operations.

j) Intangible assets

Cost related to the purchase or development of computer software that is separable from an item of related *hardware* is capitalized separately measured at cost, and amortized over the period in which it will generate benefits on a straight-line basis. The Company annually reviews the estimated useful lives and salvage values of intangible assets and any changes are accounted for prospectively.

The Company records impairment charges on intangible assets used in operations when events and circumstances indicate that the assets or related cash generating unit may be impaired and the carrying amount of a long-lived asset or cash generating unit exceeds its recoverable amount, which is the higher of (i) its fair value less cost to sell, and (ii) its value in use.

The value in use calculation is based on a discounted cash flow model, using our projections of operating results for the near future, typically extending no more than five years. The recoverable amount of long-lived assets is sensitive to the uncertainties inherent in the preparation of projections and the discount rate used in the calculation. For the years ended December 31, 2023, 2022, and 2021, the Company did not record any impairment loss in the value of its intangible assets.

Software

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

Acquired software cost is amortized on a straight-line basis over its useful life. Licenses and software rights acquired by the Company have finite useful lives and are amortized on a straight–line basis over the term of the contract. Amortization expense is recognized in the consolidated statements of operations.

k) Assets held for sale

Assets held for sale, formerly non-current assets or groups of assets that are expected to be sold within the next twelve months are measured at the lower of their carrying amount at the time they are reclassified and fair value less cost to sell. Fair value less cost to sell is derived from recent market transactions, if available.

On December 22, 2022, Concesionaria signed an aircraft sale and purchase agreement with SETNA IO LLC., by a total amount of US$901. As of December 31, 2022 the carrying amount of the remaining owned aircraft was US$795. During February 2023, the Company concluded the transaction, which was closed as agreed.

l) Guarantee deposits

Guarantee deposits primarily include of aircraft maintenance deposits paid to lessors, deposits for rent of flight equipment and other guarantee deposits. Aircraft and engine deposits are held by lessors in U.S. dollars and are presented as current assets and non-current assets, based on the recovery dates of each deposit established in the related agreements (Note 11).

Deposits for flight equipment maintenance paid to lessors

Most of the Company's lease contracts stipulate the obligation to pay maintenance deposits to aircraft lessors, in order to guarantee major maintenance work.

These lease agreements establish that maintenance deposits are reimbursable to the Company at the time the major maintenance event is concluded for an amount equal to: (i) the maintenance deposit held by the lessor associated with the specific maintenance event, or (ii) the qualifying costs related to the specific maintenance event.

Substantially all major maintenance deposits are generally calculated based on the use of leased aircraft and engines (flight hours or operating cycles). The sole purpose of these deposits is to guarantee to the lessor the execution of maintenance work on the aircraft and engines.

Maintenance deposits that the Company expects to recover from lessors are presented as security deposits in the consolidated statement of financial position.

According to the term of the lease, in each contract it is evaluated whether major maintenance of the leased aircraft and engines is expected to be carried out. In the event that major maintenance is not expected to be performed on its own account, the deposit is recorded as a variable lease payment in the consolidated statement of operations, since it represents part of the use of the leased goods and is determined based on time or flight cycles. For the years ended December 31, 2023, 2022 and 2021, the Company recognized supplemental lease payments of US$83,528, US$48,172 and US$38,227, respectively.

When modifications are made to the lease agreements that entail an extension of the lease term, the maintenance deposits which had been recorded previously as variable lease payments can be converted into recoverable deposits and presented as recoverable assets, at the modification date.

During the years ended December 31, 2023 and 2022, the Company added 13 and 18 net new aircraft to its fleet, respectively (Note 14). During the year ended December 31, 2023, the Company extended the lease period of nine aircraft and six engines. During the year ended December 31, 2022, the Company extended the lease period of five aircraft and two engines. Certain other aircraft lease agreements do not require the obligation to pay maintenance deposits in advance to lessors to guarantee important maintenance activities; therefore, the Company does not make payments for guarantee deposits with respect to these aircraft.

However, some of these lease agreements include the obligation to make maintenance adjustment payments to lessors at the end of the lease period. These maintenance adjustments cover maintenance events that are not expected to be performed before the termination of the lease; for such agreements, the Company accumulates a liability related to the amount of the costs that will be incurred at the end of the lease, since no maintenance deposits have been made (Note 16).

m) Aircraft and engine maintenance

The Company is required to conduct various levels of aircraft maintenance. Maintenance requirements depend on the type of aircraft, age and the route network over which it operates (utilization).

Fleet maintenance requirements may include preventive maintenance tasks based on manufacturers recommendations, for example, component checks, airframe and systems checks, periodic major maintenance and engine checks.

Aircraft maintenance and repair consists of routine and non-routine tasks, divided mainly into three general categories: (i) routine line maintenance, (ii) major maintenance, and (iii) component checks.

(i) Routine line maintenance requirements consist of scheduled maintenance checks on the Company's aircraft, including pre-flight, daily, weekly and overnight checks, any diagnostics and routine repairs and any unscheduled maintenance is performed as required. These type of maintenance events are normally performed by in - house mechanics and are primarily completed at the main airports that the Company currently serves, supported by sub-contracted companies.

Other maintenance activities are sub-contracted to certified maintenance business partners, repair and overhaul organizations. Routine maintenance also includes scheduled tasks that can typically take from six to 12 days to accomplish and are required between every 24 or 36 months, such as 24-month checks and C checks. All routine maintenance costs are expensed as incurred.

(ii) Major maintenance for the aircraft consists of a series of more complex tasks, including structural checks for the airframe, that can take up to six weeks to accomplish and typically are required every six years.

Major maintenance is accounted for under the deferral method, whereby the cost of major maintenance, major overhaul and repair is capitalized (leasehold improvements to flight equipment) and amortized over the shorter of the period to the next major maintenance event or the remaining contractual lease term. The next major maintenance event is estimated based on assumptions including estimated time of usage. The United States Federal Aviation Administration ("FAA") and the Mexican Federal Civil Aviation Agency (*Agencia Federal de Aviación Civil- AFAC)* authorize maintenance intervals and average removal times as recommended by the manufacturer.

These assumptions may change based on changes in the utilization of aircraft, changes in government regulations and recommended manufacturer maintenance intervals. In addition, these assumptions can be affected by unplanned incidents that could damage an airframe, engine, or major component to a level that would require a heavy maintenance event prior to a scheduled maintenance event. To the extent the planned usage increases, the estimated life would decrease before the next maintenance event, resulting in additional expense over a shorter period.

During the years ended December 31, 2023, 2022 and 2021, the Company capitalized major maintenance events as part of leasehold improvements to flight equipment for an amount of US$139,830, US$138,811 and US$85,940, respectively. For the years ended December 31, 2023, 2022 and 2021, the amortization of major maintenance leasehold improvement costs was US$114,924, US$83,071 and US$40,744, respectively. The amortization of deferred maintenance costs is recorded as part of depreciation and amortization in the consolidated statements of operations.

(iii) The Company has a power-by-the hour agreement for component services, which guarantees the availability of aircraft components for the Company's fleet when they are required. It also provides aircraft components that are included in the redelivery conditions of the contract (hard time) with a fixed priced at the time of redelivery. The monthly maintenance cost associated with this agreement is recognized as incurred in the consolidated statements of operations.

(In thousands of U.S. dollars, except when indicated otherwise)

The Company has an engine flight hour agreement (component repair agreement), that guarantees a cost for the engines shop visits, provides miscellaneous engines coverage, supports the cost of foreign objects damage events, ensures there is protection from annual escalations, and grants credit for certain scrapped components. The cost associated with the miscellaneous engines' coverage is recorded monthly as incurred in the consolidated statements of operations.

n) Rotable spare parts, furniture and equipment, net

Rotable spare parts, furniture and equipment, are recorded at cost and are depreciated over their estimated useful lives using the straight-line method. Depreciation is calculated based on the cost less the estimated residual value of the assets.

Aircraft spare engines have significant components with different useful lives; therefore, they are accounted for as separate items of spare engine parts (major components) (Note 12).

Pre-delivery payments refer to prepayments made to aircraft and engine manufacturers during the manufacturing stage of the aircraft. The borrowing costs related to the acquisition or construction of a qualifying asset are capitalized as part of the cost of that asset.

Depreciation rates are as follows:

	Annual depreciation rate
Flight equipment	4.0-16.7%
Constructions and improvements	Remaining contractual lease term
Computer equipment	25%
Workshop tools	33.3%
Electric power equipment	10%
Communications equipment	10%
Workshop machinery and equipment	10%
Motorized transport equipment platform	25%
Service carts on board	20%
Office furniture and equipment	10%
Leasehold improvements to flight equipment	The shorter of: (i) remaining contractual lease term, or (ii) the next major maintenance event [1]

(1) The period is determined in accordance with usage.

The Company reviews annually the useful lives of these assets and any changes are accounted for prospectively.

The Company identified one Cash Generating Unit (CGU), which includes the long-lived assets and the entire fleet, including right-of-use assets and flight equipment. The Company assesses at each reporting date, whether there is objective evidence that long-lived assets and the entire fleet, including right-of-use assets and flight equipment are impaired in the CGU. The Company records impairment charges in operations when events and circumstances indicate that the assets may be impaired or when the carrying amount of a long-lived asset or related cash generating unit exceeds its recoverable amount, which is the higher of (i) its fair value less cost to sell, and (ii) its value in use.

The value in use calculation is based on a discounted cash flow model, using projections of operating results for the near future, typically extending no more than five years. The recoverable amount of long-lived assets is sensitive to the uncertainties inherent in the preparation of projections and the discount rate used in the calculation.

o) Foreign currency transactions and exchange differences

The Company's consolidated financial statements are presented in U.S. dollars, which is the functional currency of the parent company and its main subsidiaries. For each subsidiary, the Company determines the functional currency and items included in the financial statements of each entity are measured using the currency of the primary economic environment in which each entity operates ("the functional currency").

The financial statements of foreign operations prepared under IFRS and denominated in their respective local currencies different from its functional currency are remeasured into their functional currency as follows:

- Transactions in foreign currencies are translated into the respective functional currencies at the exchange rates at the dates of the transactions
- All monetary assets and liabilities are translated into the functional currency at the exchange rate at the consolidated statement of financial reporting date.
- All non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.
- Equity accounts are translated at the prevailing exchange rate at the time the capital contributions were made, and the profits were generated.
- Revenues, costs and expenses are translated at the average exchange rate during the applicable period.

Any differences resulting from the remeasurement into the respective functional currency are recognized in the consolidated statements of operations.

Assets and liabilities from foreign operations are converted from the functional currency to the presentation currency at the exchange rate on the reporting date; revenues and expenses are translated at each month during the year at the monthly average exchange rate.

Foreign currency differences arising on translation into the presentation currency are recognized in OCI. Exchange differences on translation of foreign operations for the years ended December 31, 2023, 2022 and 2021 were US$749, US$3,471 and US$(10,489), respectively.

(In thousands of U.S. dollars, except when indicated otherwise)

For the years ended December 31, 2023, 2022 and 2021, the most relevant exchange rates utilized in the conversions to US dollar, are as follows:

Currency	2023				2022				2021			
	End of period exchange rate		Average exchange rate		End of period exchange rate		Average exchange rate		End of period exchange rate		Average exchange rate	
Mexican Peso	Ps.	16.8935	Ps.	17.7665	Ps.	19.3615	Ps.	20.1254	Ps.	20.5835	Ps.	20.2818
Colon	₡.	524.7900	₡.	545.1760	₡.	594.9700	₡.	649.5908	₡.	645.900	₡.	624.3460
Quetzal	Q.	7.8301	Q.	7.8428	Q.	7.8515	Q.	7.7765	Q.	7.7285	Q.	7.7589
Colombian Peso	COP.	3,822.05	COP.	4,327.66	COP.	4,810.20	COP.	4,255.44	COP.	3,981.16	COP.	3,751.33

p) Liabilities and provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

q) Employee benefits

i) Personnel vacations

The Company and its subsidiaries in Mexico and Central America recognize a reserve for the costs of paid absences, such as vacation time, based on the accrual method.

ii) Termination benefits

The Company recognizes a liability and expense for termination benefits at the earlier of the following dates:

a) When it can no longer withdraw the offer of those benefits; and

b) When it recognizes costs for a restructuring that is within the scope of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* and involves the payment of termination benefits.

The Company is demonstrably committed to a termination when and only when, it has a detailed formal plan for the termination and is without realistic possibility of withdrawal.

For the years ended December 31, 2023 and 2022, no termination benefits provision has been recognized.

iii) Seniority premiums

In accordance with Mexican Labor Law, the Company provides seniority premium benefits to the employees which rendered services to its Mexican subsidiaries under certain circumstances. These benefits consist of a one-time payment equivalent to 12 days' wages for each year of service (at the employee's most recent salary, but not to exceed twice the legal minimum wage), payable to all employees with 15 or more years of service, as well as to certain employees terminated involuntarily prior to the vesting of their seniority premium benefit.

Obligations relating to seniority premiums other than those arising from restructurings, are recognized based upon actuarial calculations and are determined using the projected unit credit method.

The latest actuarial computation was prepared as of December 31, 2023. Remeasurement of the net defined benefit liability arising from actuarial gains and losses are recognized in full in the period in which they occur in OCI. Such remeasurement gains and losses are not reclassified to profit or loss in subsequent periods.

The defined benefit asset or liability comprises the present value of the defined benefit obligation using a discount rate based on government bonds, less the fair value of plan assets out of which the obligations are to be settled.

For entities in Costa Rica, Guatemala and El Salvador there is no obligation to pay seniority premium, these countries have Post- Employee Benefits.

iv) Incentives

The Company has a quarterly incentive plan for certain personnel whereby cash bonuses are awarded for meeting certain performance targets. These incentives are payable shortly after the end of each quarter and are accounted for as a short-term benefit under IAS 19, *Employee Benefits*. A provision is recognized based on the estimated amount of the incentive payment. During the years ended December 31, 2023, 2022 and 2021 the Company expensed US$3,467, US$2,992 and US$3,701, respectively, as quarterly incentive bonuses, recorded under the caption salaries and benefits.

The Company has a short-term benefit plan for certain key personnel whereby cash bonuses are awarded when certain Company's performance targets are met. These incentives are payable shortly after the end of each year and also are accounted for as a short-term benefit under IAS 19. A provision is recognized based on the estimated amount of the incentive payment (Note 7).

v) Long-term incentive plan (“LTIP”) and long-term retention plan (LTRP)

The Company has adopted a Long-term incentive plan (“LTIP”). This plan consists of a share purchase plan (equity-settled) and a share appreciation rights “SARs” plan (cash settled), and therefore accounted under IFRS 2 “Share based payment”.

The Company measures the cost of its equity-settled transactions at fair value at the date the equity benefits are conditionally granted to employees. The cost of equity-settled transactions is recognized in the statement of operations, together with a corresponding increase in treasury shares, over the period in which the performance and/or service conditions are fulfilled.

During 2023, 2022 and 2021, the Company approved a new long-term retention plan (“LTRP”), which consisted in a purchase plan (equity-settled). This plan does not include cash compensations granted through appreciation rights on the Company’s shares. The retention plans granted in previous periods will continue in full force and effect until their respective due dates and the cash compensation derived from them will be settled according to the conditions established in each plan.

vi) Share-based payments

a) LTIP

- Share purchase plan (equity-settled)

Certain key employees of the Company receive additional benefits through a share purchase plan denominated in Restricted Stock Units (“RSUs”), which has been classified as an equity-settled share-based payment. The cost of the equity-settled share purchase plan is measured at grant date, taking into account the terms and conditions on which the share options were granted. The equity-settled compensation cost is recognized in the consolidated statement of operations under the caption of salaries and benefits, over the required service period (Note 18).

- SARs plan (cash settled)

The Company granted SARs to key employees, which entitle them to a cash payment after a service period.

The amount of the cash payment is determined based on the increase in the share price of the Company between the grant date and the time of exercise. The liability for the SARs is measured, initially and at the end of each reporting period until settled, at the fair value of the SARs, taking into account the terms and conditions on which the SARs were granted. The compensation cost is recognized in the consolidated statement of operations under the caption of salaries and benefits, over the required service period (Note 18).

The cost of the SARs plan is measured initially at fair value at the grant date, further details of which are given in (Note 18). This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. Similar to the equity settled awards described above, the valuation of cash settled award also requires using similar inputs, as appropriate.

b) Management incentive plan (“MIP”)

- MIP I

Certain key employees of the Company receive additional benefits through a share purchase plan, which has been classified as an equity-settled share-based payment. The equity-settled compensation cost is recognized in the consolidated statement of operations under the caption of salaries and benefits, over the required service period. The total cost of this plan has been totally recognized during the required service period (Note 18).

- MIP II

On February 19, 2016, the Board of Directors of the Company authorized an extension to the MIP for certain key employees, this plan was named MIP II. In accordance with this plan, the Company granted SARs to key employees, which entitle them to a cash payment after a service period. The amount of the cash payment is determined based on the increase in the share price of the Company between the grant date and the time of exercise. The liability for the SARs is measured initially and at the end of each reporting period until settled at the fair value of the SARs, taking into account the terms and conditions on which the SARs were granted. The compensation cost is recognized in the consolidated statement of operations under the caption of salaries and benefits, over the required service period (Note 18).

c) Board of Directors Incentive Plan (BoDIP)

Certain members of the Board of Directors of the Company receive additional benefits through a share-based plan, which has been classified as an equity-settled share-based payment and therefore accounted under IFRS 2 “Share based payment”.

In April 2018, the Board of Directors of the Company authorized a Board of Directors Incentive Plan “BoDIP”, for the benefit of certain board members. The BoDIP grants options to acquire shares of the Company or CPOs during a five-year period, which was determined on the grant date. Under this plan, no service or performance conditions are required to the board members for exercise the option to acquire shares, and therefore, they have the right to request the delivery of those shares at the time they pay for them.

In April 2023, the Company’s Annual General Shareholders’ Meeting modified the terms of the BoDIP so that starting in 2023 certain members of the Board of Directors receive additional benefits through a stock-based plan.

(In thousands of U.S. dollars, except when indicated otherwise)

vii) Employee profit sharing

The Mexican Income Tax Law ("MITL"), establishes that the base for computing current year employee profit sharing shall be the taxpayer's taxable income of the year for income tax purposes, including certain adjustments established in the Income Tax Law, at the rate of 10%. The Mexican Federal Labor Law ("MFLL") establishes a limit for employee profit sharing payment, up to three months of the employee´s current salary or the average employee profit sharing received by the employee in the previous three years.

For the years ended December 31, 2023, 2022 and 2021, the employee profit sharing recognized as operating expense in the consolidated statements of operations was US$1,481, US$136 and US$12,951, respectively. Subsidiaries in Central America do not have such employee profit-sharing obligation, as it is not required by local regulations.

r) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities for payments to be made under the lease term and the right-of-use assets representing the right to use the underlying assets.

i. Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, and lease payments made at or before the commencement date less any lease incentives received.

Components of the right-of-use assets are depreciated on a straight-line basis over the shorter of the remining lease term and the estimated useful lives of the assets, as follows:

Aircraft	up to 18 years
Spare engines	up to 18 years
Buildings leases	one to ten years
Maintenance component	up to eight years

ii. Lease Liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

The short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

During the years ended December 31, 2023, 2022 and 2021, there were no impairment charges recorded in respect of the right-of-use assets.

iii. Sale and leaseback

The Company enters into agreements whereby an aircraft or engine is sold to a lessor upon delivery and the lessor agrees to lease such aircraft or engine back to the Company.

The Company measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee. Accordingly, the Company recognizes in the Consolidated Statement of Operations only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. If the fair value of the consideration for the sale of an asset does not equal the fair value of the asset, or if the payments for the lease are not at market rates, then the Company adjusts the difference to measure the sale proceeds at fair value and accounts for any below-market terms as a prepayment of lease payments and any above market terms as additional financing provided by the buyer-lessor to the seller-lessee.

First, the sale and leaseback transactions are analyzed within the scope of IFRS 15 - Revenue from Contracts with Customers, in order to verify whether the performance obligation has been satisfied and, therefore, are accounted for the sale of the asset. If this requirement is not met, then the transaction constitutes a failed sale and leaseback and is accounted for as financing transaction. If the requirements related to the performance obligation established in IFRS 15 are met, the Company measures an asset for right of use that arises from the sale transaction with subsequent lease in proportion to the book value of the asset related to the right-of-use assets retained by the Company. Consequently, only the gains or losses related to the rights transferred to the lessor-buyer are recognized.

During 2023, the Company entered into 11 sale and leaseback transactions involving engines. These transactions were classified as failed sale and leaseback arrangements due to the presence of a substantive option allowing the Company to repurchase the engines at the end of the lease term.

s) Return obligations

The aircraft and engine lease agreements of the Company require specific return conditions, which are described as follows:

a) Dismantling and removing the underlying asset to meet the conditions stipulated in the lease agreement, typically related to aircraft standardization and painting which can be reasonably estimated at the beginning of the lease. These costs are initially recognized at present value as part of the cost of right-of-use assets.

b) Aircraft components (airframe, APU and landing gears) and engines (overhaul and limited life parts) must be returned to lessors under specific conditions of maintenance. The costs of return, which in no case are related to scheduled major maintenance, are estimated, and recognized ratably as a provision from the time it becomes likely such costs will be incurred and can be estimated reliably. These return costs are recognized on a straight-line basis as a component of variable lease expenses and the provision is included as part of other liabilities, through the remaining lease term. The Company estimates the provision related to aircraft components and engines using certain assumptions including the projected usage of the aircraft and the expected costs of maintenance tasks to be performed. This provision is made in relation to the present value of the expected future costs of meeting the return conditions (Note 14 and 16).

t) Other taxes and fees payable

The Company is required to collect certain taxes and fees from customers on behalf of government agencies and airports and to remit these to the applicable governmental entity or airport on a periodic basis. These taxes and fees include federal transportation taxes, federal security charges, airport passenger facility charges, and foreign arrival and departure fees. These charges are collected from customers at the time they purchase their tickets but are not included in passenger revenue. The Company records a liability upon collection from the customer and discharges the liability when payments are remitted to the applicable governmental entity or airport.

u) Income taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized directly in equity is recognized in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is recognized in respect of temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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

Deferred income tax assets are recognized for all deductible temporary differences, the carry-forward of unused tax credits and any available tax losses. Deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and available tax losses can be utilized, except, in respect of deductible temporary differences associated with investments in subsidiaries deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilized.

The Company considers the following criteria in assessing the probability that taxable profit will be available against which the unused tax losses or unused tax credits can be utilized: (a) whether the entity has sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which will result in taxable amounts against which the unused tax losses or unused tax credits can be utilized before they expire; (b) whether it is probable that the Company will have taxable profits before the unused tax losses or unused tax credits expire; (c) whether the unused tax losses result from identifiable causes which are unlikely to recur; and (d) whether tax planning opportunities are available to the Company that will create taxable profit in the period in which the unused tax losses or unused tax credits can be utilized.

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction in OCI.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Income taxes are computed based on tax laws approved in Mexico, Costa Rica, Guatemala and El Salvador at the date of the consolidated statement of financial position.

The IFRIC Interpretation 23 Uncertainty over Income Tax Treatment addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately.
- The assumptions an entity makes about the examination of tax treatments by taxation authorities.
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.
- How an entity considers changes in facts and circumstances.

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Company applies significant judgement in identifying uncertainties over income tax treatments. Since the Company operates in a complex multinational environment, it continually assesses whether the interpretation has an impact on its consolidated financial statements.

Upon adoption of the Interpretation, the Company has considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's and the subsidiaries' tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Company determined, based on its tax compliance and transfer pricing studies, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. As of December 31, 2023 and 2022 the Interpretation did not have an impact on the consolidated financial statements of the Company.

v) Derivative and non-derivative financial instruments and hedge accounting

The Company mitigates certain financial risks, such as volatility in the price of jet fuel, adverse changes in interest rates and exchange rate fluctuations, through a risk management program that includes the use of derivative financial instruments and non-derivative financial instrument.

In accordance with IFRS 9, derivative financial instruments and non-derivative financial instruments are recognized in the consolidated statement of financial position at fair value. At inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which it wishes to apply hedge accounting, as well as the risk management objective and strategy for undertaking the hedge. The documentation includes the hedging strategy and objective, identification of the hedging instrument, the hedged item or transaction, the nature of the risks being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk(s).

Only if such hedges are expected to be effective in achieving offsetting changes in fair value or cash flows of the hedge item(s) and are assessed on an ongoing basis to determine that they have been effective throughout the financial reporting periods for which they were designated, hedge accounting treatment can be used.

Under the cash flow hedge (CFH) accounting model, the effective portion of the hedging instrument's changes in fair value is recognized in OCI, while the ineffective portion is recognized in current year earnings in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item. The amounts recognized in OCI are transferred to earnings in the period in which the hedged transaction affects earnings. During the years ended December 31, 2023, 2022 and 2021, the Company did not recognize an ineffective portion with respect to derivative financial instruments.

The realized gain or loss of derivative financial instruments and non-derivative financial instruments that qualify as CFH are recorded in the same caption of the hedged item in the consolidated statement of operations (Note 3 b (i)).

Accounting for the time value of options

The Company accounts for the time value of options in accordance with IFRS 9, which requires all derivative financial instruments to be initially recognized at fair value. Subsequent measurement for options purchased and designated as CFH requires that the option's changes in fair value be segregated into its intrinsic value (which will be considered the hedging instrument's effective portion in OCI) and its correspondent changes in extrinsic value (time value and volatility).The extrinsic value changes will be considered as a cost of hedging (recognized in OCI in a separate component of equity) and accounted for in income when the hedged items also are recognized in income.

w) Financial instruments – Disclosures

IFRS 7 requires a three-level hierarchy for fair value measurement disclosures and requires entities to provide additional disclosures about the relative reliability of fair value measurements (Notes 4 and 5).

x) Treasury shares

The Company's equity instruments that are reacquired (treasury shares), are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of treasury shares. Any difference between the carrying amount and the consideration received, if reissued, is recognized in additional paid in capital. Share-based payment options exercised during the reporting period were settled with treasury shares (Note 18).

y) Operating segments

Management of Controladora monitors the Company as a single business unit that provides air transportation and related services, accordingly it has only one operating segment.

The Company has two geographic areas identified as domestic (Mexico) and international (United States of America, Central America and South America) (Note 26).

z) Current versus non-current classification

The Company presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is: (i) expected to be realized or intended to be sold or consumed in normal operating cycle, (ii) expected to be realized within twelve months after the reporting period, or, (iii) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: (i) it is expected to be settled in normal operating cycle, (ii) it is due to be settled within twelve months after the reporting period, or, (iii) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Impact of new International Financial Reporting Standards

New and amended standards and interpretations already effective

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2023. The Company has not early adopted any other standard interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below:

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach).
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

As of January 1, 2023 and December 31, 2023, this standard did not have an impact on the consolidated financial statements of the Company.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after January 1st, 2023, with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

As of December 31, 2023, the Company has disclosed its 'material' accounting policies in its consolidated financial statements. Upon review, the Company has concluded that the information disclosed in these consolidated financial statements is in accordance with the amendments to IAS 1.

Definition of Accounting Estimates – Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of "accounting estimates". The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after January 1st, 2023, and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted if this fact is disclosed.

As of January 1, 2023 and December 31, 2023, these amendments did not have an impact on the consolidated financial statements of the Company.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Taxes require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment is effective for annual reporting periods beginning on January 1st, 2023 and should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognize deferred tax assets (to the extent that it is probable that they can be utilized) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- Right-of-use assets and lease liabilities, and
- Decommissioning, restoration and similar liabilities and the corresponding amounts recognized as part of the cost of the related assets.

The cumulative effect of recognizing these adjustments is recognized in retained earnings, or another component of equity, as appropriate.

IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable.

At the date of adoption of IFRS 16, the Company applied the criterion of recognizing the deferred assets and liabilities associated with the lease liability and the right of use, which is consistent with this amendment to IAS 12, and therefore upon adoption this amendment did not generate effect in the Company. (Note 20).

Standards issued but not yet effective

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement.
- That a right to defer must exist at the end of the reporting period.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after January 1st, 2024, and must be applied retrospectively.

The Company is currently assessing the impact of these amendments which expects to adopt in their effective date.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted, and that fact must be disclosed.

The Company is currently assessing the impact of these amendments which expects to adopt in their effective date.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed.

The Company is currently assessing the impact of these amendments which expects to adopt in their effective date.

2. Use of judgments, estimates and assumptions

The preparation of these consolidated financial statements requires management to make estimates, assumptions and judgments that affect the reported amount of assets and liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities at the date of the Company's consolidated financial statements. The Company's consolidated financial statements provides a detailed discussion of the material accounting policies. Certain of the Company's accounting policies reflect significant judgments, assumptions or estimates about matters that are both inherently uncertain and material to the Company's financial position or results of operations (Note 1).

Actual results could differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimate is revised. Revisions to estimates are recognized prospectively. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

For leases significant accounting judgments, estimates and assumptions refer to (Note 1r).

i) Return obligations

The aircraft lease agreements of the Company also require that the aircraft components (airframe, APU and landing gears) and engines (overhaul and limited life parts) be returned to lessors under specific conditions of maintenance. The costs of return, which in no case are related to scheduled major maintenance, are estimated and recognized ratably as a provision from the time it becomes likely such costs will be incurred and can be estimated reliably. These return costs are recognized on a straight-line basis as a component of variable lease expenses and the provision is included as part of other liabilities, through the remaining lease term. The Company estimates the provision related to aircraft components and engines using certain assumptions including the projected usage of the aircraft and the expected costs of maintenance tasks to be performed. This provision is made in relation to the present value of the expected future costs of meeting the return conditions (Note 14 and 16).

ii) Deferred taxes

Deferred tax assets are recognized for all available tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Management's judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning opportunities to advance taxable profit before expiration of available tax losses.

Tax losses relate to operations of the Company on a stand-alone basis, in conformity with current Tax Law and may be carried forward against taxable income generated in the succeeding years at each country and may not be used to offset taxable income elsewhere in the Company's consolidated group (Note 20).

iii) Fair value measurement of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the consolidated statements of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

The judgments include considerations of inputs such as liquidity risk, credit risk and expected volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments (Note 4).

iv) Impairment of long-lived assets

At each reporting date, the Company assesses whether there are indicators of impairment of its long-lived assets and right of use assets. Impairment exists when the carrying amount of a long-lived asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less cost to sell and its value-in-use.

In making these determinations, the Company uses certain assumptions, including, but not limited to estimated, undiscounted future cash flows expected to be generated by these assets, which are based on additional assumptions such as asset utilization, length of service the asset will be used in the Company's operations, excluding additions and extensions.

The Company's assumptions about future conditions important to its assessment of potential impairment of its long-lived assets, including the impact of the COVID-19 pandemic to its business, are subject to uncertainty, and the Company will continue to monitor these conditions in future periods as new information becomes available, and will update its analyses accordingly.

For the year ended December 31, 2023, the Company performed an impairment test on its only Cash Generating Unit (CGU), comprising the long-lived assets and the entire aircraft fleet, including right-of-use assets and flight equipment. The recoverable amount of the CGU was determined using a discounted cash flow model based on projections covering a five-year period. The determination of the recoverable amount considered a post-tax discount rate of 13% (pre-tax of 17.3%) and a long-term growth rate of 2.16%. It was concluded that the carrying amount of the CGU did not exceed its recoverable amount, based on the applied methodologies and assumptions, and therefore, no impairment charges were recorded.

For the years ended December 31, 2022 and 2021, the Company evaluated through an analysis if there were signs of impairment in its long- lived assets and right- of use assets, and according to the result it was concluded there were no signs of impairment.

v) Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in its leases, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

3. Financial instruments and risk management

Financial risk management

The Company's activities are exposed to different financial risks stemmed from exogenous variables which are not under their control but whose effects might be potentially adverse such as: (i) market risk, (ii) credit risk, and (iii) liquidity risk.

The Company's global risk management program is focused on uncertainty in the financial markets and tries to minimize the potential adverse effects on net earnings and working capital requirements. The Company uses derivative financial instruments to hedge part of such risks. The Company does not enter into derivatives for trading or speculative purposes. The sources of these financial risk exposures are included in both "on balance sheet" exposures, such as recognized financial assets and liabilities, as well as in "off-balance sheet" contractual agreements and on highly expected forecasted transactions.

These on and off-balance sheet exposures, depending on their profiles, do represent potential cash flow variability exposure, in terms of receiving less inflows or facing the need to meet outflows which are higher than expected, therefore increase the working capital requirements.

Since adverse movements erode the value of recognized financial assets and liabilities, as well some other off-balance sheet financial exposures, there is a need for value preservation, by transforming the profiles of these fair value exposures. The Company has a Finance and Risk Management department, which identifies and measures financial risk exposures, in order to design strategies to mitigate or transform the profile of certain risk exposures, which are taken up to the corporate governance level for approval.

Market risk

a) Jet fuel price risk

Since the contractual agreements with jet fuel suppliers include reference to jet fuel index, the Company is exposed to fuel price risk which might have an impact on the forecasted consumption volumes. The Company's jet fuel risk management policy aims to provide the Company with protection against increases in jet fuel prices. In an effort to achieve the aforesaid, the risk management policy allows the use of derivative financial instruments available on over the counter ("OTC") markets with approved counterparties and within approved limits. Aircraft jet fuel consumed in the years ended December 31, 2023, 2022 and 2021 represented 38%, 46% and 34% (includes derivative and non-derivative financial instruments for 2021) of the Company's operating expenses, respectively.

During the years ended December 31, 2023, 2022 and 2021 the Company did not enter into derivative financial instruments to hedge jet fuel.

In accordance with IFRS 9 the Company separates the intrinsic value from the extrinsic value of an option contract; as such, the change in the intrinsic value can be designated as hedge accounting. Because extrinsic value (time and volatility values) of the options is related to a "transaction related hedged item", it is required to be segregated and accounted for as a cost of hedging in OCI and accrued as a separate component of stockholders' equity until the related hedged item matures and therefore impacts profit and loss.

The underlying (Jet Fuel) of the options held by the Company during 2021 is a consumption asset (energy commodity), which is not in the Company's inventory. Instead, it is directly consumed by the Company's fleet at different airport terminals. Therefore, although a non-financial asset is involved, its initial recognition does not generate an adjustment in the Company's inventories.

Rather, it is initially accounted for in the Company's OCI and a reclassification adjustment is made from OCI to profit and loss and recognized in the same period or periods in which the hedged item is expected to be allocated to profit and loss.

All the Company's calls matured throughout the first quarter of 2021. The Zero-Cost Collars matured throughout the second quarter of 2021, leaving no outstanding fuel position going forward as of December 31, 2023, 2022, and 2021.

During the years ended December 31, 2023, 2022 and 2021 there was no cash flow to recycle for the Zero-Cost collar position.

During the year ended December 31, 2021, the intrinsic value of the call options recycled to the fuel cost was an expense of US$619. These derivative financial instruments were effective.

For the year ended December 31, 2021, there was no cost of hedging as all the derivatives position matured through 2Q2021.

As of December 31,2023, and 2022, the Company didn´t hold any outstanding fuel position.

Fuel Sensitivity

The sensitivity analysis provided below presents the impact of a change of US$0.01 per gallon in fuel market spot price in the Company's financial performance. Considering these figures, an increase of US$0.01 per gallon in the fuel prices during 2023, 2022 and 2021 would have impacted the Company's operating costs in US$3,719, US$3,399 and US$2,731, respectively.

	As of December 31,		
	2023	2022	2021
	Operating costs	Operating costs	Operating costs
	(In thousands of U.S. dollars)		
+ US$0.01 per gallon	3,719	3,399	2,731
- US$0.01 per gallon	(3,719)	(3,399)	(2,731)

The Company has been proactively trying to mitigate this impact over our business through revenue yielding and a continued effort towards a reduced fuel consumption. Nonetheless, our ability to pass on any significant increases in fuel costs through fare increases is also limited by our ultra-low-cost business model and market high elasticity to price.

b) Foreign currency risk

The Company is exposed to transactional foreign currency risk due to potential mismatches between the currencies in which sales, expenses, receivables, and borrowings are denominated, and the respective functional currencies of the Company and its subsidiaries. The U.S. dollar is the functional currency for Controladora and its main subsidiaries. Transactions are primarily denominated in U.S. dollars and Mexican pesos, with minor transactions denominated in other currencies such as Quetzales, Colombian pesos, and Colones.

Foreign currency risk arises from possible unfavorable movements in the exchange rate which could have a negative impact in the Company's cash flows. To mitigate this risk, the Company may use foreign exchange derivative financial instruments and non-derivative financial instruments.

The summary of quantitative data about the Company's exposure to currency risk as of December 31, 2023 is as set forth below:

	Mexican Pesos		Others (1)	
	(In thousands of U.S. dollars)			
Assets:				
Cash, cash equivalents and restricted cash	US$	100,488	US$	13,287
Other accounts receivable, net		54,594		34,650
Guarantee deposits		29,951		514
Derivative financial instruments		1,683		-
Total assets	**US$**	**186,716**	**US$**	**48,451**
Liabilities:				
Financial debt	US$	186,251	US$	-
Lease liabilities		19,655		73
Suppliers		142,453		2,254
Other liabilities		57,283		2,958
Total liabilities	**US$**	**405,642**	**US$**	**5,285**
Net foreign currency position	**US$**	**(218,926)**	**US$**	**43,166**

(1) The foreign exchange exposure includes: Quetzales, Colombian pesos and Colones.

The summary of quantitative data about the Company's exposure to currency risk as of December 31, 2022 is as set forth below:

		Mexican Pesos		Others[1]
		(In thousands of U.S. dollars)		
Assets:				
Cash, cash equivalents and restricted cash	US$	39,962	US$	6,129
Other accounts receivable, net		66,254		12,595
Guarantee deposits		23,981		252
Derivative financial instruments		1,585		-
Total assets	**US$**	**131,782**	**US$**	**18,976**
Liabilities:				
Financial debt	US$	133,837	US$	-
Lease liabilities		17,003		103
Suppliers		124,374		1,496
Other liabilities		81,378		1,277
Total liabilities	**US$**	**356,592**	**US$**	2,876
Net foreign currency position	**US$**	**(224,810)**	**US$**	16,100

(1) The foreign exchange exposure includes: Quetzales, Colombian pesos and Colones

At April 8, 2024, the exchange rate was 1 US per 16.5173 MXP.

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

As of December 31, 2023, 2022 and 2021, the Company did not enter into foreign exchange rate derivatives financial instruments.

Foreign currency sensitivity

The following table demonstrates the sensitivity of a reasonably possible change in Mexican peso exchange. The rate to U.S. dollar that would have occurred as of December 31, 2023 and 2022, with all other variables held constant. The movement in the pre-tax effect shown below represents the result of a change in the fair value of assets and liabilities denominated in Mexican peso. The Company's exposure to foreign currency exchange rates for all other currencies is not material.

	Change in MXN$ rate	Effect on profit before tax	
		(In thousands of U.S. dollars)	
2023	**+5%**	**US$**	**(8,788)**
	-5%		**8,788**

	Change in MXN$ rate	Effect on profit before tax	
		(In thousands of U.S. dollars)	
2022	+5%	US$	(10,436)
	-5%		10,436

i) Hedging relationships designating non-derivative financial instruments as hedging instruments for foreign exchange (FX) risk

Regarding the foreign currency risk, effective January 1st, 2019, the Company implemented two hedging strategies associated to forecasted FX exposures, by using non-derivatives financial assets and liabilities denominated in US as hedging instruments.

In the first FX hedging strategy, the Company designated a hedge to mitigate the variability in FX fluctuation denominated in US associated to forecasted revenues by using a portion of US denominated financial liabilities associated to a portfolio of leasing liabilities up until the terms of the remaining leasing arrangements.

As of December 31, 2023, 2022 and 2021, there was not outstanding US balance designated under this hedging strategy due to the discontinuation of the hedge relationships at the end of 2021.

Additionally, during the year ended December 31, 2021, the impact of these hedges was US$21,378, which has been presented as part of the total operating revenue.

The second FX strategy consisted on designating a hedging relationship by using a portion of US denominated non-derivative financial assets as hedging instruments, to mitigate the FX variability (MXN/US) contractually included as a component in the purchase of a portion of future Jet Fuel consumption. For this strategy designated in 2019, a portion of the Jet Fuel consumption over the two following years was designated as hedged item; while the hedging instrument was represented by US denominated recognized assets, including guaranteed deposits and cash and cash equivalents equivalent to US$410 million, which represent a portion of the financial assets denominated in US$.

During the first quarter of 2021, the designated hedging instrument back in 2019 for US$410 million expired consistent with the same foreign exchange strategy, the Company decided to designate a new hedging relationship, like the one concluded. For this new strategy a portion of the Jet Fuel consumption over the two following years was designated as hedged item; while the hedging instrument was represented by US$ denominated recognized assets, including guaranteed deposits and cash and cash equivalents equivalent to US$350 million, which represent a portion of the financial assets denominated in US$. As of December 31, 2021, as a result of the change in functional currency from the Mexican peso to the US dollar, the Company concluded that these hedging strategies will no longer be effective, for which reason it accounted for the discontinuation of the hedge relationships. Accordingly, the cash flow hedge reserve in other comprehensive income at the date of the change of US$109 million was reclassified to the income statement, which represented a loss within the foreign exchange (loss) gain, net caption.

As of December 31, 2023, 2022 and 2021, there was not outstanding US$ balance designated under this hedging strategy due to the discontinuation of the hedge relationships.

During the year ended December 31, 2021, the impact of these hedges was US$8,945, presented as part of the total fuel expense.

Since the hedged items for both hedging strategies were targeted at mitigating the cash flow variability of highly expected forecasted transactions, these were represented by multiple hedging relationships which followed the Cash Flow Hedge Accounting Model.

In accordance with IFRS 9, the effective portion related to changes in the fair value of the hedging instruments, was taken to the hedge reserve within the OCI, and was presented under a separate caption within the Company's Stakeholders Equity. The amounts recorded in OCI were recycled to the consolidated statement of operations on a timely basis as the corresponding US denominated income and/or Jet Fuel consumption, affecting the Company's operating margins, the recycled amounts are presented as adjustments to operating income and expenses related to each FX hedging strategy.

c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations and flight equipment lease agreements with floating interest rates.

The Company's results are affected by fluctuations in certain benchmark market interest rates due to the impact that such changes may have on interest bearing contractual agreements indexed to the Secured Overnight Financing Rate ("SOFR").

In November 2020 the ICE Benchmark Administration ("IBA"), the FCA-regulated and authorized administrator of LIBOR, announced that starting 2022, LIBOR would no longer be used to issue new loans and the last rates were published on 30 June 2023. As of December 31, 2023 and 2022, all our US dollar financing facilities at floating rate are referenced to SOFR. (Note 5b).

The Company uses derivative financial instruments to reduce its exposure to fluctuations in market interest rates and accounts for these instruments as an accounting hedge.

In most cases, when a derivative can be tailored within the terms and it perfectly matches cash flows of a leasing agreement, it may be designated as a CFH and the effective portion of fair value variations are recorded in equity until the date the cash flow of the hedged lease payment is recognized in the consolidated statements of operations.

In July 2019 the Irrevocable Trust number CIB/3249, whose trustor is the Company, entered into a cap to mitigate the risk due to interest rate increases on the CEBUR (VOLARCB19) coupon payments. The floating rate coupons reference to TIIE 28 are limited under the "cap" to 10% on the reference rate for the life of the CEBUR (VOLARCB19) and have the same amortization schedule.

The cap started on July 19, 2019, and the maturity date is June 20, 2024; consisting of 59 "caplets" with the same specifications as the CEBUR (VOLARCB19) coupons for reference rate determination, coupon term, and fair value.

The following table shows the sensitivity analysis of the change that would have occurred in the fair value of the interest hedging instrument on the CEBUR (VOLARCB19) in 2023 and 2022 as a result of a reasonably possible change in rates, keeping all other variables constant is as set forth below:

	Change in interest rate		Effect on cap[1]
			(In thousands of U.S. dollars)
2023	**+0.50%**	**US$**	**14**
	-0.50%		**(13)**
2022	+0.50%	US$	(121)
	-0.50%		121

(1) The effect would affect OCI in relation to the interest rate caps.

In addition, during November 2021 the Trust entered into a cap to mitigate the risk due to interest rate increases on the CEBUR (VOLARCB21L) coupon payments. The floating rate coupons reference to TIIE 28 are limited under the cap to 10% on the reference rate for the life of the CEBUR (VOLARCB21L) and have the same amortization schedule.

The cap started on November 3, 2021, and the maturity date is October 20, 2026; consisting of 59 "caplets" with the same specifications as the CEBUR (VOLARCB21L) coupons for reference rate determination, coupon term, and fair value.

The following table shows the sensitivity analysis of the change that would have occurred in the fair value of the interest hedging instrument on the CEBUR (VOLARCB21L) in 2023 and 2022 as a result of a reasonably possible change in rates, keeping all other variables constant is as set forth below:

	Change in interest rate		Effect on cap[1]
			(In thousands of U.S. dollars)
2023	**+0.50%**	**US$**	**311**
	-0.50%		**(269)**
2022	+0.50%	US$	(590)
	-0.50%		590

(1) The effect would affect OCI in relation to the interest rate caps.

In October 2023 the Trust entered into a cap to mitigate the risk due to interest rate increases on the CEBUR (VOLARCB23) coupon payments. The floating rate coupons reference to TIIE 28 are limited under the cap to 13% on the reference rate for the life of the CEBUR (VOLARCB23) and have the same amortization schedule.

The cap started on October 20, 2023, and the maturity date is September 20, 2028; consisting of 59 "caplets" with the same specifications as the CEBUR (VOLARCB23) coupons for reference rate determination, coupon term, and fair value.

The following table shows the sensitivity analysis of the change that would have occurred in the fair value of the interest hedging instrument on the CEBUR (VOLARCB23) in 2023 as a result of a reasonably possible change in rates, keeping all other variables constant is as set forth below:

	Change in interest rate		Effect on cap[1]
			(In thousands of U.S. dollars)
2023	**+0.50%**	**US$**	**132**
	-0.50%		**(89)**

(1) The effect would affect OCI in relation to the interest rate caps.

As of December 31, 2023 and 2022, the Company's outstanding hedging contracts in the form of interest rate caps with notional amount of Ps.3.16 billion (US$187.4 million based on an exchange rate of Ps.16.89 to US$1 on December 31, 2023) and Ps.2.25 billion (US$116.2 million based on an exchange rate of Ps.19.36 to US$1 on December 31, 2022), respectively, had fair values of US$1,683 and US$1,585, respectively, and are presented as part of the financial assets in the consolidated statement of financial position. As of December 31, 2023 and 2022 the effect allocated in OCI in relation to the interest rate caps amounts to US$922 and US$109, respectively.

For the years ended December 31, 2023, 2022 and 2021 the amortization of the intrinsic value of the cap was US$579, US$161 and US$69 respectively, recycled to the statement of operations as part of the finance cost. During 2023 and 2022 there was no ineffective portion resulting from these hedging instruments.

Debt Sensitivity Analysis

The following sensitivity analysis considers the position exposed to variable interest rates.

The Interbank Equilibrium Interest Rate of the Banco de Mexico (TIIE) 28 days increased 72 basis points and 505 basis points in 2023 and 2022, respectively, going from 10.78% to 11.50%, and from 5.72% to 10.77%, respectively. The Secured Overnight Financing Rate (SOFR) three months increased 73 basis points and 450 basis points in 2023 and 2022, respectively, going from 4.60% to 5.33% and from 0.09% to 4.59%, respectively, and SOFR one month increased 99 basis points and 430 basis points in 2023 and 2022, respectively, going from 4.36% to 5.35%, and from 0.05% to 4.36%, respectively.

In addition to the reference rate changes, if the interest rate had changed on an annual average in the magnitude shown, the impact on the interest expense in the consolidated statements of operations would have been as shown below:

	Year ended December 31, 2023		Year ended December 31, 2022	
	+100 BP	- 100 BP	+ 100 BP	- 100 BP
	(In thousands of U.S. dollars)			
Asset backed trust notes ("CEBUR")[1]	US$ 1,435	US$ (1,435)	US$ 1,320	US$ (1,320)
Incline II B Shannon 18 Limited (PDP BBAM)	930	(930)	224	(224)
Banco Santander México, S.A. y Banco Nacional de Comercio Exterior, S.N.C. ("Santander-Bancomext 2022")	533	(533)	96	(96)
GY Aviation Lease 1714 Co. Limited (PDP CDB)	352	(352)	38	(38)
JSA International U.S. Holdings, LLC (PDP JSA)	288	(288)	88	(88)
Oriental Leasing 6 Company Limited (PDP CMB)	131	(131)	19	(19)
Tarquin Limited	111	(111)	-	-
Wilmington Trust SP Services (Dublin) Limited	24	(24)	-	-
NBB- V11218 Lease Partnership	22	(22)	-	-
NBB- V11951 Lease Partnership	21	(21)	-	-
NBB Pintail Co. Ltd.	17	(17)	-	-
Banco Nacional de Comercio Exterior, S.N.C. ("Bancomext")	-	-	961	(961)
Banco Sabadell S.A., Institución de Banca Múltiple ("Sabadell")	-	-	49	(49)
Banco Actinver S.A., Institución de banca múltiple ("Actinver")	-	-	6	(6)
Total	US$ 3,864	US$ (3,864)	US$ 2,801	US$ (2,801)

(1) Every Trust Note of (CEBUR VOLARCB19 and VOLARCB21L) issuance has a 10% CAP and for every Trust Note of (CEBUR VOLARCB23) issuance has a 13% CAP, both on TIIE 28 to limit interest payments to increasing rates.

d) Liquidity risk

Liquidity risk represents the risk that the Company has insufficient funds to meet its obligations. Because of the cyclical nature of the business, the operations, and its investment and financing needs related to the acquisition of new aircraft and renewal of its fleet, the Company requires liquid funds to meet its obligations.

The Company manages its cash, cash equivalents and its financial assets, relating the term of investments with those of its obligations. Its policy is that the average term of its investments may not exceed the average term of its obligations. This cash and cash equivalents position is invested in highly liquid short-term instruments through financial entities.

The Company has future obligations related to maturities of bank borrowings, lease liabilities and derivative contracts. The Company's exposure outside consolidated statements of financial position represents the future obligations related to aircraft purchase contracts. The Company concluded that it has a low concentration of risk since it has access to alternate sources of funding.

The company has debts related to the Aircraft pre-delivery payments, which are settled with the reimbursement of the Aircraft pre-delivery payments when the sale and leaseback transaction is carried out (Note 25).

(In thousands of U.S. dollars, except when indicated otherwise)

As of December 31, 2023, our cash, cash equivalents and restricted cash were US$774,154.

The table below presents the Company's contractual principal payments required on its financial liabilities and the derivative financial instruments fair value:

	December 31, 2023					
	Within one year		One to five years		Total	
Interest-bearing borrowings:						
Aircraft pre-delivery payments (Note 5)	US$	157,318	US$	151,322	US$	308,640
Asset backed trust note ("CEBUR") (Note 5)		44,396		143,054		187,450
Other financing agreements (Note 5)		12,157		140,906		153,063
Lease liabilities:						
Aircraft, engines and buildings leases		372,697		2,518,745		2,891,442
Aircraft and engine lease return obligation		803		286,405		287,208
Total	US$	587,371	US$	3,240,432	US$	3,827,803

	December 31, 2022					
	Within one year		One to five years		Total	
Interest-bearing borrowings:						
Aircraft pre-delivery payments (Note 5)	US$	62,209	US$	75,698	US$	137,907
Asset backed trust note ("CEBUR") (Note 5)		30,128		86,082		116,210
Working Capital Facilities (Note 5)		18,077		-		18,077
Lease liabilities:						
Aircraft, engines and buildings leases		335,620		2,373,103		2,708,723
Aircraft and engine lease return obligation		5,012		244,454		249,466
Total	US$	451,046	US$	2,779,337	US$	3,230,383

e) Credit risk

Credit risk is the risk that any counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily from trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments including financial instruments derivatives.

Financial instruments that expose the Company to credit risk involve mainly cash equivalents and accounts receivable. Credit risk on cash equivalents relate to amounts invested with financial institutions.

Credit risk on accounts receivable relates primarily to amounts receivable from the international credit card companies. The Company has a high receivable turnover, hence management believes credit risk is minimal due to the nature of its businesses, which have a large portion of their sales settled in credit cards.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties have a high credit rating assigned by international credit-rating agencies.

Some of the outstanding derivative financial instruments expose the Company to credit loss in the event of nonperformance by the counterparties to the agreements. However, the Company does not expect any of its counterparties to fail to meet their obligations. The amount of such credit exposure is generally the unrealized gain, if any, in such contracts.

To manage credit risk, the Company selects counterparties based on credit assessments, limits overall exposure to any single counterparty and monitors the market position with each counterparty. The Company does not purchase or hold derivative financial instruments for trading purposes.

As of December 31, 2023, the Company determined that its credit risk associated with outstanding derivative financial instruments is low, as it exclusively engages in such instruments with counterparties that have high credit ratings assigned by international credit-rating agencies.

f) Capital management

Management believes that the resources available to the Company are enough for its present requirements and will be sufficient to meet its anticipated requirements for capital expenditures and other cash requirements for the next fiscal year. The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios to support its business and maximize the shareholder's value.

No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2023 and 2022. The Company is not subject to any externally imposed capital requirement, other than the legal reserve (Note 19).

As part of the management strategies related to acquisition of its aircraft (pre-delivery payments), the Company pays the associated short-term obligations by entering into sale-leaseback agreements, whereby an aircraft is sold to a lessor upon delivery (Note 5b).

(In thousands of U.S. dollars, except when indicated otherwise)

4. Fair value measurements

The only financial assets and liabilities measured at fair value after initial recognition are the derivative financial instruments. Fair value is the price that would be received from sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) In the principal market for the asset or liability, or
(ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is assessed using the course of thought which market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The assessment of a non-financial asset's fair value considers the market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Set out below, is a comparison by class of the carrying amounts and fair values of the Company's financial instruments, other than those for which carrying amounts are reasonable approximations of fair values:

	Carrying amount		Fair value	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Assets				
Derivative financial Instruments	US$ 1,683	US$ 1,585	US$ 1,683	US$ 1,585
Liabilities				
Financial debt (Interest-bearing loans and borrowings)	(649,153)	(272,194)	(671,590)	(282,868)
Total	US$ (647,470)	US$ (270,609)	US$ (669,907)	US$ (281,283)

The following table summarizes the fair value measurements by hierarchy as of December 31, 2023:

	Fair value measurement			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	Total
Assets				
Derivatives financial instruments:				
Interest rate Caps	US$ -	US$ 1,683	US$ -	US$ 1,683
Liabilities				
Liabilities for which fair values are disclosed:				
Interest-bearing loans and borrowings[1]	-	US$ (671,590)	US$ -	(671,590)
Net	US$ -	US$ (669,907)	US$ -	US$ (669,907)

[1] SOFR curve and TIIE Mexican interbank rate. Includes short-term and long-term debt.
There were no transfers between level 1 and level 2 during the period.

(In thousands of U.S. dollars, except when indicated otherwise)

The following table summarizes the fair value measurements by hierarchy as of December 31, 2022.

	Fair value measurement							
	Quoted prices in active markets		Significant observable inputs		Significant unobservable inputs			
	Level 1		Level 2		Level 3		Total	
Assets								
Derivatives financial instruments:								
Interest rate Caps	US$	-	US$	1,585	US$	-	US$	1,585
Liabilities								
Liabilities for which fair values are disclosed:								
Interest-bearing loans and borrowings[1]		-		(282,868)		-		(282,868)
Net	US$	-	US$	(281,283)	US$	-	US$	(281,283)

[1] SOFR curve and TIIE Mexican interbank rate. Includes short-term and long-term debt.
There were no transfers between level 1 and level 2 during the period.

The following table summarizes the effects from derivatives financial instruments recognized in the consolidated statements of operations for the years ended December 31, 2023, 2022 and 2021:

Instrument	Financial statements caption	2023		2022		2021	
Interest rate cap	Finance cost	US$	(579)	US$	(161)	US$	(69)

For the years ended December 31, 2023 and 2022, the Company did not have any gain or loss related to fuel derivatives financial instruments. The following table summarizes the loss from derivatives financial instruments recognized in the consolidated statements of operations for the year ended December 31, 2021:

Instrument	Financial statements caption	2023		2022		2021	
Jet fuel Asian call options contracts	Fuel	US$	-	US$	-	US$	(619)

The following table summarizes the net (loss) gain on CFH before taxes recognized in the consolidated statements of comprehensive income for the years ended December 31, 2023, 2022 and 2021:

Consolidated statements of other comprehensive (loss) income

Instrument	Financial statements caption	2023		2022		2021	
Jet fuel Asian call options contracts	OCI	US$	-	US$	-	US$	601
Jet fuel Zero cost collars	OCI		-		-		484
Interest rate cap	OCI		(1,175)		336		(128)
Non derivative financial instruments[1]	OCI		-		-		79,076
Total		US$	(1,175)	US$	336	US$	80,033

[1] For the year ended December 31, 2021, includes the effect of the discontinuation of the hedging strategies by US$109 million as described in note 3b (i).

5. Financial assets and liabilities

As of December 31, 2023 and 2022, the Company's financial assets measured at amortized cost are represented by cash, cash equivalents and restricted cash, short-term investments, trade and other accounts receivable, for which their carrying amount is a reasonable approximation of fair value.

a) Financial assets

	December 31, 2023		December 31, 2022	
Derivative financial instruments designated as cash flow hedges (effective portion recognized within OCI)				
Interest rate cap	US$	1,683	US$	1,585
Total derivative financial assets	US$	1,683	US$	1,585
Presented on the consolidated statements of financial position as follows:				
Current	US$	-	US$	-
Non-current	US$	1,683	US$	1,585

(In thousands of U.S. dollars, except when indicated otherwise)

b) Financial debt

(i) As of December 31, 2023 and 2022, the Company's short-term and long-term debt consists of the following:

		December 31, 2023		December 31, 2022	
I.	In June 2019 the Company issued in the Mexican Market, an Asset backed trust notes ("CEBUR"), in Mexican pesos, with maturity date on June 20th, 2024, bearing annual interest rate of TIIE plus 175 basis points.	US$	14,799	US$	38,737
II.	In October 2021 the Company issued in the Mexican Market a second tranche of its Asset backed trust notes ("CEBUR"), in Mexican pesos, with maturity date on October 20th, 2026, bearing annual interest rate at TIIE plus 200 basis points, along with a 25 basis points adjustment[1].		83,859		77,473
III.	In September 2023 the Company issued in the Mexican Market a third tranche of its Asset backed trust notes ("CEBUR"), in Mexican pesos, with maturity date on September 20th, 2028, bearing annual interest rate at TIIE plus 215 basis points.		88,792		-
IV.	The company acquired a working capital facility with Banco Sabadell S.A., Institución de banca multiple ("Sabadell") with national currency, bearing annual interest rate of TIIE plus 240 basis points.		-		10,330
V.	Revolving credit line with Banco Santander, S.A., ("Santander") and Banco Nacional de Comercio Exterior, S.N.C. ("Bancomext"), in U.S. dollars, to finance pre-delivery payments, maturing on June 8, 2027, bearing annual interest rate of SOFR plus a spread of 298 basis points, along with a 5 basis points adjustment[(1)].		57,855		38,635
VI.	Pre-delivery payments financing with JSA International U.S. Holdings, LLC, with maturity date on November 30, 2025, bearing annual interest of SOFR plus a spread of 300 basis points, along with an additional adjustment up to 26 basis points.		35,983		27,962
VII.	Pre-delivery payments financing with GY Aviation Lease 1714 Co. Limited, with maturity date on November 30, 2025, bearing annual interest of SOFR plus a spread of 425 basis points, along with an additional adjustment up to 26 basis points.		64,495		15,880
VIII.	Pre-delivery payments financing with Incline II B Shannon 18 Limited, with maturity date on May 31, 2025, bearing annual interest of SOFR plus a spread of 390 basis points.		107,178		48,048
IX.	Pre-delivery payments financing with Oriental Leasing 6 Company Limited, with maturity date on May 31, 2026, bearing annual interest of SOFR plus a spread of 200 basis points, along with an additional adjustment up to 26 basis points.		43,129		7,382
X.	The company acquired a short-term working capital facility with Banco Actinver S.A., Institución de banca multiple ("Actinver") in Mexican pesos, bearing an annual interest rate of TIIE plus 250 basis points.		-		7,747
XI.	Financing for the acquisition of engines with Tarquin Limited, with maturity on September 7, 19 and 25 of 2026, bearing an annual interest of 6.20%.		44,052		-
XII.	Financing for the acquisition of engines with NBB-V11218 Lease Partnership, with maturity on September 29 of 2026, bearing an annual interest of 6.20%.		8,821		-
XIII.	Financing for the acquisition of engines with NBB-V11951 Lease Partnership, with maturity on September 29 of 2026, bearing an annual interest of 6.20%.		8,143		-

(In thousands of U.S. dollars, except when indicated otherwise)

		December 31, 2023	December 31, 2022
XIV.	Financing for the acquisition of several engines with Wilmington Trust SP Services (Dublin) Limited (not in its individual capacity but solely as Owner Trustee) for the acquisition of several engines, with maturity in September and October 2026, bearing an annual interest of 7.16%.	71,507	-
XV.	Financing for the acquisition of engines with NBB Pintail Co., LTD, with maturity date on November 27 of 2026, bearing an annual interest of 6.99%.	20,540	-
XVI.	Transaction costs to be amortized	(3,158)	(1,034)
XVII.	Accrued interest and other financial cost	7,070	1,875
		653,065	273,035
	Less: Short-term maturities	220,289	112,148
	Long-term Financial debt	US$ 432,776	US$ 160,887

TIIE: Mexican interbank rate
SOFR: Secured Overnight Financing Rate
(1)Sustainability adjustment

(ii) The following table provides a summary of the Company's scheduled remaining principal payments of financial debt and projected interest, at December 31, 2023:

	Within one year	January 2025 - December 2025	January 2026 - December 2026	January 2027 - onwards	Total
Santander/Bancomext	US$ 42,908	US$ 14,947	US$ -	US$ -	US$ 57,855
CEBUR program	44,396	29,597	35,764	77,693	187,450
JSA International U.S. Holdings, LLCA	15,130	20,853	-	-	35,983
GY Aviation Lease 1714 Co. Limited	25,907	38,588	-	-	64,495
Incline II B Shannon 18 Limited	US$ 73,373	US$ 33,805	US$ -	US$ -	US$ 107,178
Oriental Leasing 6 Company Limited	-	43,129	-	-	43,129
Tarquin Limited	2,241	2,384	2,536	36,891	44,052
Lease Partnership NBB –V11218	726	772	822	6,501	8,821
Lease Partnership NBB –V11951	670	712	758	6,003	8,143
Wilmington Trust SP Services (Dublin) Limited	7,775	8,373	9,001	46,358	71,507
NBB Pintail Co. LTD	745	799	857	18,139	20,540
Financial debt	213,871	193,959	49,738	191,585	649,153
Accrued interest	7,070	-	-	-	7,070
Projected interest	54,034	29,366	18,279	20,002	121,681
Total	US$ 274,975	US$ 223,325	US$ 68,017	US$ 211,587	US$ 777,904

On June 8, 2022, the Company entered into pre-delivery payments financing agreement with Santander/Bancomext at an annual interest rate of SOFR plus 298 basis points, for the acquisition of its aircraft through a revolving facility. For purposes of financing these pre-delivery payments, a Mexican trust was created whereby, the Company assigned its rights and obligations under the Airbus Purchase Agreement with Airbus S.A.S. ("Airbus"), including its obligation to make pre-delivery payments to the Mexican trust. The Company guaranteed the obligations of the Mexican trusts under the financing agreement (CIBanco, S.A. Institución de Banca Múltiple) Trust 3853. A feature of this financing is that it will incur in additional five (5) basis points if the sustainability goals are not met. On August 31, 2023, the interest rate increased by five (5) basis points, with the possibility of mitigating the additional rate if the objectives are met in the upcoming years.

The "Santander/Bancomext 2022" loan agreement provides for certain covenants, including limits to the ability to, among others:

i) Incur debt above a specified debt basket unless certain financial ratios are met.
ii) Create liens.
iii) Merge with or acquire any other entity without the previous authorization of the Banks.
iv) Dispose of certain assets.
v) Declare and pay dividends or make distributions on the Company's share capital.

As of December 31, 2023 and 2022, the Company was in compliance with the covenants under the mentioned loan agreement.

As of December 31, 2023, the outstanding balance of the financial debt related to finance pre-delivery payments of aircraft amounts to US$308,640, the Company covers this obligation through the sale and the collection made by the transaction denominated as sale and leaseback at the time of delivery, therefore, it does not represent a disbursement that directly impacts the Company's working capital.

As of December 31, 2023, the Company has signed credit lines totaling US$1,388,830 of which US$960,930 were related to financial debt (US$228,435 were undrawn) and US$427,900 were related to letters of credit (US$178,800 were undrawn). As of December 31, 2023, the Company had available lines of credit by US$407,235. As of December 31, 2022, the Company has signed credit lines totaling US$859,098 of which US$701,220 were related to financial debt (US$390,289 were undrawn) and US$157,878 were related to letters of credit (US$16,129 were undrawn).

The Company signed in April of 2022 three pre-delivery payments financing with lessors for the acquisition of aircraft. For this purpose, a Mexican trust was created for each contract (CIBanco, S.A. Institución de Banca Múltiple), for JSA International U.S. Holdings, LLC Trust 3866, for GY Aviation Lease 1714 Co. Limited Trust 3855, and for Incline II B Shannon 18 Limited Trust 3867. These facilities do not include financial covenants or restrictions.

The Company signed in July of 2022 a pre-delivery payment financing with lessors for the acquisition of aircraft with Oriental Leasing 6 Company Limited. For this purpose, a Mexican trust was created with CIBanco, S.A. Institución de Banca Múltiple, Trust 3921. This facility does not include financial covenants or restrictions.

On June 20, 2019, the Company, through its subsidiary Concesionaria issued 15,000,000 asset backed trust notes ("CEBUR") under the ticket VOLARCB 19 for Ps.1.5 billion Mexican pesos (US$88.8 million, based on an exchange rate of Ps.16.89 to US$1 on December 31, 2023) through the Fideicomiso Irrevocable de Administración número CIB/3249 created by Concesionaria. The issuance amount is part of a program approved by the Mexican National Banking and Securities Commission (Comisión Nacional Bancaria y de Valores) for an amount of up to Ps.3.0 billion Mexican pesos (US$177.6 million based on an exchange rate of Ps.16.89 to US$1 on December 31, 2023).

The notes have a five-year maturity annual reduction of Ps.250,000, Ps.500,000, Ps.500,000 and Ps.250,000 (US$14.8 million, US$29.6 million, US$29.6 million and US$14.8 million, based on an exchange rate of Ps.16.89 to US$1 as of December 31, 2023), in 2021, 2022, 2023 and 2024, respectively, with a floating one-month coupon rate referenced to TIIE 28 plus 175 basis point spread. The notes started amortizing at the end of the second year.

On October 13, 2021, the Company, through its subsidiary Concesionaria issued in the Mexico market a second issuance of 15,000,000 asset backed trust notes ("CEBUR") under the ticket VOLARCB21L for Ps.1.5 billion Mexican pesos (US$88.8 million, based on an exchange rate of Ps.16.89 to US$1 on December 31, 2023) through the Fideicomiso Irrevocable de Administración número CIB/3249 created by Concesionaria. The issuance amount is part of a program approved by the Mexican National Banking and Securities Commission (Comisión Nacional Bancaria y de Valores) for an amount of up to Ps.3.0 billion Mexican pesos (US$177.6 million, based on an exchange rate of Ps.16.89 to US$1 on December 31, 2023). With this second issuance the total amount approved for the program has been reached.

The Trust Notes are aligned with the Sustainability-Linked Bond Principles 2020, administered by the International Capital Market Association (ICMA). Which has Sustainability Objectives (SPT) for the KPI, to reduce carbon dioxide emissions measured as grams of CO2 emissions per revenue passenger/kilometer (gCO2 / RPK) by 21.54%, 24.08% and 25.53% by 2022, 2023 and 2024, respectively, compared to 2015. This offering will help the Company to accomplish its long-term sustainable goals, among which are to reduce CO2 emissions by 35.42% by 2030.

A feature of the asset backed trust notes is that they will pay an additional twenty-five (25) basis points to the interest rate if the sustainability goals are not met. On September 20, 2023, the interest rate increased by twenty-five (25) basis points, with the possibility of mitigating the additional rate if the 2023 or 2024 targets are met.

The notes have a five - year maturity annual reductions of Ps.83,333, Ps.500,000, Ps.500,000 and Ps.416,667 (US$4.9 million, US$29.6 million, US$29.6 million and US$24.7 million, based on an exchange rate of Ps.16.89 to US$1 on December 31,2023) in 2023, 2024, 2025 and 2026, respectively,) with a floating one-month coupon rate referenced to TIIE 28 plus 200 basis points, and adjustment of twenty-five (25) basis points starting on September 20th, 2023. The notes started amortizing at the end of the second year.

On September 28, 2023, the Mexican National Banking and Securities Commission (Comisión Nacional Bancaria y de Valores) approved an increase amount of the actual program of up to Ps.5.0 billion Mexican pesos (US$296.0 million, based on an exchange rate of Ps.16.89 to US$1 on December 31, 2023). With this authorization, the Company, through its subsidiary Concesionaria issued in the Mexico market a third issuance of 15,000,000 asset backed trust notes ("CEBUR") under the ticket VOLARCB23 for Ps.1.5 billion (US$88.8 million, based on an exchange rate of Ps.16.89 to US$1 on December 31, 2023) through the Fideicomiso Irrevocable de Administración número CIB/3249 created by Concesionaria.

The notes have a five-year maturity annual reduction of Ps.187,500, Ps.750,000 and Ps.562,500 (US$11.1 million, US$44.4 million and US$33.3 million, based on an exchange rate of Ps.16,89 to US$1 on December 31, 2023) in 2026, 2027 and 2028, respectively, with a floating one-month coupon rate referenced to TIIE 28 plus 215 basis points spread. The notes start amortizing at the end of the third year.

The asset backed trust note's structure operate on specific rules and provide a DSCR "Debt Service Coverage Ratio" which is computed by comparing the Mexican Peso collections over the previous six months to the next six months of debt service. In general, not retention of funds exists if the ratio exceeds 2.5 times. Amortization on the asset backed trust notes began in July of 2021 for the first issuance, the second issuance began in November of 2023 and the third issuance will begin in October 2026. In addition, early amortization applies if:

i) The Debt Coverage Ratio is less than 1.75x on any of the determination dates;
ii) An event of retention is not covered in a period of 90 consecutive days;
iii) The debt service reserve account of any series maintains on deposit an amount less than the required balance of the debt service reserve account for a period that includes two or more consecutive payment methods;
iv) Insolvency event of Concesionaria;
v) The update of a new insolvency event in relation to the Concesionaria;
vi) Updating a new event of default.

In the event of default, the Trustee will refrain from delivering any amount that it would otherwise be to require to deliver to Concesionaria and will dedicate use such cash flow to amortize the principal of the trust notes ("CEBUR").

As of December 31, 2023, the Company was in compliance with the conditions of the asset backed trusted notes.

In December 2021, the Company renewed its working capital facility with Banco Sabadell S.A., Institución de Banca Multiple ("Sabadell") in Mexican pesos. The facility had maturity dated on December 31, 2023, with an annual interest rate of TIIE 28 days plus a 240-basis points margin. As of December 2023, this credit line has expired.

The "Sabadell" working capital facility had the following covenant:

i. Joint obligor (Concesionaria) must represent 85% of EBITDA- of the holding.

As of December 31, 2022, the Company was not in compliance with the covenant of Sabadell loan agreement. The Company settled this short-term loan on January 5, 2023, as such any potential effects of the non-compliance were solved with the payment. The non-compliance did not trigger any cross-default provisions in other debt instruments or any lease agreement of the Company.

In December 2022, the Company signed a working capital facility with Banco Actinver S.A., Institución de Banca Múltiple ("Actinver") in Mexican pesos, bearing annual interest rate at TIIE 28 days plus 250 basis points margins. As of December 31, 2023, the facility is not disbursed.

The "Actinver" working capital facility does not include obligations or restrictions.

Other financing agreements

During 2023, the Company entered into several agreements that qualified as failed sale and leaseback transactions. Consequently, these agreements were accounted for as financing transactions. The details of these agreements are presented as follows:

1) In September 2023, the Company entered into financing agreements with Tarquin Limited for the acquisition of engines. The agreements bear an annual interest rate of 6.20% and mature in 2028.

2) In September 2023, the Company also entered into additional financing agreements with NBB-V11218 Lease Partnership and with NBB-V11951 Lease Partnership, for the acquisition of engines. These agreements bear an annual interest rate of 6.20% and mature in 2028.

3) In September and October 2023, the Company entered into financing agreements with Wilmington Trust SP Services (Dublin) Limited (not in its individual capacity but solely as Owner Trustee) for the acquisition of engines. These agreements bear an annual interest rate of 7.16% and mature in 2028.

4) In November 2023, the Company entered into financing agreements with NBB Pintail Co Ltd for the acquisition of engines. These agreements bear an annual interest rate of 6.99% and mature in 2028.

(In thousands of U.S. dollars, except when indicated otherwise)

Changes in liabilities arising from financing activities

For the years ended December 31, 2023 and 2022 the changes in liabilities from financing activities from the Company are summarized in the following table:

		January 1, 2023		Net cash Flows		Accrued Interest[1]		Foreign exchange movement		Current vs non - current reclassification		Other		Conversion effects		December 31, 2023
Current interest-bearing loans and borrowings	US$	112,148	US$	(22,356)	US$	5,118	US$	(739)	US$	121,804	US$	(479)	US$	4,793	US$	220,289
Non-current interest - bearing loans and borrowings		160,887		381,255		-		-		(121,804)		(1,454)		13,892		432,776
Total liabilities from financing activities	US$	273,035	US$	358,899	US$	5,118	US$	(739)	US$	-	US$	(1,933)	US$	18,685	US$	653,065

		January 1, 2022		Net cash Flows		Accrued Interest [1]		Foreign exchange movement		Current vs non - current reclassification		Other		Conversion effects		December 31, 2022
Current interest-bearing loans and borrowings	US$	196,898	US$	(152,984)	US$	761	US$	739	US$	65,063	US$	124	US$	1,547	US$	112,148
Non-current interest - bearing loans and borrowings		108,039		111,776		-		-		(65,063)		442		5,693		160,887
Total liabilities from financing activities	US$	304,937	US$	(41,208)	US$	761	US$	739	US$	-	US$	566	US$	7,240	US$	273,035

[1] This balance is net of interest provisions and interest effectively paid as of December 31, 2023 and 2022, respectively.

(In thousands of U.S. dollars, except when indicated otherwise)

6. Cash, cash equivalents and restricted cash

As of December 31, 2023 and 2022 this caption is comprised as follow:

	2023		2022	
Cash in banks	US$	117,764	US$	77,224
Cash on hand		850		425
Short-term investments (Highly liquid investments/ cash equivalent)		642,604		627,331
Restricted funds held in trust related to debt service reserves		12,936		6,873
Total cash, cash equivalents and restricted cash	US$	774,154	US$	711,853

As of December 31, 2023 and 2022, the Company recorded a portion of advance ticket sales by an amount of US$12,936 and US$6,873, respectively, as a restricted fund (Note 1e). The restricted funds held in Trusts are used to constitute the debt service reserves and cannot be used for purposes other than those established in the contract of the Trust.

7. Related parties

a) An analysis of balances due from/to related parties at December 31, 2023 and 2022 is provided below.

All companies are considered affiliates, since the Company's primary shareholders or directors are also direct or indirect shareholders or directors of the related parties:

	Type of transaction	Country of origin	2023		2022		Terms
Due from:							
Frontier Airlines Inc. ("Frontier")	Code-share	USA	US$	-	US$	2,155	30 days
Due to:							
Grupo Aeroportuario del Centro Norte, S.A.B. de C.V. ("OMA")	Airport Services	Mexico	US$	12,881	US$	13,579	30 days
Frontier Airlines Inc. ("Frontier")	Code-share	USA		1,918		2	30 days
Chevez, Ruiz, Zamarripa y Cía., S.C.	Professional fees	Mexico		620		815	30 days
A&P International Services, S.A.P.I. de C.V. ("AISG")	Aircraft maintenance	Mexico		313		191	30 days
Mijares, Angoitia, Cortés y Fuentes, S.C.	Professional fees	Mexico		105		22	30 days
MRO Commercial, S.A. ("MRO")	Aircraft maintenance and technical support	El Salvador		8		1	30 days
			US$	15,845	US$	14,610	

(In thousands of U.S. dollars, except when indicated otherwise)

b) During the years ended December 31, 2023, 2022 and 2021, the Company had the following transactions with related parties:

Related party transactions	Country of origin	2023	2022	2021
Revenues:				
Transactions with affiliates				
Frontier Airlines Inc ("Frontier")				
Code-share	USA	US$ -	US$ 5	US$ 3,547
Expenses:				
Transactions with affiliates				
MRO Commercial, S.A.				
Aircraft maintenance[1]	El Salvador	US$ 15,674	US$ 11,097	US$ -
Technical support	El Salvador	17	-	-
Grupo Aeroportuario del Centro Norte, S.A.B. de C.V. ("OMA")				
Airport services	Mexico	12,263	9,792	6,607
A&P International Services, S.A.P.I. de C.V. ("AISG")				
Aircraft maintenance	Mexico	2,895	914	-
Chevez, Ruiz, Zamarripa y Cía, S.C.				
Professional fees	Mexico	1,175	923	238
Mijares, Angoitia, Cortés y Fuentes, S.C.				
Professional fees	Mexico	225	196	214
Servprot, S.A. de C.V.				
Security services	Mexico	115	207	175
Aeromantenimiento, S.A.				
Aircraft maintenance	El Salvador	-	3,690	7,964
Technical support	El Salvador	-	170	143

[1] Includes amounts as part of major maintenance.

c) Frontier Airlines Inc. ("Frontier")

Frontier is a related party because Brian H. Franke and Andrew Broderick are members of the board of the Company and members of the board of directors of Frontier as well as managing directors of Indigo Partners, the latest has investments in both Companies. As of December 31, 2023, there is not outstanding balance due to Frontier under this agreement. As of December 31, 2022, the account receivable from Frontier was US$2,155. Additionally, as of December 31, 2023 and 2022, the account payable was US$1,918 and US$2, respectively.

During the year ended December 31, 2023 the Company did not have revenue transactions. During the years ended December 31, 2022 and 2021 the Company recognized revenue under this agreement of US$5 and US$3,547, respectively.

Frontier started having transactions with the Company in August 2018. As of December 31, 2023 and 2022, there have not been guarantees provided or received for any related party receivables or payables. For the year ended December 31, 2022, no provision for expected credit losses has been recognized, due to the Company considers the credit risk is minimal and these balances are current accounts.

d) Servprot S.A. de C.V. ("Servprot")

Servprot was a related party until June 13, 2023 because Enrique Beltranena Mejicano, the Company's Chief Executive Officer and director was shareholder of such Company. Servprot provides security services for Mr. Beltranena and his family. As of December 31, 2023 and 2022 there are not outstanding balances due to Servprot under this agreement.

During the years ended December 31, 2023, 2022 and 2021 the Company expensed US$115, US$207 and US$175, respectively.

e) Aeromantenimiento, S.A. ("Aeroman")

Aeroman is a related party, because Marco Baldocchi a member of the board of the Company's board of directors is an alternate director of Aeroman. On January 1st, 2017, the Company entered into an aircraft maintenance and repair services agreement with Aeromantenimiento, S.A., which was extended and amended to be entered into with MRO Commercial, S.A. ("MRO"), an affiliate of Aeroman on January 1st, 2022. This agreement provides for the exclusive use of Aeroman´s services for the repair and maintenance of aircraft, subject to availability. Under this agreement, Aeroman provides inspection, maintenance, repair and overhaul services for aircraft. The Company makes payments under this agreement depending on the services performed. This agreement is for a five-year term, extended for an additional five-year period from January 1st, 2022.

As of December 31, 2023 and 2022, the Company did not have outstanding balance due to Aeroman.

During the year ended December 31, 2023 the Company did not have expense transactions. The Company incurred expenses in aircraft maintenance and technical support with Aeroman amounted to US$3,860 and US$8,107 for the years ended December 31, 2022 and 2021, respectively.

As of December 31, 2023 and 2022, the balance due under the agreement with MRO were US$8 and US$1, respectively. During the years ended December 31, 2023 and 2022, the Company incurred expenses in aircraft maintenance with MRO amounted to US$15,691 and US$11,097, respectively.

f) Mijares, Angoitia, Cortés y Fuentes, S.C. ("MACF")

MACF is a related party because Ricardo Maldonado Yañez and Eugenio Macouzet de León, member and alternate member, respectively, of the board of the Company since April 2018, are partners of MACF which provides legal services to us. As of December 31, 2023 and 2022, the balance due under the agreement with MACF was US$105 and US$22, respectively.

During the years ended December 31, 2023, 2022 and 2021, the Company recognized expenses in legal services under this agreement amounted to US$225, US$196 and US$214, respectively.

g) Grupo Aeroportuario del Centro Norte, S.A.B. de C.V. ("OMA")

On April 22, 2020, OMA became a related party because Mr. Ricardo Maldonado Yañez is an independent member of the board of directors, as well as chairman of our Corporate Practices Committee and member of the board of directors of OMA and Mrs. Guadalupe Phillips Margain, our independent member, was a member of the board of directors of OMA until November 2022. As of December 31, 2023 and 2022 the account payable with OMA was US$12,881 and US$13,579, respectively.

During the years ended December 31, 2023, 2022 and 2021, the Company recognized expenses with OMA of US$12,263, US$9,792 and US$6,607, respectively.

h) Chevez, Ruiz, Zamarripa y Cía, S.C. ("Chevez")

Chevez is a related party because Mr. José Luis Fernández Fernández is an independent member of the board of directors, as well as the chairman of the Audit Committee of the Company and non-managing limited partner of Chevez. As of December 31, 2023 and 2022, the account payable with Chevez was US$620 and US$815, respectively.

During the years ended December 31, 2023, 2022 and 2021, the Company recognized expenses with Chevez of US$1,175, US$923 and US$238, respectively.

i) A&P International Services, S.A.P.I. de C.V. ("AISG")

From July 4, AISG has been considered a related party due to Harry F. Krensky, a member of our Board of Directors, is the Chairman of the Board of Directors of AISG. Additionally, Harry F. Krensky is managing partner of Discovery Americas, a private equity firm that indirectly holds/manages an investment position in AISG. As of December 31, 2023 and 2022, the account payable with AISG was US$313 and US$191, respectively.

During the year ended December 31, 2023 and 2022, the Company recognized expenses in aircraft and engine maintenance amounted to US$2,895 and US$914, respectively.

j) CleanJoule, Inc. ("CleanJoule")

CleanJoule is considered related party because Mr. Brian H. Franke, the chairman of our board of directors, is an officer of Franke Family Joule, LLC. Since May 23, 2023, he has been a shareholder of Clean Joule and has the right to appoint a member of its board of directors. Additionally, on May 23, 2023, Mr. Andrew Broderick, a member of our board of directors, was appointed by Franke Family Joule, LLC, as a member of the board of directors of CleanJoule. CleanJoule is a Company that produces high-performance and cost- effective Sustainable Aviation Fuel from agricultural waste and organic residues. On May 23, 2023, the Company made an investment of US$1,747 by purchasing common stock of CleanJoule, Inc. This transaction has been recorded as a financial instrument under the other current assets caption in the Consolidated Statement of Financial Position since the Company does not have significant influence or control over CleanJoule.

k) Directors and officers

During the year ended December 31, 2023 and 2022, the chairman and the independent members of the Company's board of directors received a net compensation of US$696 and US$561, respectively, and the rest of the directors received a net compensation of US$242 and US$177, respectively.

During the year ended December 31, 2023, the amount paid to the chairman and independent members includes an in-kind payment through Company´s shares totaling US$305.

(In thousands of U.S. dollars, except when indicated otherwise)

During the year ended December 31, 2021, the chairman and the independent members of the Company's board of directors received a net compensation of US$622 and the rest of the directors received a net compensation of US$179.

During the years ended December 31, 2023, 2022 and 2021, all the Company's senior managers received an aggregate compensation for short-term benefits of US$13,845, US$11,679 and US$10,464, respectively as well as long-term benefits of US$5,689, US$5,951 and US$8,365, respectively. These amounts were recognized in salaries and benefits in the consolidated statement of operations.

During the years ended December 31, 2023, 2022 and 2021 the cost of the share-based payments MIP transactions was US$6,048, US$5,074 and US$4,410, respectively. The benefit of the cash-settled payments transactions MIP II was US$119, US$4,365 and US$2,984, respectively. (Note 18).

The Company has a short-term benefit plan to certain personnel whereby cash bonuses are awarded for meeting certain Company's performance targets. As of December 31, 2023 and 2022 the Company recorded a provision in the amount of US$6,541 and US$7,027, respectively. In relation with this cash bonuses, during the years ended December 31, 2023, 2022 and 2021 the Company recorded an expense for an amount of US$6,357, US$6,893 and US$7,602, respectively, under the caption salaries and benefits.

8. Other accounts receivable, net

An analysis of other accounts receivable as of December 31, 2023 and 2022, is detailed below:

	2023		2022	
Current:				
Credit cards	US$	59,675	US$	43,942
Benefits from suppliers		11,174		11,491
Other accounts receivable		4,652		4,448
Cargo clients		4,633		4,291
Affinity credit card		4,230		9,432
Travel agencies and insurance commissions		3,493		3,731
Other points of sales		1,014		1,968
Employees		777		68
Airport services		473		287
		90,121		79,658
Allowance for expected credit losses		(877)		(809)
	US$	89,244	US$	78,849

Accounts receivable have the following aging:

Days	2023 Impaired		2023 Not impaired		Total 2023		2022 Impaired		2022 Not impaired		Total 2022	
0–30	US$	677	US$	73,923	US$	74,600	US$	622	US$	68,356	US$	68,978
31–60		-		10,628		10,628		-		1,580		1,580
61–90		-		435		435		-		4,865		4,865
91-120		200		4,258		4,458		187		4,048		4,235
	US$	877	US$	89,244	US$	90,121	US$	809	US$	78,849	US$	79,658

The movement in the allowance for expected credit losses from December 31, 2021 to December 31, 2023 is as follows:

Balance as of December 31, 2021	US$	(615)
Write-offs		1,478
Increase in allowance		(1,672)
Balance as of December 31, 2022		(809)
Write-offs		**1,262**
Increase in allowance		**(1,330)**
Balance as of December 31, 2023	**US$**	**(877)**

The allowance for expected credit losses on accounts receivables is established in accordance with the approach disclosed at Note 1g) ii).

(In thousands of U.S. dollars, except when indicated otherwise)

9. Inventories

An analysis of inventories as of December 31, 2023 and 2022 is as follows:

		2023		2022
Spare parts and accessories of flight equipment	US$	16,117	US$	15,758
	US$	16,117	US$	15,758

The inventory items are consumed during or used mainly in delivery of in-flight services and for maintenance services by the Company and are valued at the lower of cost or replacement value. The Company recognizes the necessary estimates for decreases in the value of its inventories due to impairment, obsolescence, slow movement and causes that indicate that the use or realization of the aircraft spare parts and flight equipment accessories that are part of the inventory will be less than recorded value. For the years ended December 31, 2023, 2022, and 2021, the Company did not record any impairment loss in the value of its inventories.

During the years ended as of December 31, 2023, 2022 and 2021, the amount of consumption of inventories, recorded as an operating expense as part of maintenance expense was US$20,928, US$17,825 and US$15,406, respectively.

10. Prepaid expenses and other current assets

An analysis of prepaid expenses and other current assets at December 31, 2023 and 2022 is as follows:

		2023		2022
Other prepaid expenses	US$	13,057	US$	8,371
Advances to suppliers		9,347		6,446
Prepaid insurance		9,175		5,816
Sales commission to travel agencies (Note 1d)		7,729		9,037
Flight credits		4,368		3,519
	US$	43,676	US$	33,189

11. Guarantee deposits

An analysis of this caption as of December 31, 2023 and 2022 is as follows:

		2023		2022
Current asset:				
Credit letters deposits	US$	138,207	US$	44,609
Aircraft maintenance deposits paid to lessors (Note 1l)		7,056		16,767
Other guarantee deposits		1,428		1,398
Deposits for rental of flight equipment		1,145		1,583
		147,836		64,357
Non-current asset:				
Aircraft maintenance deposits paid to lessors (Note 1l)		409,997		424,347
Deposits for rental of flight equipment		48,125		56,049
Other guarantee deposits		3,874		3,482
		461,996		483,878
	US$	609,832	US$	548,235

(In thousands of U.S. dollars, except when indicated otherwise)

12. Rotable spare parts, furniture and equipment, net

	Gross value		Accumulated depreciation		Net carrying value	
	At December 31, 2023	At December 31, 2022	At December 31, 2023	At December 31, 2022	At December 31, 2023	At December 31, 2022
Leasehold improvements to flight equipment	US$ 579,349	US$ 421,130	US$ (331,124)	US$ (215,238)	US$ 248,225	US$ 205,892
Pre-delivery payments[1]	389,380	185,455	-	-	389,380	185,455
Flight equipment	202,355	110,959	(67,316)	(58,792)	135,039	52,167
Construction and improvements in process	27,135	31,900	-	-	27,135	31,900
Constructions and improvements	8,802	7,564	(7,310)	(6,818)	1,492	746
Office furniture and equipment	3,487	2,997	(2,156)	(1,903)	1,331	1,094
Workshop machinery and equipment	1,658	1,131	(622)	(489)	1,036	642
Computer equipment	1,193	1,409	(1,108)	(1,297)	85	112
Communications equipment	698	582	(443)	(397)	255	185
Workshop tools	660	429	(478)	(420)	182	9
Motorized transport equipment platform	614	565	(475)	(315)	139	250
Service carts on board	542	452	(416)	(368)	126	84
Electric power equipment	530	530	(345)	(295)	185	235
Total	US$ 1,216,403	US$ 765,103	US$ (411,793)	US$ (286,332)	US$ 804,610	US$ 478,771

[1] During the years ended December 31,2023, and 2022, the Company capitalized borrowing costs of US$21,901 and US$7,915, respectively. The amount of this line is net of disposals of capitalized borrowing costs related to sale and leaseback transactions of US$3,330 and US$21,591, respectively.

(In thousands of U.S. dollars, except when indicated otherwise)

	Flight equipment	Constructions and improvements	Computer equipment	Office furniture and equipment	Electric power equipment	Workshop Tools	Motorized transport equipment platform	Communications equipment	Workshop machinery and equipment	Service carts on board	Allowance for obsolescence	Pre-delivery payments	Construction and improvements in process	Leasehold improvements to flight equipment	Total
Net balance as of December 31, 2021	US$ 41,914	US$ 1,246	US$ 200	US$ 1,252	US$ 289	US$ 56	US$ 398	US$ 223	US$ 701	US$ 114	US$ -	US$ 253,826	US$ 26,522	US$ 127,861	US$ 454,602
Additions	17,091	-	8	9	4	8	-	-	47	7	-	166,571	33,838	138,811	356,394
Disposals and transfers	(1,656)	-	-	(2)	-	-	-	(1)	-	-	-	(221,253)	(4,838)	-	(227,750)
Borrowing costs, net[1]	-	-	-	-	-	-	-	-	-	-	-	(13,676)	-	-	(13,676)
Other movements	-	107	(1)	67	(7)	-	7	1	4	-	-	(13)	(23,622)	23,448	(9)
Depreciation	(5,182)	(607)	(95)	(232)	(51)	(55)	(155)	(38)	(110)	(37)	-	-	-	(84,228)	(90,790)
As of December 31, 2022	52,167	746	112	1,094	235	9	250	185	642	84	-	185,455	31,900	205,892	478,771
Cost	110,959	7,564	1,409	2,997	530	429	565	582	1,131	452	-	185,455	31,900	421,130	765,103
Accumulated depreciation	(58,792)	(6,818)	(1,297)	(1,903)	(295)	(420)	(315)	(397)	(489)	(368)	-	-	-	(215,238)	(286,332)
Net balance as of December 31, 2022	52,167	746	112	1,094	235	9	250	185	642	84	-	185,455	31,900	205,892	478,771
Additions	**93,868**	**8**	**6**	**58**	**-**	**6**	**1**	**6**	**166**	**-**	**-**	**230,439**	**17,693**	**139,830**	**482,081**
Disposals and transfers	**(675)**	**-**	**-**	**-**	**-**	**-**	**-**	**(1)**	**-**	**-**	**-**	**(45,085)**	**(1,529)**	**(122)**	**(47,412)**
Borrowing costs, net[1]	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**18,571**	**-**	**-**	**18,571**
Other movements	**-**	**1,231**	**43**	**432**	**-**	**224**	**48**	**111**	**361**	**90**	**-**	**-**	**(20,929)**	**18,389**	**-**
Depreciation	**(10,321)**	**(493)**	**(76)**	**(253)**	**(50)**	**(57)**	**(160)**	**(46)**	**(133)**	**(48)**	**-**	**-**	**-**	**(115,764)**	**(127,401)**
As of December 31, 2023	**135,039**	**1,492**	**85**	**1,331**	**185**	**182**	**139**	**255**	**1,036**	**126**	**-**	**389,380**	**27,135**	**248,225**	**804,610**
Cost	**202,355**	**8,802**	**1,193**	**3,487**	**530**	**660**	**614**	**698**	**1,658**	**542**	**-**	**389,380**	**27,135**	**579,349**	**1,216,403**
Accumulated depreciation	**(67,316)**	**(7,310)**	**(1,108)**	**(2,156)**	**(345)**	**(478)**	**(475)**	**(443)**	**(622)**	**(416)**	**-**	**-**	**-**	**(331,124)**	**(411,793)**
Net balance as of December 31, 2023	**US$ 135,039**	**US$ 1,492**	**US$ 85**	**US$ 1,331**	**US$ 185**	**US$ 182**	**US$ 139**	**US$ 255**	**US$ 1,036**	**US$ 126**	**US$ -**	**US$ 389,380**	**US$ 27,135**	**US$ 248,225**	**US$ 804,610**

a) During 2023 and 2022 the Company acquired nine engines (five NEO and four V2500) and two (NEO) spare engines, respectively, which were accounted for at cost for at total amount of US$85,182 and US$20,120, respectively. The Company identified the major components as separate parts at their respective cost. These major components of the engine are presented as part of the flight equipment and depreciated over their useful life.

b) During the years ended December 31, 2023 and 2022, the Company capitalized borrowing costs which amounted to US$21,901 and US$7,915, respectively (Note 23). The Company capitalizes the actual borrowing costs of the borrowings directly attributable to the constructions of aircraft and engines. For the years ended December 31, 2023 and 2022, the weighted rate of the direct borrowings used to determine the amount of borrowing costs was 8.85% and 5.34%, respectively.

c) Depreciation expense for the years ended December 31, 2023, 2022 and 2021, was US$127,401, US$90,790 and US$50,297, respectively. Depreciation expenses for the year are recognized as a component of operating expenses in the consolidated statements of operations.

d) In October 2005 and December 2006, the Company entered into purchase agreements with Airbus and International Aero Engines AG ("IAE") for the purchase of aircraft and engines, respectively. Under such agreements and prior to the delivery of each aircraft and engine, the Company agreed to make pre-delivery payments, which were calculated based on the reference price of each aircraft and engine, and following a formula established for such purpose in the agreements.

In 2011, the Company amended the agreement with Airbus for the purchase of 44 A320 family aircraft to be delivered from 2015 to 2020. The order included 14 A320CEO ("Current Engine Option Aircraft") and 30 A320NEO. Additionally, during December 2017, the Company amended the agreement with Airbus for the purchase of 80 A320 family aircraft to be delivered from 2022 to 2026. The order includes 46 A320NEO and 34 A321NEO. Under such agreement and prior to the delivery of each aircraft, the Company agreed to make pre-delivery payments, which shall be calculated based on the reference price of each aircraft, and following a formula established for such purpose in the agreement.

In November 2018, the Company amended the agreement with Airbus to reschedule the remaining 26 fleet deliveries between 2019 and 2022. Also, in this amendment the Company used its rights on the Airbus Purchase Agreement to convert six A320NEO into A321NEO. In July 2020, the Company amended the agreement with Airbus to reschedule the 80 aircraft deliveries between 2023 and 2028. In October 2020, the Company amended the agreement with Airbus to reschedule the remaining 18 fleet deliveries between 2020 and 2022.

In 2021, the Company amended the agreement with Airbus for the purchase of 39 A320 family aircraft to be delivered from 2023 to 2029. The order includes only A321NEO aircraft. Under such agreement and prior to the delivery of each aircraft, the Company agreed to make pre-delivery payments, which shall be calculated based on the reference price of each aircraft, and following a formula established for such purpose in the agreement. Also, in this agreement the Company used its rights on the Airbus Purchase Agreement to convert twenty A320NEO into A321NEO.

In 2022, the Company amended the agreement with Airbus for the purchase of 25 A320 family aircraft to be delivered in 2030. The order includes only A321NEO aircraft. Under such agreement and prior to the delivery of each aircraft, the Company agreed to make pre-delivery payments, which shall be calculated based on the reference price of each aircraft, and following a formula established for such purpose in the agreement.

On August 16, 2013, the Company entered into certain agreements with IAE and United Technologies Corporation Pratt & Whitney Division ("P&W"), which included the purchase of the engines for 14 A320CEO and 30 A320NEO respectively, to be delivered between 2014 and 2022. This agreement also included the purchase of one spare engine for the A320CEO fleet (which was received during the fourth quarter of 2016) and six spare engines for the A320NEO fleet to be received from 2017 to 2022. In November 2015, the Company amended the agreement with the engine supplier to provide major maintenance services for the engines of sixteen aircraft (10 A320NEO and 6 A321NEO). This agreement also includes the purchase of three spare engines, two of them for the A320NEO fleet, and one for the A321NEO fleet. In April 2021, the Company amended the agreement with the engine supplier to provide major maintenance services for the engines of two aircraft A320NEO.

On May 12, 2020, the Company entered into certain agreements with IAE, which included the purchase of the engines for 46 A320NEO and 34 A321NEO respectively, to be delivered between 2022 and 2028. This agreement also included the purchase of eleven firm spare engines for the A320NEO fleet to be received from 2022 to 2029.

In October 2021, the Company amended the agreement with the engine supplier to provide major maintenance services for the engines of thirteen aircraft (all A320NEO). This agreement also includes the purchase of one spare engine for the A320NEO fleet.

The Company received credit notes from P&W in December 2017 of US$3.1 million, which are being amortized on a straight-line basis, prospectively during the term of the agreement. As of December 31, 2023, 2022 and 2021, the Company amortized a corresponding benefit from these credit notes of US$216, US$225 and US$241, respectively, which is recognized as an offset to maintenance expenses in the consolidated statements of operations.

During the years ended December 31, 2023 and 2022, the amounts paid for aircraft and spare engine pre-delivery payments were of US$230.4 million and US$166.6 million, respectively.

The current purchase agreement with Airbus requires the Company to accept delivery of 141 Airbus A320 family aircraft during a period of eight years (from January 2024 to December 2030). The agreement provides for the addition of 141 Aircraft to its fleet as follows: 10 in 2024, 23 in 2025, 29 in 2026, 21 in 2027, 19 in 2028, 14 in 2029 and 25 to be delivered during 2030; considering that these deliveries are subject to potential delays notified by the manufacturer. Commitments to acquisitions of property and equipment are disclosed in Note 25.

During the years ended December 31, 2023, 2022 and 2021 the Company entered into aircraft and spare engines sale and leaseback transactions, resulting in gains of US$8,275, US$21,193 and US$9,668, respectively, these were recorded under the caption other operating income in the consolidated statement of operations, that represented only the amount of gains that relate to the rights transferred to the buyer-lessor. (Note 22).

(In thousands of U.S. dollars, except when indicated otherwise)

e) During December 2017, the Company entered into an updated total support agreement with Lufthansa for 66 months, with an effective date on July 1, 2018. This agreement includes similar terms and conditions as the original agreement.

As part of this agreement, the Company received credit notes of US$5 million in 2022 and US$1.5 million in 2017, which are amortized on a straight-line basis, prospectively during the term of the agreement. For the years ended December 31, 2023, 2022 and 2021, the Company amortized a corresponding benefit from these credit notes of US$519, US$452 and US$258, respectively, recognized as an offset to maintenance expenses in the consolidated statements of operations.

For the years ended December 31, 2023, 2022 and 2021, the Company did not record any impairment loss.

13. Intangible assets, net

The composition and movement of intangible assets is as follows:

	Useful Life years	Gross value		Accumulated amortization		Net carrying amount	
		At December 31,					
		2023	2022	2023	2022	2023	2022
Software	1 – 4	US$ 58,281	US$ 47,850	US$ (42,062)	US$ (35,125)	US$ 16,219	US$ 12,725

Balance as of January 1st, 2022	US$	12,632
Additions		6,790
Amortization		(6,696)
Exchange differences		(1)
Balance as of December 31, 2022		12,725
Additions		**10,387**
Amortization		**(6,895)**
Exchange differences		**2**
Balance as of December 31, 2023	**US$**	**16,219**

During the second half of 2021 and beginning of 2022 the Company implemented the SAP S/4HANA software. During 2022 and 2021 the costs directly attributable to developments and improvements to systems were recognized as an intangible asset and other non-qualifying costs as part of the implementation were recognized in the statements of operations.

Software amortization expense for the years ended December 31, 2023, 2022 and 2021 was US$6,895 and US$6,696, US$6,752, respectively. These amounts were recognized in depreciation and amortization caption on the consolidated statements of operations.

14. Leases

As of December 31, 2023, and 2022 the most significant leases are as follows:

Aircraft and engines represent the Company´s most significant lease agreements. On December 31, 2023, the Company leases 129 aircraft (116 as of December 31, 2022) and 20 spare engines (23 as of December 31, 2022) that have maximum terms through 2035. The leases are generally guaranteed by either deposit in cash or letters of credits.

Composition of the fleet and spare engines, leases[(1)]:

Aircraft Type	Model	At December31, 2023	At December 31, 2022
A319	132	3	3
A320	233	39	39
A320	232	1	1
A320NEO	271N	51	48
A321	231	10	10
A321NEO	271N	25	15
		129	116

(In thousands of U.S. dollars, except when indicated otherwise)

Engine spare Type	Model	At December 31, 2023	At December 31, 2022
V2500	V2524-A5	-	2
V2500	V2527M-A5	3	3
V2500	V2527E-A5	5	6
V2500	V2527-A5	6	6
PW1100	PW1127G-JM	5	5
PW1100	PW1133G-JM	1	1
		20	23

[1] Certain of the Company's aircraft and engine lease agreements include an option to extend the lease term period. Management evaluates extensions based on the market conditions at the time of renewal.

In the third quarter of 2023, P&W announced preventive accelerated inspections for the GTF engines. Consequently, the Company's GTF engines are being reviewed to ensure compliance with these requirements.

As a result of these preventive accelerated inspections and in accordance with the business strategy, the Company extended certain aircraft and engines lease agreements and added new aircraft and engines to its fleet.

During the year ended December 31, 2023, the Company added 13 new leased aircraft to its fleet. This includes one A320NEO and two A321NEO acquired through a sale and leaseback transaction under the existing Airbus purchase agreement, as well as two A320NEO and eight A321NEO directly incorporated from the lessor's aircraft order book.

During 2023, the Company extended the lease term of eight A320CEO and one A321CEO aircraft for an additional period of up to four years.

Additionally, during the year ended December 31, 2023, the Company extended the lease term of six spare engines for an additional period of up to 3.5 years.

All accounting effects of these extensions and new incorporations of aircraft, engines and building leases have been assessed and presented in the Company's Financial Statements. As of December 31, 2023, the Company recorded a net increase of US$478,303 in the Right-of-Use assets and lease liabilities, respectively, resulting from these aircraft and engine lease extensions and new incorporations.

During the year ended December 31, 2023, the Company received compensation from the engines manufacturer, which was recognized in the Company's Consolidated Statement of Operations.

During the year ended December 31, 2022, the Company added 18 new leased aircraft to its fleet (six A320neo and seven A321neo, acquired through a sale and leaseback transaction under our existing Airbus purchase agreement, three A320neo and two A321neo obtained directly from the lessor's aircraft order book). All the aircraft incorporated through the lessor's aircraft order book were not subject to sale and leaseback transactions.

Also, the Company extended the term of two A321CEO, two A320CEO and one A319CEO for an additional period of up to four years.

During the year ended December 31, 2022, the Company also incorporated three CEO spare engines. Such leases were not subject to sale and leaseback transactions. Also, the Company extended the lease term of two spare engines for an additional period of up to one year.

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

	Aircraft leases	Spare engine leases	Building leases	Total
As of December 31, 2021	US$ 1,862,664	US$ 34,953	US$ 19,618	US$ 1,917,235
Additions	521,711	1,023	30,597	553,331
Modifications	25,895	(168)	5,081	30,808
Depreciation on right of use assets	(299,517)	(11,627)	(9,299)	(320,443)
As of December 31, 2022	2,110,753	24,181	45,997	2,180,931
Additions	**401,943**	**-**	**2,774**	**404,717**
Extensions	**64,994**	**7,825**	**767**	**73,586**
Modifications	**32,167**	**9,006**	**-**	**41,173**
Depreciation on right of use assets	**(337,694)**	**(11,524)**	**(12,797)**	**(362,015)**
As of December 31, 2023	**US$ 2,272,163**	**US$ 29,488**	**US$ 36,741**	**US$ 2,338,392**

(In thousands of U.S. dollars, except when indicated otherwise)

Set out below are the carrying amounts of lease liabilities and the movements during the period:

		2023		2022
As of January 1st,	US$	2,708,723	US$	2,412,137
Additions		404,650		550,834
Modifications		114,759		29,842
Disposals		(4,378)		-
Accretion of interest		194,416		165,043
Foreign exchange effect		2,346		(129)
Payments		(529,074)		(449,004)
As of 31 December,	US$	2,891,442	US$	2,708,723
Current	US$	372,697	US$	335,620
Non-current	US$	2,518,745	US$	2,373,103

The Company had total cash outflows for leases of US$529,074 in 2023 (US$449,004 in 2022 and US$458,968 in 2021).

During the years ended December 31, 2023, 2022 and 2021, the Company recognized expenses related to short - term leases and leases of low - value assets for an amount of US$7,925, US$6,680 and US$8,964, respectively.

For the years ended December 31, 2023, 2022 and 2021 the amounts recognized in profit or loss were as follow:

	For the years ended December 31,					
		2023		2022		2021
Depreciation of right-of-use assets	US$	(362,015)	US$	(320,443)	US$	(269,351)
Interest expense on lease liabilities and aircraft and engine lease return obligation (Note 23)		(191,967)		(174,769)		(128,159)
Aircraft and engine variable lease expenses		(103,845)		(124,532)		(83,373)
Short - term leases and leases of low - value assets		(7,925)		(6,680)		(8,964)
Total amount recognized in profit or loss	US$	(665,752)	US$	(626,424)	US$	(489,847)

i) Return obligations

The aircraft lease agreements of the Company also require that the aircraft and engines be returned to lessors under specific conditions of maintenance. The costs of return, which in no case are related to scheduled major maintenance, are estimated and recognized ratably as a provision from the time it becomes likely such costs will be incurred and can be estimated reliably. These return costs are recognized on a straight-line basis as a component of variable lease expenses and the provision is included as part of other liabilities, through the remaining lease term.

The Company estimates the provision related to airframe, engine overhaul and limited life parts using certain assumptions including the projected usage of the aircraft and the expected costs of maintenance tasks to be performed. For the years ended December 31, 2023, 2022 and 2021, in relation with this provision the Company expensed as supplemental rent US$80,894, US$58,658 and US$55,668, respectively.

For the years ended December 31, 2023, 2022 and 2021, the Company recorded redelivery expenses of US$103,845, US$124,532 and US$83,373 respectively.

ii) Aircraft and engines lease extensions

Certain lease agreements contain extension options, which the Company evaluates exercising once the lease period comes to its end, based on the market conditions at such moment. The lease liabilities corresponding to leases on which it was decided to extend are remeasured for the period negotiated between the Company and the lessor.

During 2023 and 2022, due to the aircraft, engines and building leases extension agreements, the Company reassessed the right of use assets and lease liabilities, resulting in net increases of US$73,586 and US$30,653, respectively.

(In thousands of U.S. dollars, except when indicated otherwise)

15. Accrued liabilities

a) The detail of current accrued liabilities as of December 31, 2023 and 2022 is as follows:

	2023		2022	
Fuel and traffic accrued expenses	US$	68,945	US$	105,284
Maintenance and aircraft parts accrued expenses		23,199		25,172
Sales, marketing and distribution accrued expenses		22,543		7,636
Salaries and benefits		19,628		19,091
Accrued administrative expenses		15,491		12,517
Maintenance deposits		3,825		5,933
Deferred revenue from V Club membership		3,707		4,967
Information and communication accrued expenses		3,224		2,979
Supplier services agreement		1,449		2,262
Others		473		408
Benefits from suppliers		279		270
Advances from travel agencies		-		53
	US$	162,763	US$	186,572

b) Non-current accrued liabilities as of December 31, 2023 and 2022 is as follows:

	2023		2022	
Supplier services agreement	US$	12,964	US$	12,914
Other		551		369
	US$	13,515	US$	13,283

16. Other liabilities

	Balance as of January 1, 2023		Increase for the year		Payments		Balance as of December 31, 2023	
Aircraft and engine lease return obligation (Note 1s and 2i)	US$	249,466	US$	104,831	US$	(67,089)	US$	287,208
Employee profit sharing (Note 17)		386		1,481		(367)		1,500
	US$	249,852	US$	106,312	US$	(67,456)	US$	288,708
Current maturities							US$	2,303
Non-current							US$	286,405

	Balance as of January 1, 2022		Increase for the year		Payments		Balance as of December 31, 2022	
Aircraft and engine lease return obligation (Note 1s and 2i)	US$	188,879	US$	94,815	US$	(34,228)	US$	249,466
Employee profit sharing (Note 17)		12,686		136		(12,436)		386
	US$	201,565	US$	94,951	US$	(46,664)	US$	249,852
Current maturities							US$	5,398
Non-current							US$	244,454

During the year ended December 31, 2023 cancellations or write-offs related to these liabilities were recorded by an amount of US$19,810. During the year ended December 31, 2022 no cancellations or write-offs related to these liabilities were recorded.

(In thousands of U.S. dollars, except when indicated otherwise)

17. Employee benefits

The components of net period cost recognized in the consolidated statement of operations and the obligations for seniority premium for the years ended December 31, 2023, 2022 and 2021, are as follows:

	2023		2022		2021	
Analysis of net period cost:						
Current service cost	US$	2,187	US$	6,518	US$	425
Interest cost on benefit obligation		1,109		692		127
Net period cost	US$	3,296	US$	7,210	US$	552

Changes in the defined benefit obligation are as follows:

	2023		2022	
Defined benefit obligation as of January 1,	US$	10,987	US$	3,968
Net period cost charged to profit or loss:				
Current service cost		2,187		6,518
Interest cost on benefit obligation		1,109		692
Remeasurement losses in other comprehensive income:				
Actuarial changes arising from changes in assumptions		107		(253)
Payments made		(1,321)		(179)
Conversion effect foreign currency		1,575		241
Defined benefit obligation as of December 31,	US$	14,644	US$	10,987

The significant assumptions used in the computation of the seniority premium obligations are shown below:

	2023	2022
Financial:		
Discount rate	9.69%	9.21%
Expected rate of salary increases	5.60%	5.50%
Annual increase in minimum salary	3.75%[(1) (3)]	19.00/4.00%[(2) (3)]

Biometric:

Mortality[(4)]	EMSSA 09, CEPAL* 2010 EL SALVADOR, CEPAL*2010 COSTA RICA	EMSSA 09, CEPAL* 2010 EL SALVADOR, CEPAL*2010 COSTA RICA
Disability[(5)]	IMSS-97	IMSS-97

(1) 3.75% applies to the General Zone and Border Zone in Mexico.
(2) 19.00% applies to the General Zone and 4.00% to the Border Zone in Mexico.
(3) Border Zone, is made up of the states that border with the United States and the General Zone is made up by the rest states of the country.
(4) Mexican Experience of social security (EMSSA), Economic Commission for Latin America and the Caribbean (CEPAL for its Spanish acronym).
(5) Mexican Experience of *Instituto Mexicano del Seguro Social* (IMSS).

As of December 31, 2023, and 2022 the accruals related to employee profit sharing which is included as part of short-term other liabilities caption, are as follows:

	2023		2022	
Employee profit-sharing (Note 16)	US$	1,500	US$	386

Sensitivity analysis

A reasonably possible variation at the date of the report, in one of the most significant actuarial assumptions, and assuming that the rest of the variables had remained constant, would have affected the benefit obligations defined as of December 31, 2023 in the amounts shown below:

		Present value of the defined benefit obligation (In thousands of U.S. dollars)			
Assumptions		Increase		Decrease	
Discount rate:	50 basis points	US$	13,907	US$	15,450
Statutory minimum wage increase rate:	50 basis points	US$	14,928	US$	14,380
Salary increase rate:	50 basis points	US$	15,196	US$	14,135

18. Share-based payments

a) LTRP

On November 6, 2014, the shareholders of the Company and the shareholders of its subsidiary Servicios Corporativos, approved an amendment to the current LTRP for the benefit of certain key employees, based on the recommendations of the Board of Directors of the Company at its meetings held on July 24 and August 29, 2014. For such purposes on November 10, 2014 an irrevocable Administrative Trust was created by Servicios Corporativos and the key employees. The new plan was restructured and named LTIP, which consists of a share purchase plan (equity-settled transaction) and SARs plan (cash settled).

On October 18, 2018, the Board of Directors of the Company approved a new long-term retention plan LTRP for certain executives of the Company, through which the beneficiaries of the plan, will receive shares of the Company once the service conditions are met. This plan does not include cash compensations granted through appreciation rights on the Company's shares. The retention plans granted in previous periods under LTRP will continue in full force and effect until their respective due dates and the cash compensation derived from them will be settled according to the conditions established in each plan.

b) LTIP

- Share purchase plan (equity-settled)

Under the share purchase plan (equity- settled), in November 2014 certain key employees of the Company were granted with a special bonus by an amount of Ps.10,831 (US$797 as of November 11, 2014 based on an exchange rate of Ps.13.58 to US$1), to be used to purchase Company's shares. The plan consisted in:

(i) Servicios Corporativos, Controladora and Concesionaria granted a bonus to each key executive;

(ii) The bonus amount by Ps.7,059 (US$520 as of November 11, 2014 based on an exchange rate of Ps.13.58 to US$1), net of withheld taxes, was transferred on November 11, 2014, as per the written instructions of each key employees, to the Administrative Trust for the acquisition of Series A shares of the Company through an intermediary authorized by the BMV based on the Administration Trust's Technical Committee instructions;

(iii) Subject to specified terms and conditions set forth in the Administrative Trust, the acquired shares were in escrow under the Administrative Trust for its administration until the vesting period date for each key executive, date as of which the key executive can fully dispose of the shares and instruct as desired.

(iv) The share purchase plan provides that if the terms and conditions are not met by the vesting period date, then the shares would be sold in the BMV, and Servicios Corporativos, Controladora or Concesionaria would be entitled to receive the proceeds of the sale of shares.

(v) The key employees' account balance will be tracked by the Administrative Trust. The Administrative Trust's objectives are to acquire Series A shares on behalf of the key employees and to manage the shares granted to such key executive based on instructions set forth by the Technical Committee.

As the Administrative Trust is controlled and therefore consolidated by Controladora, shares purchased in the market and held within the Administrative Trust are presented for accounting purposes as treasury shares in the consolidated statement of changes in equity.

In November 2023, 2022 and 2021, the extensions to the LTIP were approved by the Company's shareholder's and the Company's Board of Directors. The total cost of the extensions approved were US$5,708 (US$3,711 net of withheld taxes), US$5,703 (US$3,707 net of withheld taxes) and US$5,086 (US$3,307 net of withheld taxes) in 2023, 2022 and 2021, respectively. Under the terms of the incentive plan, certain key employees of the Company were granted a special bonus that was transferred to the Administrative Trust for the acquisition of Series A shares of the Company.

(In thousands of U.S. dollars, except when indicated otherwise)

As of December 31, 2023 and 2022, the number of shares into the Administrative Trust associated with the Company's share purchase payment plans is as follows:

	Number of Series A shares
Outstanding as of December 31, 2021	4,490,421
Purchased during the year	4,354,473
Granted during the year	-
Exercised/vested during the year	(2,161,968)
Forfeited during the year	(103,712)
Outstanding as of December 31, 2022	6,579,214[1]
Purchased during the year	**5,847,018**
Exercised/vested during the year	**(2,932,479)**
Forfeited during the year	**(330,453)**
Outstanding as of December 31, 2023	**9,163,300[1]**

[1] These shares are presented as treasury shares in the consolidated statement of financial position as of December 31, 2023 and 2022.

The vesting period of the shares granted under the Company's share purchase plans is as follows:

Number of Series A shares	Vesting period
3,880,683	November 2024
3,333,601	November 2025
1,949,016	November 2026
9,163,300	

In accordance with IFRS 2, the share purchase plans are classified as equity-settled transactions on the grant date. This valuation is the result of multiplying the total number of Series A shares deposited in the Administrative Trust and the price per share, plus the balance in cash deposited in the Administrative Trust.

For the years ended December 31, 2023, 2022 and 2021, the compensation expense recorded in the consolidated statement of operations amounted to US$6,048, US$5,074 and US$4,410, respectively.

During 2023, 2022 and 2021, some key employees left the Company; therefore, the vesting conditions were not fulfilled. In accordance with the terms of the plan, Servicios Corporativos is entitled to receive the proceeds of the sale of such shares, the number of forfeited shares as of December 31, 2023, 2022 and 2021, were 330,453, 103,712 and 551,732, respectively.

c) MIP

- MIP I

In April 2012, the Board of Directors authorized a MIP for the benefit of certain key employees, subject to shareholders' approval. On December 21, 2012, the shareholders approved the MIP consisting of: (i) the issuance of an aggregate of 25,164,126 Series A and Series B shares, representing 3.0% of the Company's fully diluted capital stock; (ii) a grant of options to acquire shares of the Company or CPOs having shares as underlying securities for which, as long as certain conditions occur, the employees will have the right to request the delivery of those shares (iii) the creation of an Administrative Trust to deposit such shares in escrow until they are delivered to the officers or returned to the Company in the case that certain conditions do not occur; and (iv) the execution of share sale agreements setting forth the terms and conditions upon which the officers may exercise its shares at Ps.5.31 (five Mexican pesos 31/100) per share.

On December 24, 2012, the Administrative Trust was created, and the share sale agreements were executed. On December 27, 2012, the trust borrowed Ps.133,723 (US$10,305 as of December 27, 2012 based on an exchange rate of Ps. 12.97 to US$1) from the Company and immediately after; the trust paid the Company the same amount borrowed as purchase price for the shares.

The share sale agreements provide that the officers may pay for the shares at the same price upon the occurrence of either an initial public offering of the Company's capital stock or a change of control and as long as they remain employees until the options are exercised, with a maximum term of ten years. Upon payment of the shares by the officers to the Management Trust, it must pay such amount back to the Company as repayment of the loan, for which the Company charges no interest.

The MIP has been classified as equity-settled, by which, the grant date, fair value is fixed and is not adjusted by subsequent changes in the fair value of capital instruments. Equity-settled transactions are measured at fair value at the date the equity benefits are conditionally granted to employees. The total cost of the MIP determined by the Company was Ps.2,722 (US$213 as of December 24, 2012 based on an exchange rate of Ps.12.77 to US$1) to be recognized from the time it becomes probable the performance condition will be met over the vesting period. Total cost of the MIP related to the vested shares has been fully recognized in the consolidated statements of operations during the vesting years.

This cost was determined by using the improved Binomial valuation model from Hull and White, on the date in which the plan had already been approved by the shareholders and a shared understanding of the terms and conditions of the plan was reached with the employees (December 24, 2012, defined as the grant date), with the following assumptions:

	2012
Dividend yield (%)	0.00%
Volatility (%)	37.00%
Risk–free interest rate (%)	5.96%
Expected life of share options (years)	8.8
Exercise share price (in Mexican pesos Ps.)	5.31
Exercise multiple	1.1
Fair value of the stock at grant date	1.73

The expected volatility reflects the assumption that the historical volatility of comparable companies is indicative of future trends, which may not necessarily be the actual outcome. Under the methodology followed by the Company, at the grant date and December 31, 2012, the granted shares had no positive intrinsic value.

For the year ended December 31, 2021, the key employees exercised 7,653,981 Series A shares. As a result, the key employees paid to the Management Trust Ps.40,668 (US$1,976) corresponding to the exercised shares for the year ended December 31, 2021.

Thereafter, the Company has received from the Management Trust the payment related to the exercised shares by the key employees as a repayment of the loan between the Company and the Management Trust.

Movements in share options

The following table illustrates the number of shares options and fixed exercise prices during the year 2021.

	Number of share options		Exercise price in Mexican pesos		Total in thousands of Mexican pesos
Outstanding as of January 1st, 2021	7,653,981	Ps.	5.31	Ps.	40,668
Granted during the year	-		-		-
Forfeited during the year	-		-		-
Exercised during the year	(7,653,981)		5.31		(40,668)
Outstanding as of December 31, 2021	-	Ps.	-	Ps.	-

As of December 31, 2021 all the share options were exercised.

On August 9, 2022, the Irrevocable Trust number F-307750 with HSBC Mexico S.A., Institución de Banca Múltiple, were terminated through payment of the outstanding amounts.

- **MIP II**

On February 19, 2016, the Board of Directors of the Company authorized an extension to the MIP for certain key employees. Such extension was modified on November 6, 2016. Under MIP II, 13,536,960 share appreciation rights of our Series A shares were granted to be settled annually in cash in a period of five years in accordance with the established service conditions. In addition, a five-year extension to the period in which the employees can exercise MIP II once the SARs are vested was approved.

Fair value of the SARs is measured at each reporting period using a Black-Scholes option pricing model, taking into consideration the terms and conditions granted to the employees. The amount of the cash payment is determined based on the increase in our share price between the grant date and the settlement date.

The carrying amount of the liability relating to the SARs as of December 31, 2023, and 2022 was US$1,433 and US$1,562, respectively. The compensation cost is recognized in the consolidated statement of operations under the caption of salaries and benefits over the service period.

During the years ended December 31, 2023, 2022 and 2021, the Company recorded a benefit of US$119, US$4,365 and US$2,984, respectively, in the consolidated statement of operations. During the years ended 2023, 2022 and 2021 were not exercised any SARs.

(In thousands of U.S. dollars, except when indicated otherwise)

The summary related to expense recognized for the Company's retention plans during the years 2023, 2022 and 2021 is shown in the following table:

	2023		2022		2021	
Benefit arising from cash-settled share-based payments transactions	US$	(119)	US$	(4,365)	US$	(2,984)
Expense arising from equity-settled share-based payments transactions		6,048		5,074		4,410
Total expense arising from share-based payments transactions	US$	5,929	US$	709	US$	1,426

d) Board of Directors Incentive Plan (BoDIP)

Certain members of the Board of Directors of the Company receive additional benefits through a share-based plan, which has been classified as an equity-settled share-based payment and therefore accounted under IFRS 2 "Share based payment".

In April 2018, the Board of Directors of the Company authorized a Board of Directors Incentive Plan "BoDIP", for the benefit of certain board members. The BoDIP grants options to acquire shares of the Company or CPOs during a five - year period with an exercise share price at Ps.21.14, Ps.33.80 and Ps.32.23 for the years ended 2023, 2022 and 2021, respectively, which was determined on the grant date. Under this plan, no service or performance conditions are required to the board members for exercise the option to acquire shares, and therefore, they have the right to request the delivery of those shares at the time they pay for them.

For such purposes on August 29, 2018 the Fideicomiso Irrevocable de Administración número CIB/3081 was created by Controladora Vuela Compañía de Aviación S.A.B. de C.V. as trustee and CIBanco, S.A., Institucion de Banco Multiple as trustor. The number of shares held as of December 31, 2023, 2022 and 2021 available to be exercised is 4,781,769, 5,945,417 and 4,589,726, respectively and are included in treasury shares.

In April 2023, the Company's Annual General Shareholders' Meeting modified the terms of the BoDIP. Starting in 2023, certain members of the Board of Directors receive additional benefits through a stock-based plan administered by the LTIP Trust. These benefits are delivered to the beneficiaries once the established conditions are met. As of December 31, 2023, the trustee held 370,860 shares (treasury shares). The total approved cost was US$640 (US$452 net of withheld taxes).

19. Equity

As of December 31, 2023, the total number of the Company's authorized shares was 1,165,976,677; represented by common registered shares, issued and with no par value, fully subscribed and paid, comprised as follows:

	Shares		
	Fixed Class I	Variable Class II	Total shares
Series A shares[1]	24,180	1,165,952,497	1,165,976,677
Series B shares[1]	-	-	-
	24,180	1,165,952,497	1,165,976,677
Treasury shares (Note 18)	-	(14,525,694)	(14,525,694)[1]
	24,180	1,151,426,803	1,151,450,983

[1] During the year ended December 31, 2023, a total of 330,453 forfeited shares have been included as part of treasury shares.

As of December 31, 2022, the total number of the Company's authorized shares was 1,165,976,677; represented by common registered shares, issued and with no par value, fully subscribed and paid, comprised as follows:

	Shares		
	Fixed Class I	Variable Class II	Total shares
Series A shares [1]	10,478	1,108,452,326	1,108,462,804
Series B shares [1]	13,702	57,500,171	57,513,873
	24,180	1,165,952,497	1,165,976,677
Treasury shares (Note 18)	-	(13,452,393)	(13,452,393)[1]
	24,180	1,152,500,104	1,152,524,284

[1] During the year ended December 31, 2022, a total of 103,712 forfeited shares have been included as part of treasury shares.

On November 22, 2023, the holders of all of the 57,513,873 outstanding Series B shares of the Company concluded the conversion of all Series B Shares into 57,513,873 Series A Shares represented by Ordinary Participation Certificates in the form of the corresponding American Depositary Shares.

All shares representing the Company's capital stock, either Series A shares or Series B shares, grant the holders the same economic rights and there are no preferences and/or restrictions attaching to any class of shares on the distribution of dividends and the repayment of capital. Holders of the Company's Series A common stock and Series B common stock are entitled to dividends when, and if, declared by a shareholders' resolution. The Company's revolving line of credit with Santander and Bancomext limits the Company's ability to declare and pay dividends if the Company fails to comply with the payment terms thereunder. Only Series A shares from the Company are listed.

During the years ended December 31, 2023, 2022 and 2021 the Company did not declare any dividends.

In accordance with the Mexican Corporations Act, the Company is required to allocate at least 5% of the net income of each year to increase the legal reserve. This practice must be continued until the legal reserve reaches 20% of capital stock. As of December 31, 2023, 2022 and 2021, the Company's legal reserve was US$17,363, or 7%, respectively of our capital stock.

For the years ended December 31, 2023, 2022 and 2021, the Company did not allocate any amount to the legal reserve fund. As of December 31, 2023, 2022 and 2021 the Company's legal reserve has not reached the 20% of its capital stock.

Any distribution of earnings in excess of the net tax profit account *Cuenta de Utilidad Fiscal Neta* ("CUFIN") balance will be subject to corporate income tax, payable by the Company, at the enacted income tax rate at that time. A 10% withholding tax is imposed on dividends distributions to individuals and foreign shareholders from earnings generated starting January 1, 2014. Dividends paid will be free of Income taxes if they come from the ("CUFIN"). Dividends that exceed the ("CUFIN") and of the *Cuenta de Utilidad Fiscal Reinvertida* ("CUFINRE") will cause a tax equivalent to 42.86%.

Shareholders may contribute certain amounts for future increases in capital stock, either in the fixed or variable capital. Said contributions will be kept in a special account until the shareholders meeting authorizes an increase in the capital stock of the Company, at which time each shareholder will have a preferential right to subscribe and pay the increase with the contributions previously made. As it is not strictly regulated in Mexican law, the shareholders meeting may agree to return the contributions to the shareholders or even set a term in which the increase in the capital stock must be authorized. As of December 31, 2023 and 2022, the Company had balance of US$0.1 and US$0.1, respectively.

a) Earnings (loss) per share

Basic earnings (loss) per share ("EPS" or "LPS") amounts are calculated by dividing the net earnings (loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS (LPS) amounts are calculated by dividing the earnings (loss) attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares, if any), by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares (to the extent that their effect is dilutive).

The following table shows the calculations of the basic and diluted earnings income (loss) per share for the years ended December 31, 2023, 2022 and 2021.

	As of December 31,					
		2023		2022		2021
Net income (loss) for the period	US$	7,819	US$	(80,224)	US$	106,453
Weighted average number of shares outstanding (in thousands):						
Basic		1,152,609		1,155,030		1,152,256
Diluted		1,165,451		1,165,135		1,165,612
EPS – LPS:						
Basic	US$	0.007	US$	(0.069)	US$	0.092
Diluted	US$	0.007	US$	(0.069)	US$	0.091

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorization of these financial statements.

20. Income tax

a) In accordance with the MITL, the Company and its Mexican subsidiaries are subject to income tax and each files its tax returns on an individual entity basis and the related tax results are included in the accompanying consolidated financial statements. The income tax is computed taking into consideration the taxable and deductible effects of inflation, such as depreciation calculated on adjusted assets values. Taxable income is increased or reduced by the effects of inflation on certain monetary assets and liabilities through the annual inflation adjustment.

(i) Based on the approved law, corporate income tax current rate for 2023, 2022 and 2021 and thereafter is 30%.

(ii) The tax rules include limits in the deductions of the exempt compensation amount certain items, as follows: Wages and benefits paid to workers 47% of income paid to workers and in certain cases up to 53% (holiday bonus, savings fund, employee profit sharing, seniority premiums) will be deductible for employers. As a result, certain wage and salary provisions have difference between tax and book values at year-end.

(iii) The MITL sets forth criteria and limits for applying some deductions, such as: the deduction of payments which, in turn, are exempt income for workers, contributions for creating or increasing provisions for pension funds, contributions to the Mexican Institute of Social Security payable by the worker that are paid by the employer, as well as the possible non-deduction of payments made to related parties in the event of failing to meet certain requirements.

(In thousands of U.S. dollars, except when indicated otherwise)

(iv) Taxable income for purposes of the employee profit sharing is the same used for the Corporate Income Tax except for certain items.

(v) A 10% withholding tax is imposed on dividends distributions to individuals and foreign shareholders from earnings generated starting January 1, 2014.

The income tax rates for 2023, 2022 and 2021 were in Guatemala 25%, Costa Rica 30% and El Salvador 30%.

b) For the years ended December 31, 2023, 2022 and 2021, the Company reported on a consolidated basis taxable income of US$59,984, US$53,293 and US$59,472, respectively, which was partially offset by tax losses from prior years.

In accordance with the MITL and Costa Rican Income Tax Law (CRITL), tax losses may be carried forward against taxable income generated in the succeeding ten and three years, respectively. Carryforward tax losses are adjusted based on inflation.

In accordance with Guatemala Income Tax Law (GITL) and El Salvador Income Tax Law (ESITL), tax losses cannot be carried forward against taxable income generated.

c) An analysis of consolidated income tax expense for the years ended December 31, 2023, 2022 and 2021 is as follows:

Consolidated statements of operations

		2023		2022		2021
Current income tax expense	US$	(21,939)	US$	(15,456)	US$	(17,903)
Deferred income tax benefit (expense)		22,316		67,595		(12,670)[(1)]
Total income tax benefit (expense)	US$	377	US$	52,139	US$	(30,573)

[(1)] Includes translation effect by US$(118)

Consolidated statements of comprehensive income

		2023		2022		2021
Deferred income tax related to items recognized in OCI during the year						
Net gain (loss) cash flow hedges	US$	362	US$	(80)		(274)
Remeasurement gain (loss) of employee benefits		32		(79)		138
Benefit (expense) deferred income tax recognized in OCI	US$	394	US$	(159)	US$	(136)

d) A reconciliation of the statutory corporate income tax rate to the Company's effective tax rate for financial reporting purposes is as follows:

The Company´s effective income tax reconciliation using domestic tax rate

		2023	%		2022	%		2021	%
Statutory income tax rate	US$	2,233	30.00%	US$	(39,709)	30.00%	US$	41,108	30.00%
Amendment tax return effects and other tax adjustments		7,074	95.05%		1,242	(0.94%)		(29)	(0.02%)
Inflation on furniture, intangible and equipment		(1,370)	(18.41%)		(309)	0.23%		(2,323)	(1.70%)
Inflation of tax losses		(6,734)	(90.48%)		(4,335)	3.28%		(1,971)	(1.44%)
Foreign countries difference with Mexican statutory rate		21	0.28%		(9)	0.00%		124	0.10%
Annual inflation adjustment		(3,262)	(43.83%)		(11,200)	8.46%		(7,971)	(5.82%)
Effect of unrecognized (recognized) NOLs		3,030	40.71%		7	0.00%		(434)	(0.32%)
Non-deductible expenses		26,132	351.15%		7,695	(5.81%)		2,069	1.51%
Difference in Foreign Exchange losses for tax purposes		(27,501)	(369.53%)		(5,521)	4.17%		-	-
	US$	(377)	(5.06%)	US$	(52,139)	39.39%	US$	30,573	22.31%

Mexican income tax matters

For Mexican purposes, corporate income tax is computed on accrued basis. MITL requires taxable profit to be determined by considering revenue net of tax deductions. Prior years tax losses can be utilized to offset current year taxable income. Income tax is determined by applying the 30% rate on the net amount after tax losses utilization. For tax purposes, income is considered taxable at the earlier of: (i) the time the revenue is collected, (ii) the service is provided or (iii) the time of the issuance of the invoice. Expenses are deductible for tax purposes generally on accrual basis, with some exceptions, once the requirements established in the tax law are fulfilled.

(In thousands of U.S. dollars, except when indicated otherwise)

Central America (Guatemala, Costa Rica and El Salvador)

According to "GITL", under the regime on profits from business activities, net operating losses cannot offset taxable income in prior or future years. For the years ended December 31, 2023, 2022 and 2021, our subsidiary in Guatemala generated tax profit (loss) of US$623, US$(10) and US$(32), respectively.

According to "CRITL", under the regime on profits from business activities, tax losses can offset taxable income in a term of three years. For the years ended December 31, 2023 and 2021, our subsidiary in Costa Rica generated net operating loss for an amount of US$9,503 and US$5,947, respectively, for which no deferred tax asset has been recognized. For the year ended December 31, 2022, our subsidiary in Costa Rica generated net operating gain for an amount of US$3,869.

According to "ESITL", under the regime on profits from business activities, net operating losses cannot offset taxable income in prior or future years. For the years ended December 31, 2023 and 2022, our subsidiary in El Salvador generated net operating gain for an amount of US$3,245 and US$17,078, respectively. For the year ended December 31, 2021, our subsidiary in El Salvador generated net operating losses for an amount of US$2,601.

e) An analysis of consolidated deferred taxes is as follows:

	For the years ended December 31,			
	2023		2022	
Deferred income tax assets:				
Lease liability	US$	899,011	US$	755,855
Unearned transportation revenue		13,392		58,010
Aircraft and engine lease return obligation		86,696		77,007
Tax losses available for offsetting against future taxable income		39,360		38,387
Intangible		23,190		29,687
Allowance for doubtful accounts		411		4,854
Other financing agreements		45,919		-
Employee benefits		4,220		2,486
Employee profit sharing		375		134
Derivative financial instruments		121		-
Provisions		52,848		-
		1,165,543		966,420

	For the years ended December 31,			
	2023		2022	
Deferred income tax liabilities:				
Right of use asset		735,092		571,521
Supplemental rent		72,521		55,479
Rotable spare parts, furniture and equipment, net		120,846		120,561
Provisions		-		7,345
Inventories		4,835		4,594
Other prepayments		2,602		376
Derivative Financial instruments		-		33
Prepaid expenses and other assets		9,331		8,963
		945,227		768,872
	US$	220,316	US$	197,548

As of December 31, 2023 and 2022 the amount of deferred income tax as follows:

	2023		2022	
Deferred income tax assets	US$	236,026	US$	208,010
Deferred income tax liabilities		(15,710)		(10,462)
Deferred income tax assets, net	US$	220,316	US$	197,548

(In thousands of U.S. dollars, except when indicated otherwise)

A reconciliation of deferred income tax asset, net is as follows:

	2023		2022	
Opening balance as of January 1,	US$	197,548	US$	130,081
Deferred income tax benefit during the current year recorded on profits		22,316		67,595
Deferred income tax benefit (expense) during the current year recorded in accumulated other comprehensive loss		394		(159)
Conversion effects		58		31
Closing balance as of December 31,	US$	220,316	US$	197,548

According to IAS 12, *Income Taxes*, a deferred income tax asset should be recognized for the carry-forward of available tax losses to the extent that it is probable that future taxable income will be available against which the available tax losses can be utilized. In these regards, the Company has recognized as of December 31, 2023 and 2022 a deferred tax asset for tax losses of US$39,360 and US$38,387, respectively.

An analysis of the available tax losses carry-forward of the Company at December 31, 2023 is as follows:

Year of loss	Historical Loss		Adjusted losses		Amortized losses		Amount outstanding to amortize		Year of expiration
2019	US$	291	US$	356	US$	249	US$	107	2029
2020		3,345		3,871		799		3,072	2030
2021		670		780		-		780	2031
2022		127,127		136,393		14,477		121,916	2032
2022		6,025		6,025		699		5,326	2025
2023		9,504		9,504		-		9,504	2026
	US$	146,962	US$	156,929	US$	16,224	US$	140,705	

During the years ended December 31, 2023 and 2022 the Company utilized US$15,452 and US$4,035 of the available tax loss carry-forwards, respectively.

A breakdown of available tax loss carry-forward of Controladora and its subsidiaries as of December 31, 2023, is as follows:

	Historical Loss		Adjusted losses		Amortized losses		Total amount outstanding to amortize	
Concesionaria	US$	126,855	US$	136,100	US$	14,477	US$	121,623
Vuela Aviación		15,529		15,529		699		14,830
Comercializadora		3,202		3,897		249		3,648
Viajes Vuela		1,376		1,403		799		604
	US$	146,962	US$	156,929	US$	16,224	US$	140,705
Unrecognized Net								
Operating Losses (NOLs)								(9,504)
							US$	131,201
Tax rate								30%
Deferred income tax							US$	39,360

The temporary differences associated with investments in the Company's subsidiaries, for which a deferred tax liability has not been recognized in the periods presented, aggregate in 2023 was US$7,833 (2022 US$7,143). The Company has determined that the undistributed profits of its subsidiaries will not be distributed in the foreseeable future. The Company has an agreement with its associate that the profits of the associate will not be distributed until it obtains the consent of the Company. The Company does not anticipate giving such consent at the reporting date. Furthermore, the Group will not distribute its profits until it obtains the consent of all venture partners.

f) At December 31, 2023 the Company had the following tax balances:

	2023	
(Cuenta de capital de aportación "CUCA")	US$	330,378
(Cuenta de Utilidad Fiscal Neta "CUFIN")[1]		260,187

[1] The calculation comprises all the subsidiaries of the Company.

(In thousands of U.S. dollars, except when indicated otherwise)

As of December 31, 2023, the Company has tax proceedings regarding uncertain tax positions by an amount of about US$76 million, associated to the deductibility of certain Company expenses during 2013, 2014 and 2015. The Company has filed legal administrative procedures. Volaris considers that has solid arguments to believe that it will not have adverse effects as such no adjustments have been considered. Nonetheless, until all stages in the procedures are exhausted in each proceeding, the Company cannot assure the achievement of a final favorable resolution.

21. Operating Revenues

For the years ended December 31, 2023, 2022 and 2021, the revenues from contracts with customers is described as follows:

Revenue recognition for the year ended	At the flight time		At the sale		
December 31, 2023	Domestic	International	Domestic	International	Total Revenues
Passenger Revenues					
Fare Revenues	US$ 1,027,699	US$ 622,588	US$ -	US$ -	US$ 1,650,287
Other Passenger Revenues	901,331	551,075	12,964	7,867	1,473,237
	1,929,030	1,173,663	12,964	7,867	3,123,524
Non-Passenger Revenues					
Other Non-Passenger revenues	114,318	1,106	-	-	115,424
Cargo	4,432	15,593	-	-	20,025
Total	US$ 2,047,780	US$ 1,190,362	US$ 12,964	US$ 7,867	US$ 3,258,973

Revenue recognition for the year ended	At the flight time		At the sale		
December 31, 2022	Domestic	International	Domestic	International	Total Revenues
Passenger Revenues					
Fare Revenues	US$ 1,097,480	US$ 563,696	US$ -	US$ -	US$ 1,661,176
Other Passenger Revenues	695,602	365,243	11,403	6,003	1,078,251
	1,793,082	928,939	11,403	6,003	2,739,427
Non-Passenger Revenues					
Other Non-Passenger revenues	92,088	889	-	-	92,977
Cargo	13,171	1,615	-	-	14,786
Total	US$ 1,898,341	US$ 931,443	US$ 11,403	US$ 6,003	US$ 2,847,190

Revenue recognition for the year ended	At the flight time		At the sale		
December 31, 2021	Domestic	International	Domestic	International	Total Revenues
Passenger Revenues					
Fare Revenues	US$ 860,143	US$ 405,837	US$ -	US$ -	US$ 1,265,980
Other Passenger Revenues	707,368	151,261	6,700	1,615	866,944
	1,567,511	557,098	6,700	1,615	2,132,924
Non-Passenger Revenues					
Other Non-Passenger revenues	76,306	566	-	-	76,872
Cargo	11,410	472	-	-	11,882
Total	US$ 1,655,227	US$ 558,136	US$ 6,700	US$ 1,615	US$ 2,221,678
Non-derivative financial instruments					(21,378)
					US$ 2,200,300

(In thousands of U.S. dollars, except when indicated otherwise)

Transactions from unearned transportation revenues

		2023		2022
January 1,	US$	346,469	US$	303,982
Deferred		3,120,455		2,781,914
Recognized in revenue during the year		(3,123,524)		(2,739,427)
December 31,	US$	343,400	US$	346,469

The performance obligations related to contract liability are recognized over the following 12 months and are related to the scheduled flights and other passenger services purchased by the client in advance.

22. Other operating income and expenses

An analysis of other operating income is as follows:

		2023		2022		2021
Gain on sale and leaseback (Note 12)	US$	8,275	US$	21,193	US$	9,668
Gain (loss) on sale of rotable spare parts, furniture and equipment and others		3,540		(1,645)		(122)
Other income		42,895		5,518		1,212
	US$	54,710	US$	25,066	US$	10,758

An analysis of other operating expenses is as follows:

		2023		2022		2021
Administrative and operational support expenses	US$	110,556	US$	49,431	US$	37,042
Technology and communications		29,651		25,708		21,296
Others		17,996		15,756		92
Passenger services		5,930		5,116		3,675
Insurance		5,731		6,574		3,753
	US$	169,864	US$	102,585	US$	65,858

23. Finance income and cost

An analysis of finance income is as follows:

		2023		2022		2021
Interest on cash and equivalents	US$	32,461	US$	12,036	US$	2,872
Interest on recovery of guarantee deposits		4,611		155		379
Interest on cash and equivalents held in the trust CIB/3249		1,150		711		280
	US$	38,222	US$	12,902	US$	3,531

An analysis of finance cost is as follows:

		2023		2022		2021
Interest expense on lease liabilities and aircraft and engine lease return obligation	US$	191,967	US$	174,769	US$	128,159
Interest on asset backed trust notes		16,969		12,049		5,672
Cost of letter credit notes		5,477		4,131		3,025
Interest on debts and borrowings[1]		2,851		533		703
Other finance costs		1,153		584		1,589
Derivative financial instruments loss		579		161		-
Bank fees and others		347		308		226
	US$	219,343	US$	192,535	US$	139,374

[1] The borrowing costs related to the construction of qualifying assets are capitalized as part of the cost of the asset (Note 12). Interest expense not capitalized is related to the short-term working capital facility.

		2023		2022		2021
Interest on debts and borrowings	US$	24,752	US$	8,448	US$	7,801
Capitalized interest (Note 12)		(21,901)		(7,915)		(7,098)
Net interest on debts and borrowing in the consolidated statements of operations	US$	2,851	US$	533	US$	703

24. Components of accumulated other comprehensive loss

a. An analysis of the accumulated other comprehensive loss for the years ended December 31, 2023 and 2022 is as follows:

		Remeasurements of employee benefits		Derivative and non-derivative financial instruments		Exchange differences on the translation of foreign		Total
Other comprehensive loss:								
Net balances as of December 31, 2021	US$	(721)	US$	(365)	US$	(148,124)	US$	(149,210)
Comprehensive income of the year		253		336		3,471		4,060
Expense income tax deferred		(79)		(80)		-		(159)
Balances as of December 31, 2022		(547)		(109)		(144,653)		(145,309)
Comprehensive (loss) income of the year		**(107)**		**(1,175)**		**749**		**(533)**
Benefit income tax deferred		**32**		**362**		**-**		**394**
Net balances as of December 31, 2023	**US$**	**(622)**	**US$**	**(922)**	**US$**	**(143,904)**	**US$**	**(145,448)**

b. An analysis of the effects of the derivative and non- derivative financial instruments in other comprehensive (loss) income for the years ended December 31, 2023, 2022 and 2021 is as follows:

	2023		2022		2021	
Derivative and non- derivative financial instruments:						
Extrinsic value of changes on jet fuel Asian call options	US$	-	US$	-	US$	601
Extrinsic value of changes on jet fuel Zero cost collars		-		-		484
(Loss) income of the interest rate Cap		(1,175)		336		(128)
		(1,175)		336		957
Non derivative financial instruments[(1)]		-		-		79,076
Total	US$	(1,175)	US$	336	US$	80,033

[(1)] As of December 31, 2021, includes the effect of the discontinuation of the hedging strategies by US$109 million as described in Note 3b (i).

25. Commitments and contingencies

Aircraft related commitments and financing arrangements

Committed expenditures for aircraft purchase and related flight equipment related to the Airbus purchase agreement, including estimated amounts for contractual prices escalations and pre-delivery payments, will be as follows:

	Commitment expenditures in thousands of U.S. dollars	
2024	US$	280,818
2025		711,112
2026		1,408,871
2027		1,123,329
2028 and thereafter		3,065,774
	US$	**6,589,904**

All aircraft acquired by the Company through the Airbus purchase agreement through December 31, 2023, have been executed through sale and leaseback transactions.

In addition, we have commitments to execute sale and leaseback over the next two years. The estimated proceeds from these commitments are as follows:

	Aircraft sale prices estimated in thousands of U.S. dollars	
2024	US$	626,500
2025		821,000
	US$	**1,447,500**

For future aircraft deliveries the Company will review the lease and financing structure applicable based on the then current market conditions.

The future lease payments for these non-cancellable sale and leaseback contracts are as follows:

	Aircraft leases in thousands of U.S. dollars	
2024	US$	19,440
2025		84,730
2026		96,869
2027		96,869
2028 and thereafter		864,521
	US$	**1,162,429**

Purchase of additional A320 New Engine Option ("NEO") family aircraft

On December 28, 2017, the Company amended the agreement with Airbus, S.A.S. ("Airbus") for the purchase of additional 80 A320NEO family aircraft to be delivered from 2022 to 2026, which was further amended in July 2020 to reschedule the deliveries between 2023 and 2028. Additionally, in November 2021 the Company entered into a new amendment to the referred agreement to purchase 39 additional A320 New Engine Option ("NEO") Family Aircraft to be delivered between 2023 and 2029, in addition to the acquisition of these 39 aircraft, the Company exercised its rights under the purchase agreement with Airbus to convert 19 aircraft from A320NEO to A321neo aircraft of its current order, all to support the Company's targeted growth markets in Mexico, United States, Central America and South America.

On October 10th, 2022, the Company executed an amendment to our existing Airbus purchase agreement for the purchase of 25 A32NEO aircraft, all to be delivered in 2030.

Litigation

The Company is a party to legal proceedings and claims that arise during the ordinary course of business. Certain proceedings are considered possible obligations. Based on the plaintiffs' claims, as of December 31, 2023, 2022 and 2021 these possible contingencies amount to a total of US$29.4 million (US$2.8 related to legal matters, US$6.1 related to labor matters and US$20.5 related to other contributions matters), US$7.8 million and US$8.0 million, respectively.

26. Operating segments

The Company is managed as a single business unit that provides air transportation services. The Company has two geographic segments identified below:

	2023		2022		2021	
Operating revenues:						
Domestic (Mexico)	**US$**	**2,060,744**	US$	1,909,744	US$	1,661,927
International:						
United States of America		**931,184**		758,609		509,976
Central America and South America		**267,045**		178,837		49,775
Non-derivative financial instruments		**-**		-		(21,378)
Total operating revenues	**US$**	**3,258,973**	US$	2,847,190	US$	2,200,300

Revenues are allocated by geographic segments based upon the origin-destination of each flight. The Company does not have material non-current assets located in foreign countries.

27. Subsequent events

Subsequent to December 31, 2023 and through April 8, 2024:

On March 6, 2024, the US Securities and Exchange Commission adopted final rules mandating registrants to disclose specific climate-related information. The Company is currently evaluating the potential impact of these regulations on its reporting practices.

On March 15, 2024, the Company made a second investment of US$1,367 by purchasing 109,386 shares of common stock in CleanJoule, Inc.

Global Reporting Initiative (GRI) Index

Statement of use: Volaris has reported in accordance with the GRI Standards for the period January 1, 2023 to December 31, 2023.

GRI 1 used: GRI 1: Foundation 2021

Applicable GRI Sector Standard(s): None apply.

GRI Standard	Disclosure	Location	Omission		
			Requirements Omitted	Reason	Explanation
General Disclosures					
GRI 2: General Disclosures 2021	2-1 Organizational details	Pg. 13, 14, 37			
	2-2 Entities included in the organization's sustainability reporting	Pg. 11			
	2-3 Reporting period, frequency and contact point	Pg. 11, 235			
	2-4 Restatements of information	Pg. 11, 154			
	2-5 External assurance	Pg. 11, 232			
	2-6 Activities, value chain and other business relationships	Pg. 13, 14, 80			
	2-7 Employees	Pg. 108, 122, 124	Permanent, full-time and part time employees by region.	Information unavailable/ incomplete.	Volaris only reports this information at total company level.
	2-8 Workers who are not employees			Not applicable.	Volaris does not have workers that are not employees.
	2-9 Governance structure and composition	Pg. 46, 53, 54			
	2-10 Nomination and selection of the highest governance body	Pg. 42, 45, 54			
	2-11 Chair of the highest governance body	Pg. 45			
	2-12 Role of the highest governance body in overseeing the management of impacts	Pg. 23, 24, 56			

GRI Standard	Disclosure	Location	Omission		
			Requirements Omitted	Reason	Explanation
GRI 2: General Disclosures 2021	2-13 Delegation of responsibility for managing impacts	Pg. 23, 24			
	2-14 Role of the highest governance body in sustainability reporting	Pg. 11			
	2-15 Conflicts of interest	Pg. 37, 46, 53			
	2-16 Communication of critical concerns	Pg. 55	Total number and the nature of critical concerns that were communicated to the highest governance body during the reporting period.	Confidentiality constraints.	Due to confidentially constraints Volaris does not report this information publicly.
	2-17 Collective knowledge of the highest governance body	Pg. 23			
	2-18 Evaluation of the performance of the highest governance body	Pg. 56			
	2-19 Remuneration policies	Pg. 63, 64, 65			
	2-20 Process to determine remuneration	Pg. 63, 64			
	2-21 Annual total compensation ratio		All	Confidentiality constraints.	Due to employee safety and privacy concerns, Volaris does not report this information publicly.
	2-22 Statement on sustainable development strategy	Pg. 4			
	2-23 Policy commitments	Pg. 75, 76, 77			
	2-24 Embedding policy commitments	Pg. 76, 77			
	2-25 Processes to remediate negative impacts	Pg. 78			
	2-26 Mechanisms for seeking advice and raising concerns	Pg. 78			
	2-27 Compliance with laws and regulations	Pg. 79, 147			Volaris reports only fines related to ESG matters.
	2-28 Membership associations	Pg. 79			
	2-29 Approach to stakeholder engagement	Pg. 31, 32			
	2-30 Collective bargaining agreements	Pg. 106, 107			

GRI Standard	Disclosure	Location	Omission		
			Requirements Omitted	Reason	Explanation
Material topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Pg. 25, 228			
	3-2 List of material topics	Pg. 229	b. report changes to the list of material topics compared to the previous reporting period.	Information unavailable/ incomplete.	This list is unchanged from the 2022 IAR as no new materiality assessment was conducted this year.
Regulatory Compliance					
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg. 16, 17, 66, 67, 68, 69, 79, 87, 90, 91, 93, 94, 95, 97, 101, 103, 109, 116, 121, 124, 134, 137, 140, 143, 145, 153, 154			
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Pg. 79			
GRI 417: Marketing and Labeling 2016	417-2 Incidents of non-compliance concerning product and service information and labeling	Pg. 79			
	417-3 Incidents of non-compliance concerning marketing communications	Pg. 79			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Pg. 103			
Economic Performance					
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg. 16, 17, 66, 67, 68, 69, 79, 87, 90, 91, 93, 94, 95, 97, 101, 103, 109, 116, 121, 124, 134, 137, 140, 143, 145, 153, 154			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Pg. 130, 154			
	201-4 Financial assistance received from government		All	Not applicable.	We do not receive financial support from the government.
Efficiency in the use of fuels					
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg. 16, 17, 66, 67, 68, 69, 79, 87, 90, 91, 93, 94, 95, 97, 101, 103, 109, 116, 121, 124, 134, 137, 140, 143, 145, 153, 154			

GRI Standard	Disclosure	Location	Omission		
			Requirements Omitted	Reason	Explanation
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Pg. 135, 148	b. Total fuel consumption from renewable sources. d. Total electricity, heating, cooling or steam sold.	Not applicable.	b. Volaris does not consume any renewable energy. d. We do not sell any energy.
	302-2 Energy consumption outside of the organization		All	Information unavailable/ incomplete.	Volaris does not currently track energy consumption outside our organization.
	302-3 Energy intensity	Pg. 135, 148			
	302-4 Reduction of energy consumption	Pg. 135, 140, 141, 142, 148			
	302-5 Reductions in energy requirements of products and services		All	Not applicable.	Energy reduction is tracked at an operational, not product level.
Climate change strategy/innovation and new technologies					
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg. 16, 17, 66, 67, 68, 69, 79, 87, 90, 91, 93, 94, 95, 97, 101, 103, 109, 116, 121, 124, 134, 137, 140, 143, 145, 153, 154			
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	Pg. 72, 73, 74	a. (iii.) financial implications of the risk or opportunity before action is taken.	Information unavailable/ incomplete.	Volaris has not completed a climate scenario analysis that considers specific financial impacts. We strive to integrate this into our future sustainability reporting.
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Pg. 134, 135	c. Biogenic CO_2 emissions in metric tons of CO_2 equivalent.	Not applicable.	Volaris does not track biogenic emissions sources.
	305-2 Energy indirect (Scope 2) GHG emissions	Pg. 134, 135	b. If applicable, gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO_2 equivalent.	Not applicable.	Volaris does not currently calculate market-based Scope 2 emissions as we do not use any contractual instruments such as Renewable Energy Certificates.
	305-3 Other indirect (Scope 3) GHG emissions		All	Information unavailable/ incomplete.	Volaris does not currently track its Scope 3 emissions.
	305-4 GHG emissions intensity	Pg. 136			
	305-5 Reduction of GHG emissions	Pg. 134, 136, 137, 139, 140, 141, 142, 143, 144			
	305-6 Emissions of ozone-depleting substances (ODS)		All	Not applicable.	Our operations and facilities do not generate ODS.
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		All	Information unavailable/ incomplete.	We do not currently track data related to NOx and SOx emissions.

GRI Standard	Disclosure	Location	Omission Requirements Omitted	Reason	Explanation
Talent attraction and retention					
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg. 16, 17, 66, 67, 68, 69, 79, 87, 90, 91, 93, 94, 95, 97, 101, 103, 109, 116, 121, 124, 134, 137, 140, 143, 145, 153, 154			
GRI 201: Economic Performance 2016	201-3 Defined benefit plan obligations and other retirement plans	Please see our most recent 20-F (pg. F-68, 'Employee Benefits') for information on our defined benefit obligations and other employee benefits.			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Pg. 113, 117	b. Total number and rate of employee turnover by age group.	Information unavailable/ incomplete.	Volaris does not report turnover by age group; instead, data is shown by region, gender and role.
	401-3 Parental leave	Pg. 123	a. Total number of employees that were entitled to parental leave, by gender.	Information unavailable/ incomplete.	Volaris reports only the total number of employees who took parental leave, categorized by gender; the total number of employees who returned to work during the reporting period after their parental leave ended, also categorized by gender; the total number of employees who returned to work after parental leave and were still employed 12 months later, again categorized by gender; and the return to work and retention rates of employees who took parental leave, by gender.
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Pg. 117	a. Average training hours by i. gender; ii. employee category.	Information unavailable/ incomplete.	Volaris only reports this information for FTEs.
	404-2 Programs for upgrading employee skills and transition assistance programs	Pg. 119, 120	b. Transition assistance programs.	Information unavailable/ incomplete.	Volaris does not currently disclose this information.
	404-3 Percentage of employees receiving regular performance and career development reviews	Pg. 120	All Ambassadors receive performance evaluations; the frequency may be quarterly or semiannually, depending on an Ambassador's position.		
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	Pg. 46, 110, 111, 121, 122			
	405-2 Ratio of basic salary and remuneration of women to men	Pg. 123	a. Ratios by significant locations of operation. b. The definition used for "significant locations of operation."	Information unavailable/ incomplete.	Volaris does not currently track gender pay ratios by operational location. Information is reported by employee level.

GRI Standard	Disclosure	Location	Omission: Requirements Omitted	Reason	Explanation
Occupational safety, response to the pandemic and to the new normality and biosecurity					
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg. 16, 17, 66, 67, 68, 69, 79, 87, 90, 91, 93, 94, 95, 97, 101, 103, 109, 116, 121, 124, 134, 137, 140, 143, 145, 153, 154			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Pg. 124			
	403-2 Hazard identification, risk assessment, and incident investigation	Pg. 124, 125, 126			
	403-3 Occupational health services	Pg. 124, 125, 126			
	403-4 Worker participation, consultation, and communication on occupational health and safety	Pg. 98, 124, 125, 126			
GRI 403: Occupational Health and Safety 2018	403-5 Worker training on occupational health and safety	Pg. 118			
	403-6 Promotion of worker health	Pg. 115, 126			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Pg. 124, 125, 126			
	403-8 Workers covered by an occupational health and safety management system	Pg. 123	b. Whether and, if so, why any workers have been excluded from this disclosure, including the types of worker excluded.	Not applicable.	Our OHS Policy and Program does not exclude any employees and applies to all of our Ambassadors.
	403-9 Work-related injuries	Pg. 125, 126	b. For all workers who are not employees but whose work and/or workplace is controlled by the organization: i. The number and rate of fatalities as a result of work-related injury; ii. The number and rate of high-consequence work-related injuries (excluding fatalities); iii. The number and rate of recordable work-related injuries; iv. The main types of work-related injury; v. The number of hours worked.	Not applicable.	Volaris does not have workers who are not employees.
			f. Whether and, if so, why any workers have been excluded from this disclosure, including the types of worker excluded.	Not applicable	No Ambassadors were excluded in the employee health and safety data disclosed in this report.

GRI Standard	Disclosure	Location	Omission		
			Requirements Omitted	Reason	Explanation
	403-10 Work-related ill health	Pg. 125	b. For all workers who are not employees but whose work and/or workplace is controlled by the organization: The number of fatalities as a result of work-related ill health; i. ii. The number of cases of recordable work-related ill health; iii. The main types of work-related ill health.	Not applicable.	Volaris does not have workers who are not employees.
			d. Whether and, if so, why any workers have been excluded from this disclosure, including the types of worker excluded.	Not applicable.	No Ambassadors were excluded in the employee health and safety data disclosed in this report.
Customer experience					
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg. 16, 17, 66, 67, 68, 69, 79, 87, 90, 91, 93, 94, 95, 97, 101, 103, 109, 116, 121, 124, 134, 137, 140, 143, 145, 153, 154			
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Pg. 96, 97			
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling		All	Not applicable.	Volaris does not sell consumer goods with labeling requirements.
Risk, opportunities, and crisis management					
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg. 16, 17, 66, 67, 68, 69, 79, 87, 90, 91, 93, 94, 95, 97, 101, 103, 109, 116, 121, 124, 134, 137, 140, 143, 145, 153, 154			
Ultra-low-cost business model					
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg. 16, 17, 66, 67, 68, 69, 79, 87, 90, 91, 93, 94, 95, 97, 101, 103, 109, 116, 121, 124, 134, 137, 140, 143, 145, 153, 154			
Operational efficiency					
GRI 417: Marketing and Labeling 2016	3-3 Management of material topics	Pg. 16, 17, 66, 67, 68, 69, 79, 87, 90, 91, 93, 94, 95, 97, 101, 103, 109, 116, 121, 124, 134, 137, 140, 143, 145, 153, 154			

Sustainability Accounting Standards Board (SASB) Index

Volaris Material Topic	SASB Topic	SASB Code	Accounting Metric	Report Location or Response
Occupational safety	Accident & Safety Management	TR-AL-540a.1	Description of implementation and outcomes of a Safety Management System.	Our Customers – Safety.
		TR-AL-540a.2	Number of aviation accidents.	Our Customers – Safety.
		TR-AL-540a.3	Number of governmental enforcement actions of aviation safety regulations.	In 2023, Volaris was not subject to any governmental enforcement actions of aviation safety regulations.
Compliance	Competitive Behavior	TR-AL-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations.	Our Corporate Governance – Regulatory Compliance.
Climate change strategy	Greenhouse Gas Emissions	TR-AL-110a.1	Gross global Scope 1 emissions.	Our Climate Change Strategy – Greenhouse Gas (GHG) Emissions.
		TR-AL-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets.	Our Climate Change Strategy – Greenhouse Gas (GHG) Emissions. Our Climate Change Strategy – Our Emissions Reductions Pathway and Progress.
		TR-AL-110a.3	(1) Total fuel consumed, (2) percentage alternative, (3) percentage sustainable.	(1) Our Climate Change Strategy – Greenhouse Gas (GHG) Emissions. (2-3) No alternative or sustainable fuel used in 2023.
Operational efficiency	Activity metrics	TR-AL-000.A	Available Seat Kilometers (ASK).	62,587,562,708 km.
		TR-AL-000.B	Passenger load factor.	Our Customers – Operational Efficiency.
		TR-AL-000.C	Revenue Passenger Kilometers (RPK).	Our Customers – Operational Efficiency.
		TR-AL-000.D	Revenue Ton Kilometers (RTK).	Our Customers – Operational Efficiency.
		TR-AL-000.E	Number of departures.	We Are Volaris. Our Customers – Operational Efficiency.
		TR-AL-000.F	Average age of fleet.	Our Climate Change Strategy – Fleet Renewal and Technology Upgrades.
Talent attraction and retention	Labor Practices	TR-AL-310a.1	Percentage of active workforce covered under collective bargaining agreements.	Our Ambassadors – Freedom of Association and Collective Bargaining.
		TR-AL-310a.2	(1) Number of work stoppages and (2) total days idle.	We do not disclose this information at this time. For more information on our labor relations, please refer to the Freedom of Association and Collective Bargaining section of the Our Ambassadors chapter.

ESG Materiality Assessment Methodology

GRI 3-1

Our ESG materiality analysis is used to reinforce our ESG strategy and identify relevant issues to our Company and stakeholders. The steps to identify and prioritize the priority issues were:

1 Peer benchmarking assessed eight companies identified as relevant industry peers.

2 **Analysis of sectorial and internal documents and media monitoring.** Among the most relevant were the Sustainability Yearbook 2021 - Airlines sector, SASB Standards for Transportation – Airlines and GRI Airport Operations sector disclosures.

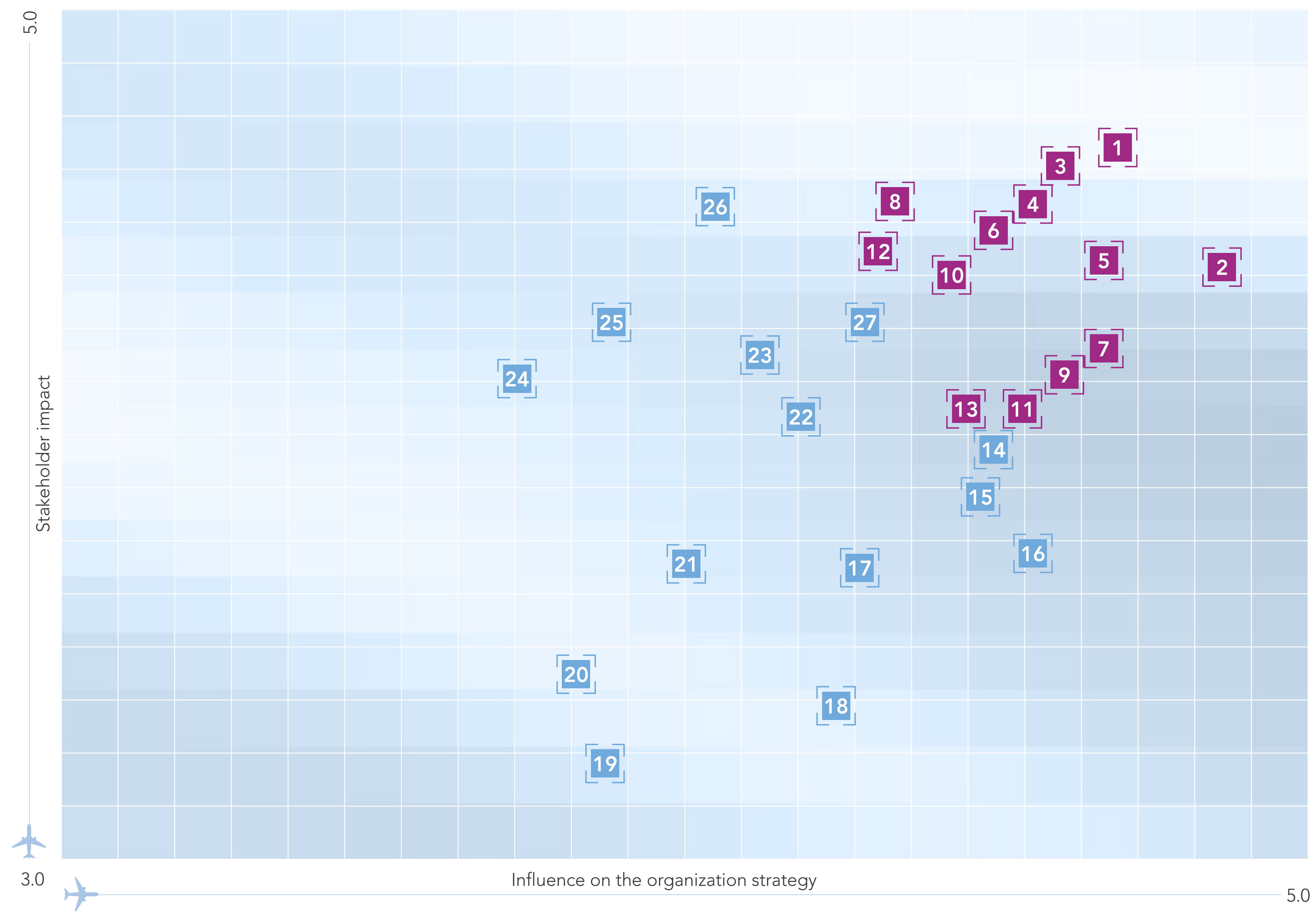
3 **Interviews with Company directors.** Seventeen executives were interviewed for their perspectives.

4 **Prioritization of the full list of topics.** Volaris narrowed down the list of relevant issues through (i) focus groups with Volaris Ambassadors and (ii) surveys of different stakeholders such as suppliers, customers, Ambassadors and partners, among others.

5 **Development of the materiality matrix.** The matrix was then reviewed and confirmed with the Company's key executives.

6 **Generation of final materiality matrix and list of material issues.** These results were first published in the 2021 IAR.

The matrix was produced using the average of the prioritization results of the two types of consultation. The (x,y) values for the graph are obtained from the weighted average for each subject evaluated.



Priority Topics

1 Operational safety.
2 Risk, opportunity and crisis management.
3 Biosecurity.
4 Customer satisfaction and experience.
5 Regulatory compliance.
6 Pandemic response and new normal.
7 Economic/financial performance.
8 Climate change strategy.
9 Ultra-low-cost business model.
10 Innovation and new technologies.
11 Operational efficiency.
12 Recruitment and retaining talent.
13 Efficient fuel management.

Relevant Topics

14 Brand management.
15 Cybersecurity.
16 Destination network development.
17 Sustainability corporate strategy.
18 Governance.
19 Collaboration in the construction of public policies.
20 Supply strategy and relationship with suppliers.
21 Involvement with stakeholders.
22 Operational eco-efficiency.
23 Labor practices.
24 Diversity and inclusion.
25 Training and development of Ambassadors.
26 Human rights and involvement with the communities.
27 Ethics and anticorruption.

List of ESG Priority Topics

GRI 3-2

1. **Operational safety:** Protecting the security of our Ambassadors and customers through operational protocols, emergency response procedures, regulatory compliance and more.

2. **Risks, opportunities and crisis management:** Policies and procedures to identify, monitor and mitigate risk.

3. **Biosecurity:** Biosecurity and cleanliness protocols to protect people's health.

4. **Customer satisfaction and experience:** Serving customers, resolving issues and delivering the best customer experience.

5. **Regulatory compliance:** Compliance with national and international regulations.

6. **Pandemic response and the new normal:** Monitoring the status of the pandemic in the various locations where we operate.

7. **Economic/ financial performance:** Optimizing costs and capital efficiency to improve financial performance indicators and profitability.

8. **Climate change strategy:** Strategies or programs that are implemented to monitor, reduce and offset GHG emissions.

9. **Ultra-low-cost business model:** Highlight our ultra-low-cost model's competitive advantages and resilience.

10. **Innovation and new technologies:** Implementing strategies, policies, procedures and trends in operations.

11. **Operational efficiency:** Resource optimization, cost reduction and productivity increase.

12. **Recruitment and retaining talent:** Attraction of ideal people for Volaris, ensuring their long-term satisfaction and permanence within the organization, through welfare and professional development programs.

13. **Efficient fuel management:** Technologies and strategies that are implemented to improve fuel efficiency and reduce fuel consumption (e.g., through more efficient engines), including the transition to alternative or sustainable fuels.

Abbreviations Index

AAC	Civil Aviation Authority of El Salvador (*Autoridad de Aviación Civil*).
ACMS	Aircraft Condition Monitoring System.
ADS	American Depositary Shares.
AFAC	Federal Civil Aviation Agency in Mexico (*Agencia Federal de Aviación Civil en México*).
AFR	Accident Frequency Rate.
AI	Artificial Intelligence.
APU	APU Auxiliary Power Unit.
AQD	Aviation Quality Database.
ASM	Available Seat Miles.
BMV	Mexican Stock Exchange (*Bolsa Mexicana de Valores*).
BRM	Business Process Owners.
CASM	Cost per Available Seat Mile.
CCASO	Chief Corporate Affairs and Sustainability Officer.
CCPA	California Consumer Privacy Act.
CEMEFI	Mexican Center for Philanthropy (*Centro Mexicano para la Filantropía*).
CEO	Chief Executive Officer.
CFO	Chief Financial Officer.
CH4	Methane.
CLO	Chief Legal Officer.
CNBV	National Banking and Stock Commission (*Comisión Nacional Bancaria y de Valores*).
CO_2	Carbon Dioxide.
COB	Chair of the Board.
COBIT	Control Objectives for Information and Related Technology.
COO	Chief Operating Officer.
CORSIA	Carbon Offsetting and Reduction Scheme for International Aviation.
COSO	Committee of Sponsoring Organizations of the Treadway Commission.
COVID-19	Coronavirus Disease 2019.
CPO	Ordinary Participation Certificates (*Certificados de Participación Ordinaria*).
CPRA	California Privacy Rights Act.
CRO	Complaint Resolution Official.
DGAC	Directorate General of Civil Aviation of Costa Rica (*Dirección General de Aviación Civil*).
DE&I	Diversity, Equity and Inclusion.
EBITDAR	Earnings Before Interest, Taxes, Depreciation, Amortization and Restructuring or Rent Costs.
ERM	Enterprise Risk Management.
ESG	Environmental, Social and Corporate Governance.
ESR	Socially Responsible Company (*Empresa Socialmente Responsible*).
FAA	Federal Aviation Administration of the United States.
FCPA	Foreign Anti-Corruption Practices Law (*Ley de Prácticas Anticorrupción en el Extranjero*).
FDA	Flight Data Analysis.
FEMSA	Fomento Económico Mexicano, S.A.B. de C.V.
FTE	Full-Time Employee.
FY	Fiscal Year.
Gal/ASM	Gallon/Available Seat Miles.
GHG	Greenhouse Gas.
GRI	Global Reporting Initiative.
GTF	Geared Turbofan.
GTR	Global Trade Review.
GWP	Global Warming Potential.
IAMS	Integrated Airline Management System.
IAR	Integrated Annual Report.
IASA	International Aviation Safety Assessment Program.

IATA	International Air Transport Association.
ICAO	International Civil Aviation Organization.
IIRC	International Integrated Reporting Council.
IMPI	Mexican Institute of Industrial Property (*Instituto Mexicano de la Propiedad Industrial*).
IOSA	IATA Operational Safety Audit.
ISO	International Organization for Standardization.
IT	Information Technology.
KPI	Key Performance Indicator.
LFPFP	Federal Law on the Protection of Personal Data in Mexico (*Ley Federal de Protección de Datos Personales en Posición de los Particulares de México*).
LLC	Limited Liability Company.
LWR	Lost Workdays Rate.
MILA	Latin American Integrated Market (*Mercado Integrado Latinoamericano*).
MM	Million.
MWh/PC	Mega what per cápita.
N_2O	Nitrous Oxide.
NEO	New Engine Option.
NGO	Non-Governmental Organization.
NPS	Net Promoter Score.
NYSE	New York Stock Exchange.
OECD	Organization for Economic Co-operation and Development.
OIR	Occupational Incidence Rate.
PDP	Pre-Delivery Payments.
PET	Polyethylene Terephthalate.
PIR	Passenger Irregularity Report.
PROFECO	Office of the Federal Prosecutor for the Consumer in Mexico (*Procuraduría Federal del Consumidor*).
P&W	Pratt and Whitney.
P&W/IAE	Pratt and Whitney/International Aero Engines.
QMS	Quality Management System.
RENE	National Emissions Registry in Mexico (*Registro Nacional de Emisiones*).
RPK	Revenue Passenger Kilometer.
RPM	Revenue Passenger Mile.
SAFs	Sustainable Aviation Fuels.
SASB	Sustainability Accounting Standards Board.
SDG	Sustainable Development Goal.
SEC	Securities and Exchange Commission in the U.S.
SEMARNAT	Secretariat of Environment and Natural Resources in Mexico (*Secretaría de Medio Ambiente y Recursos Naturales*).
SMS	Occupational Safety Management System.
SOI	Internal Opportunity System.
SOP	Standard Operating Procedures.
SPI	Safety Performance Indicators.
STEM	Science, Technology, Engineering and Math.
STIA	Union of Workers of the Aeronautical, Communications, Similar and Related Industry of the Mexican Republic (*Industria Aeronáutica, Similares y Conexos de la República Mexicana*).
TAL	Total Absence/Lost Days.
TRASM	Total Revenue per Available Seat Mile.
TSA	U.S. Transportation Security Administration.
UN	United Nations.
UNODC	United Nations Office on Drugs and Crime.
US/USA	United States of America.
U.S.	Dollars.
VFR	Visiting Friends and Relatives.
WEFA	Wireless Extension For ACMS.

External Assurance Statements

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Independent Limited Assurance Report on Key Sustainability Performance Indicators (Non-Financial Information)

To the Board of Directors of Controladora Vuela Compañía de Aviación, S.A.B. de C. V.:

We were engaged by the Management of Controladora Vuela Compañía de Aviación, S.A.B. de C. V. (hereinafter "Volaris") to report in the form of an independent conclusion of limited assurance on Key Sustainability Performance Indicators (Non-Financial Information) prepared and presented by the Financial Planning Department of Volaris, that are detailed in the Annex A attached to this report (the "Indicators"), and have been included in the Volaris' Sustainability Report 2023 ("the Report") for the period from January 1 to December 31, 2023.

Management's responsibilities

The Financial Planning Department of Volaris is responsible for the preparation and presentation of the Indicators included in the Annex A of this report, in accordance with the standards of the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) (jointly, the "Criteria"); as well as the information included in them, and to establish and maintain appropriate internal control systems from which the information subject to our review is derived.

Management of Volaris is responsible for preventing and detecting fraud, and for identifying and ensuring that Volaris complies with the laws and regulations applicable to its activities.

The Financial Planning Department of Volaris is also responsible for ensuring that the personnel involved in the preparation and presentation of the Indicators are properly trained, information systems are properly updated and that any changes in the presentation of data and/or in the form of reporting, encompass all significant reporting units.

Our responsibilities

Our responsibility is to carry out a limited assurance engagement and express an independent conclusion of limited assurance based on the work performed and evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information," issued by International Auditing and Assurance Standards Board, this standard requires that we plan and perform our procedures to obtain a limited assurance regarding whether, based on our work and the evidence obtained, nothing has come to our attention that causes us to believe that the Indicators contained in the Report for the period from January 1 to December 31, 2023, are not presented, in all material respects, in accordance with the Criteria.

KPMG Cárdenas Dosal, S. C. ("the firm") applies International Standard on Quality Management 1 and, therefore, maintains a comprehensive system of quality management, including policies and procedures on compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants, (including International Independence Standards) (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

The procedures selected depend on our knowledge and experience of the Indicators and other engagement circumstances, and our consideration of the areas in which material errors may occur.

When obtaining an understanding of the Indicators, contained in the Report, and other work circumstances, we have considered the process used to prepare and present the Indicators, in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion as to the effectiveness of Volaris' internal control over the preparation of the Indicators presented in the Report.

Our engagement also includes assessing the appropriateness of the main subject, the suitability of the criteria used by Volaris in the preparation and presentation of the Indicators, assessing the appropriateness of the methods, policies, and procedures, as well as models used.

The procedures performed in a limited assurance engagement vary in nature, timeliness, and scope than in a reasonable assurance engagement, and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained in the case of a reasonable assurance engagement.

Criteria

The criteria on which the preparation of the Key Sustainability Performance Indicators has been evaluated refer to the established requirements in the GRI and SASB standards.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

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

Based on our review and the evidence obtained, nothing has come to our attention that causes us to believe that the Key Sustainability Performance Indicators detailed in the Annex A attached to this assurance report, prepared by the Financial Planning Department of Volaris and contained in the Volaris' Sustainability Report 2023, are not prepared in all material aspects, in accordance with the Criteria for the period from January 1 to December 31, 2023.

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Restriction of use of our report

Our report should not be regarded as suitable to be used or relied on by any party to acquire rights against us other than the Board of Director and the Financial Planning Department of Volaris for any purpose or in any other context. Any party other than the Board of Directors and the Financial Planning Department of Volaris who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the extent permitted by law, we do not accept or assume any responsibility and disclaim any liability to any party other than Volaris for our work, for this independent limited assurance report, or for the conclusions we have reached.

KPMG CÁRDENAS DOSAL, S. C.

Joaquín Alejandro Aguilera Dávila
Partner
Mexico City, August 15, 2024

Annex A

The indicators considered as the underlying subject matter of our assurance engagement are the following:

Framework	Content	
"GRI 2: General Disclosures 2021"	2-7	Employees
	2-9	Governance structure and composition
	2-27	Compliance with laws and regulations
"GRI 302: Energy 2016"	302-1	Energy consumption within the organization
"GRI 305: Emissions 2016"	305-1	Direct (Scope 1) GHG emissions
	305-2	Energy indirect (Scope 2) GHG emissions
"GRI 306: Waste 2020"	306-3	Waste generated
"GRI 404: Training and Education 2016"	404-1	Average hours of training per year per employee
"GRI 414: Supplier Social Assessment 2016"	414-1	New suppliers that were screened using social criteria
"SASB Airlines – Competitive Behaviour	TR-AL-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behaviour regulations
"SASB Airlines – Accident & Safety Management"	TR-AL-540a.1	Description of implementation and outcomes of a Safety Management System

Notes About this Report

Unless otherwise explicitly stated in this Report, the information reflected herein about Volaris corresponds to Fiscal year ending December 31, 2023. It includes, but is not limited to, information previously disclosed elsewhere (e.g., in our 20-F, 2022 Integrated Annual Report, or other public documents). This Report contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements may be identified by words such as “may,” “will,” “expect,” “aim,” “intend,” “anticipate,” “believe,” “estimate,” “plan,” “project,” “could,” “should,” “hope,” “likely,” “continue” and similar terms. Our actual performance or operational and financial results may vary materially from these statements or our projections due to a variety of reasons, including the Risk Factors identified in our Annual Report on Form 20-F and any subsequent quarterly reports on Form 6-K, as well as, with respect to our ESG targets, goals and commitments outlined in this reporting or elsewhere, sociodemographic and economic trends; energy and fuel prices; our access to and the availability of energy sources; technological innovations; climate-related conditions and weather events; legislative and regulatory changes; our ability to gather and verify relevant information, including data regarding environmental impacts and the challenges, assumptions and other methodological considerations associated with such information; our ability to successfully implement various initiatives throughout the company under expected time frames, costs and complexity; the compliance of various third parties with our policies and procedures and with legal requirements; our dependency on certain third parties to perform; and other unforeseen events of conditions. These factors are not necessarily all of the important factors that could cause actual results to differ materially and adversely, from those expressed in any of our forward-looking statements. Other factors could also have material adverse effects on our future results, including factors that are unknown to us. As such, readers should not place undue reliance on such forward-looking statements. We urge you to consider all of the risks, uncertainties and factors identified above or discussed in such Reports carefully in evaluating the forward-looking statements in this Report. There may be other factors that may affect matters discussed in forward looking statements set forth in this Report, which factors may also cause actual results to differ materially from those discussed. We assume no obligation to publicly update any forward-looking statement to reflect actual results, changes in assumptions or changes in other factors affecting these statements other than as required by applicable law.

Additionally, this Report contains ESG-related statements based on hypothetical scenarios and/or assumptions as well as estimates that are subject to a high level of inherent uncertainty and these statements should not necessarily be viewed as being representative of current or actual risk or performance, or forecasts of expected risk or performance. In addition, historical, current and forward-looking environmental and social-related statements may be based on standards and metrics for measuring progress, as well as standards for the preparation of any underlying data for those metrics, that are still developing and internal controls and processes that continue to evolve; while these are based on expectations and assumptions believed to be reasonable at the time of preparation, they should not be considered guarantees. Moreover, our disclosures based on any standards may change due to revisions in framework requirements, availability of information, changes in our business or applicable governmental policies, or other factors, some of which may be beyond our control. In addition, as standards are evolving, it is possible that certain of our approaches may, either currently or in the future, be considered inconsistent with common or best practices, which may subject us to additional scrutiny, criticism, or stakeholder engagement or result in changes to our reporting or progression on targets. We may also rely on third-party information in certain of our disclosures, which involve certain important risks. For example, third-party information may change over time as methodologies and data availability and quality continue to evolve. These factors, as well as any inaccuracies in the third-party information we use, including in our estimates or assumptions, may cause results to differ materially and adversely, from estimates and beliefs made by us or third parties, including regarding our ability to achieve our goals. While we are not aware of any material flaws with the information we have used, except to the extent disclosed, we have not undertaken to independently verify this information or the assumptions or other methodological aspects underlying such information.

The events, scenarios and efforts discussed in this Report, including both forward-looking statements and other statements, may be significant; however, the inclusion of such statements is not an indication that these contents are necessarily material for the purposes of complying with or reporting pursuant to the U.S. federal securities laws and regulations or in other jurisdictions, even if we use the word "material" or "materiality" in this document in relation to those statements or in other materials that we may release from time to time in connection with the matters discussed herein. Moreover, given the uncertainties, estimates and assumptions required to make some of the disclosures in this Report and the timelines involved, materiality is inherently difficult to assess far in advance. In addition, given the inherent uncertainty of the estimates, assumptions and timelines contained in this Report, we may not be able to anticipate in advance whether or the degree to which we will or will not be able to meet our plans, targets, or goals. Website and document references throughout this document are provided for convenience only and their content is not incorporated by reference into this document unless expressly stated.

Contact Information

GRI 2-3

We welcome stakeholder questions, comments and suggestions.
Please reach out using the following methods:

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