

Volaris Corporate Presentation

August 2023



volaris



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Neither the SEC, the CNBV nor any other authority has approved or disapproved the information contained in this presentation, its accuracy or completeness.

Attendance and the exercise of voting rights are subject to compliance with the change of control provisions set forth in Clause Eight of the Company's by-laws. Note that pursuant to such provision, a position that results in a number equal or greater than 5% of Volaris' total outstanding shares requires the prior written authorization of the Board of Directors.

Significant experience navigating volatility and driving profitable growth throughout the cycle



2006 - 2020

Setting the stage

- 2006: Volaris starts operations
- 2008: Global Financial Crisis
- 2009: Launching of U.S. routes
- 2010: Mexicana Group ceases operations
- 2010: Indigo Partners' investment
- 2012: Fare unbundling strategy
- 2013: IPO at NYSE and BMV
- 2016: First NEO delivery
- 2019: Inaugural CEBUR issuance

2020 - 2021

Turning the COVID crisis into an opportunity

- Volaris had the **fastest post-COVID recovery** among all listed carriers worldwide, taking advantage of Interjet ceasing operations and Aeroméxico filing for Chapter 11
- **Follow-on equity offering** to accelerate growth
- 2nd CEBUR issuance
- Filled the void left by competitors while preserving a **healthy balance sheet**

2022 and beyond

Volaris today

- Mexican domestic market leader
- Solidified position as one of the largest foreign operators in the U.S.
- AOCs (Airline Operating Certificate) in Costa Rica and El Salvador
- Managing costs and driving operating profitability

Latin America's largest ULCC



33.4 Million

Passengers

In the last 12 months

245

Routes

163 domestic and 82 international

~600

Daily flights

~460 domestic and 130 international

124

Aircraft

57% NEO, average age of 5.5 years

143

NEO orderbook with Airbus

117 A321neo and 26 A320neo

Note: Unless otherwise stated, information on this slide is as of June 30th, 2023.

\$3.1 Billion

Total operating revenue

In the last 12 months until June 2023, USD

71

Airports

43 domestic and 28 international

3

Air Operator Certificates

Mexico, Costa Rica and El Salvador

13.3

Block hours

Per day of total productive fleet in 2022

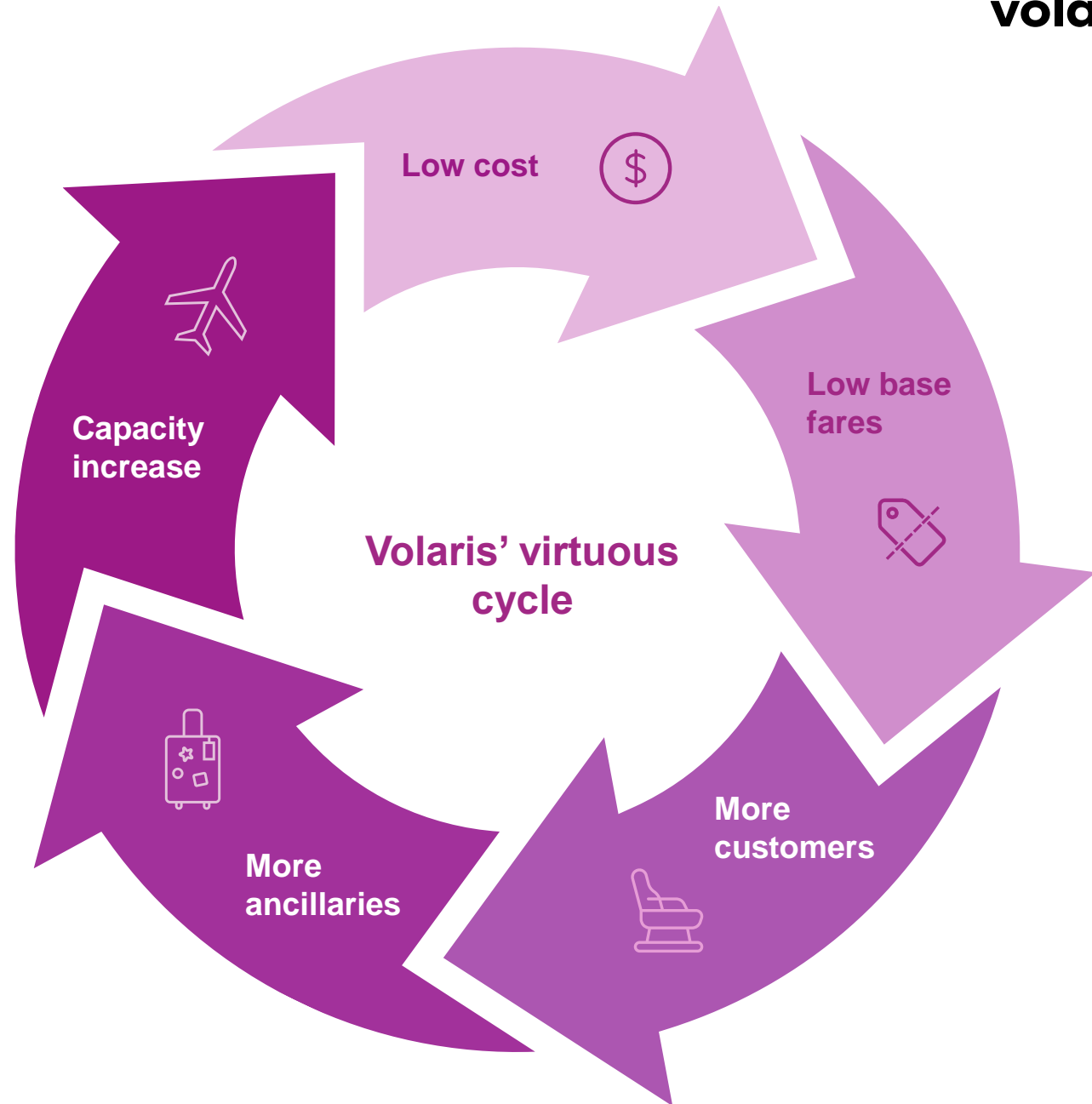
~7,500

Full-time employees

58 FTEs per aircraft

Volaris' resilient, ULCC business model for profitable growth

Our strong **business model remains unchanged** since our founding, and we expect it will continue to serve as the basis for growth



A clear path to long-term, profitable growth

Low-cost leadership



- One of the **lowest cost operators** in the world
- Fleet plan aims to drive **further efficiencies: low costs going lower**

Market and profitability leader



- **Largest** airline in Mexico by passengers
- **Industry leading profitability** levels in the Americas⁽¹⁾
- Margin expansion potential

High growth opportunities



- Well-positioned to **leverage regional shifts in population and transportation** trends
- Likelihood U.S. regulatory decision (CAT1) to give additional upside
- **Diversified** growth avenues available

Financial strength



- **Strong** and **flexible** balance sheet and cash generation
- **Conservative debt position** and **healthy** financing conditions

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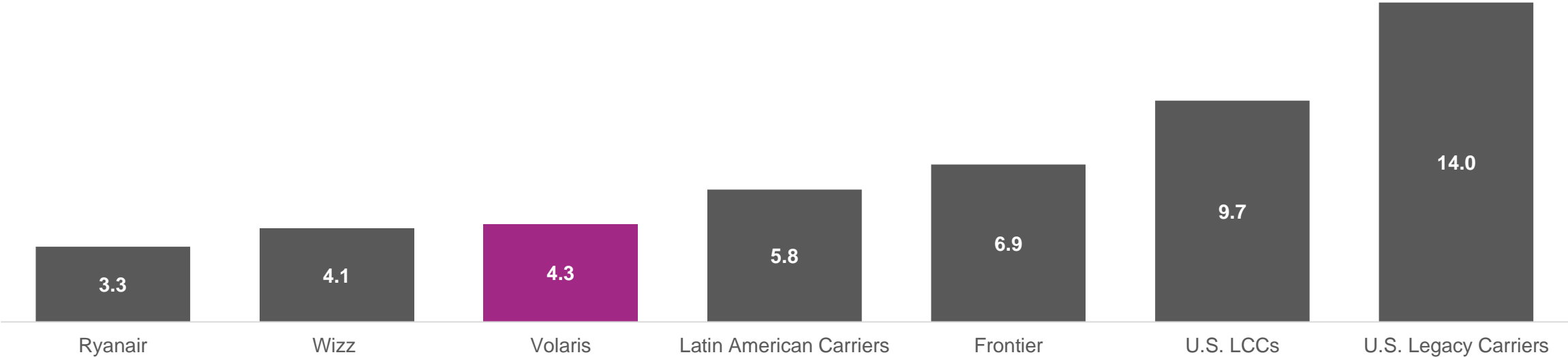
- **Strong and flexible** balance sheet and cash generation
- **Conservative debt position** and **healthy** financing conditions

One of the lowest-cost operators worldwide



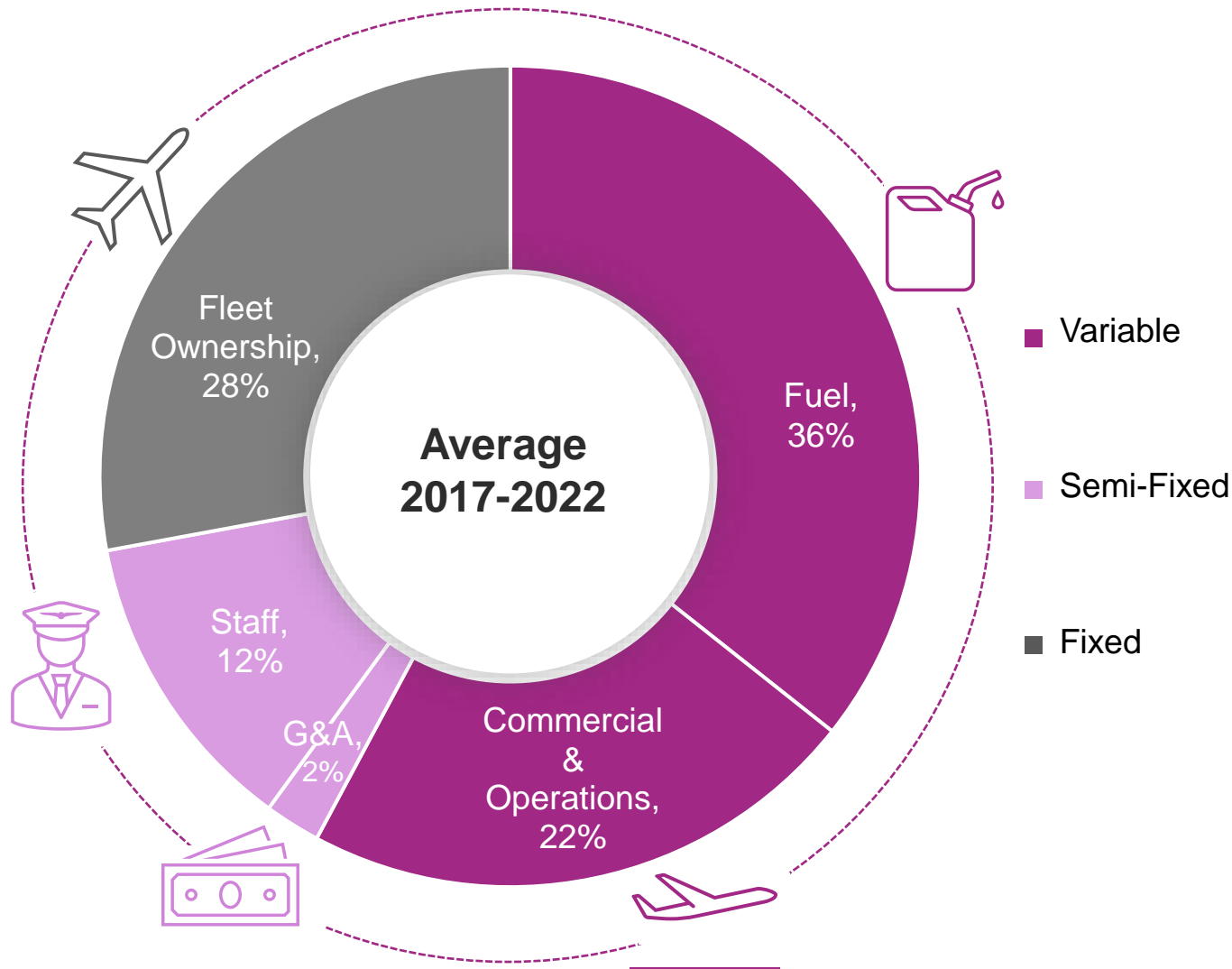
CASM ex-fuel

USD cents | FY 2022 CASM ex-fuel | Stage length adjusted @1,000 miles



Disciplined approach to containing controllable costs has enabled Volaris to maintain competitive advantage against peers

Flexibility on costs across business provides a competitive advantage



- **60%+ of Volaris' costs have been variable** over the past 5 years on average
- Volaris' **relatively high proportion of variable and semi-fixed costs** provides a competitive advantage, **allowing flexibility to adjust capacity in a downturn**
- Roughly 2/3 of Volaris' Staff and G&A expenses are variable
- Variable portion of the compensation of the company is aligned with shareholders' interests, as it **incentivizes productivity**

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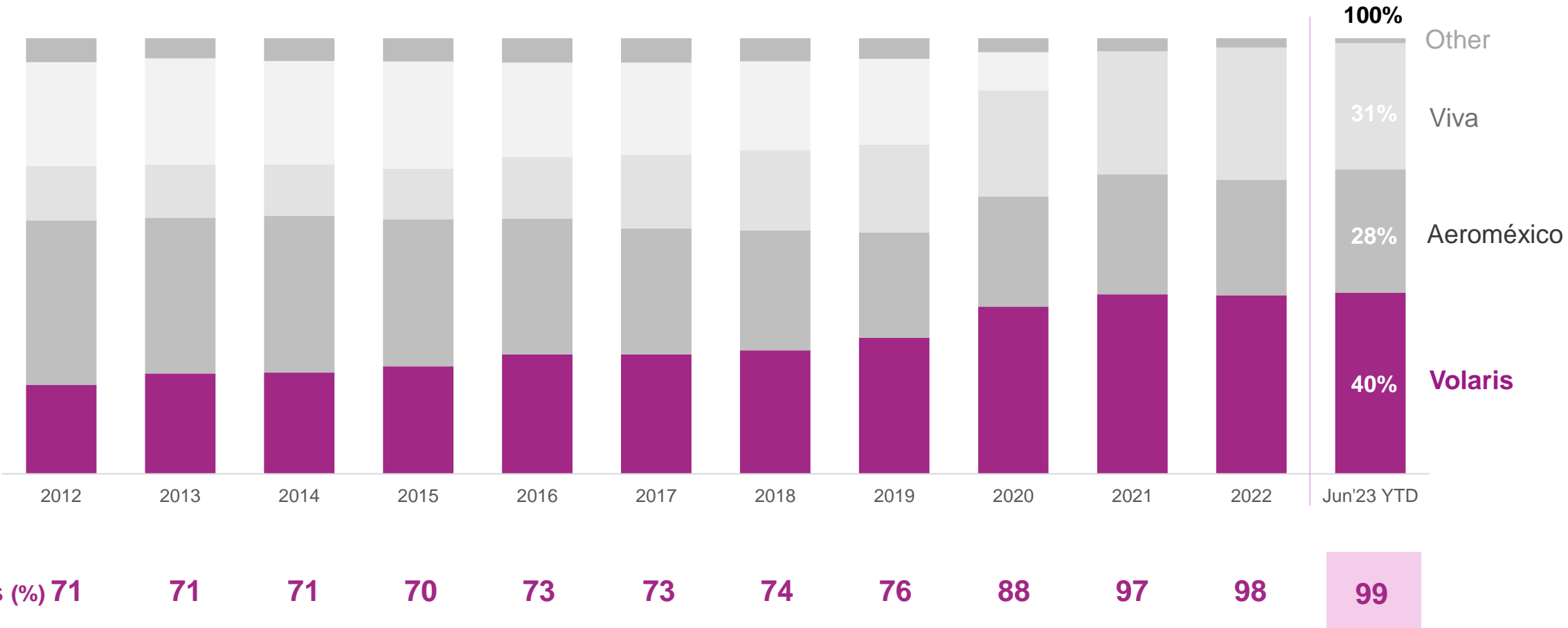


- **Strong and flexible** balance sheet and cash generation
- **Conservative debt position** and **healthy** financing conditions

Volaris is the leader among the 3 carriers that control 99% of the domestic passenger airlines market



Domestic market share
% of total passengers



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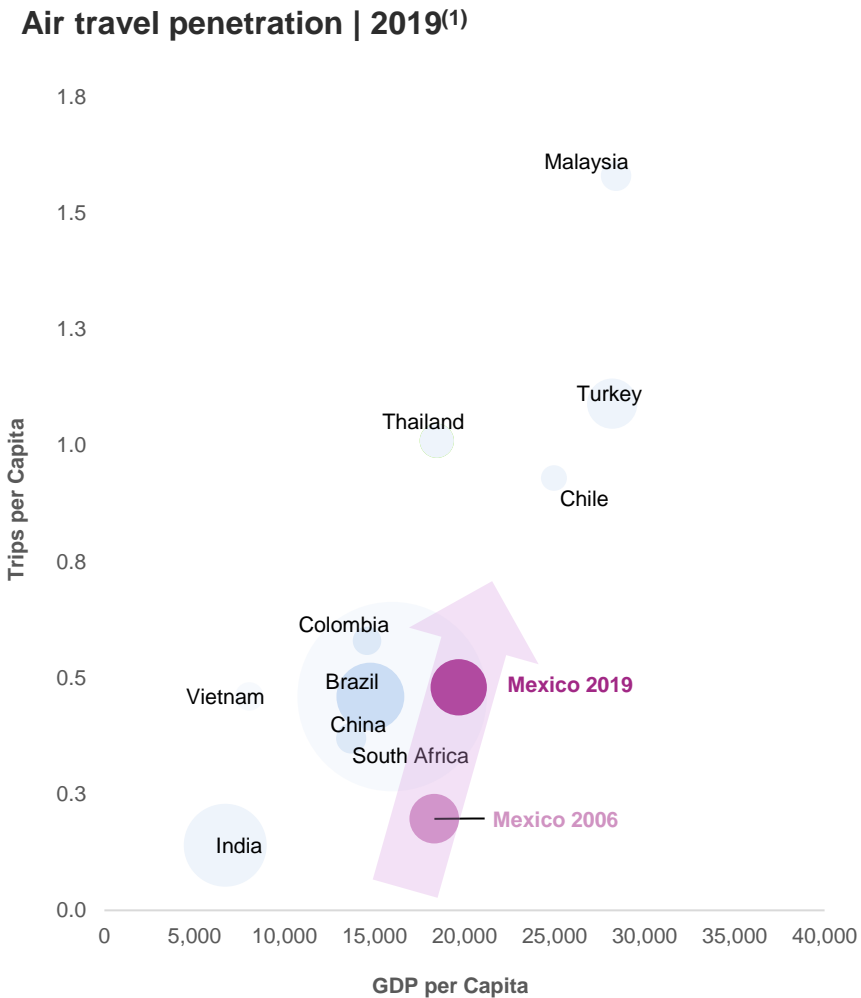


- **Strong** and **flexible** balance sheet and cash generation
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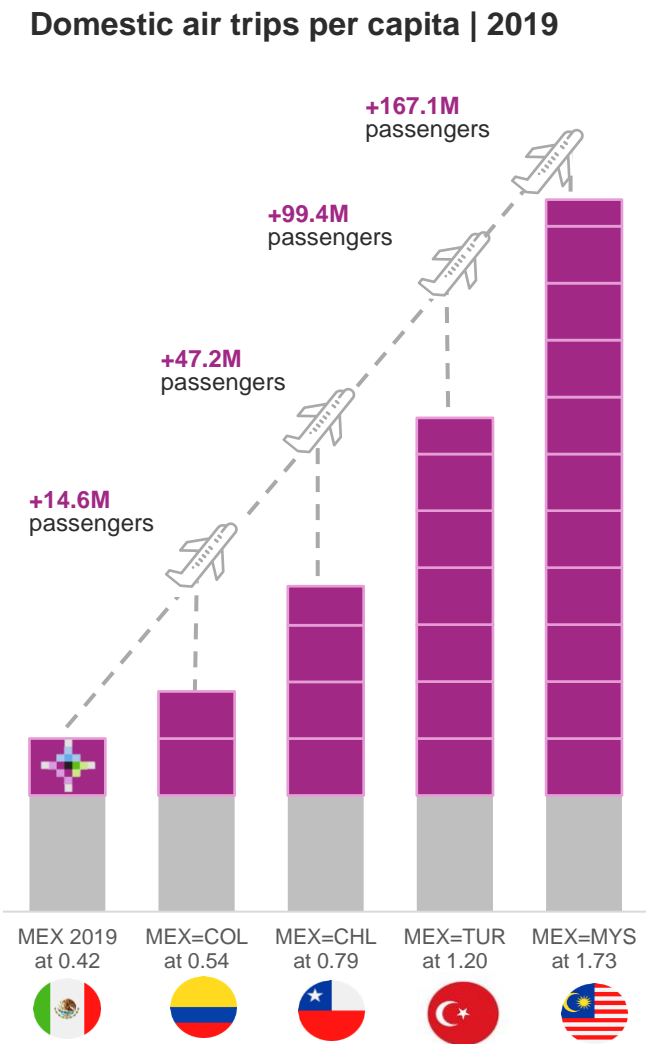
Mexico's air travel market is in its early stages of growth

-  Large bus switching potential
-  Strong and resilient VFR market
-  Ideally suited geography for aviation
-  No rail passenger system

Growing trips per capita toward levels in comparable markets presents significant capacity opportunity

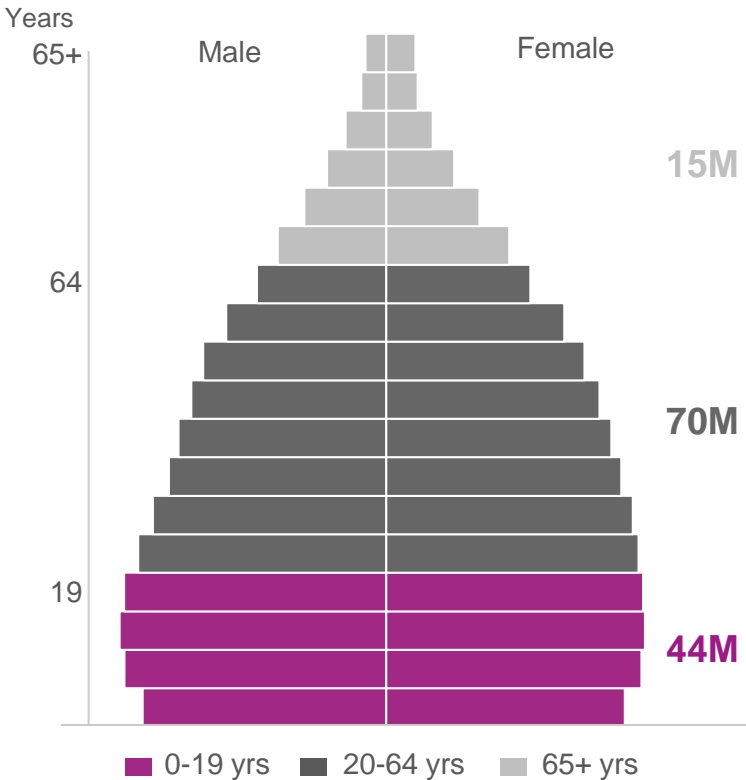


Source: Airbus, World Bank, and Oxford Economics as of 2019.
Note: Bubbles denote Nominal GDP in USD as of 2019.

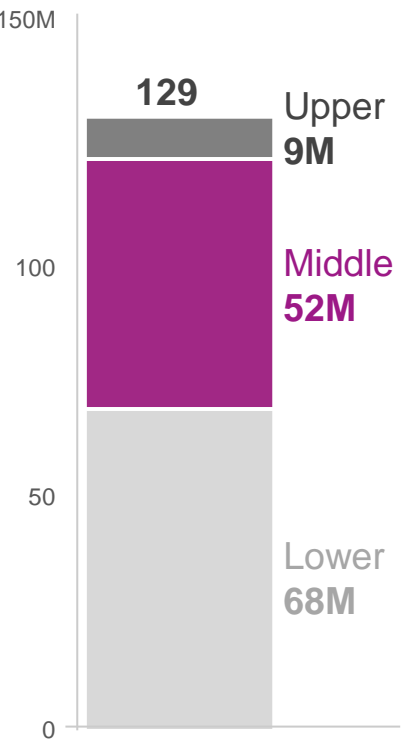


Mexico's demographics are favorable

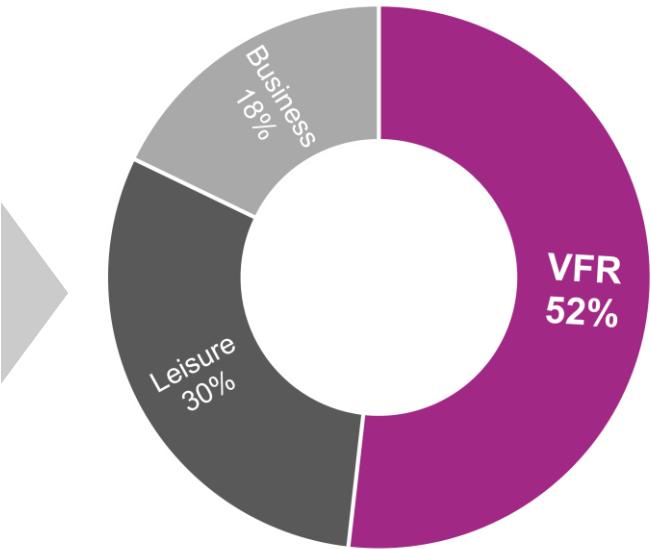
Large and growing “traveling class”
Mexican demographic composition by age | 2022



Healthy middle class
Population, Millions | 2022



Large VFR segment
2022 | Network breakdown by ASM



129 Million

population

10th

largest in the world

55 Million

of the current population is under 25

Mexico's working population is expected to be

90+ Million

by 2050

Significant opportunities exist to drive growth through bus-to-air conversion



50%

of routes compete only against buses



3 Billion

Bus passengers in Mexico annually, of which 795 million⁽¹⁾ represent most attractive segment for bus-to-air conversion



10%

If Volaris were to convert 10% of the luxury bus passenger segment, the size of the Mexican aviation market would double



31 Million

Converting 1% of bus passengers to air travel would yield 31 million additional air passengers



No passenger rail system

The lack of passenger rail service makes long-distance domestic travel difficult and time-consuming Mountainous terrain make road trips treacherous

Volaris operates the most diversified network in Mexico



More
Diversified
Network

Volaris has significantly less route overlap than competitors

31%

with Viva (vs. 48% Viva's point of view)

20%

with Aeromexico (vs. 47% Aeromexico's point of view)



Competitive
Advantages

Volaris' network provides competitive advantages

48%

Volaris holds leadership position at 27 of 56 domestic stations, including most important stations

Volaris is the leader at more than half of the airports we serve

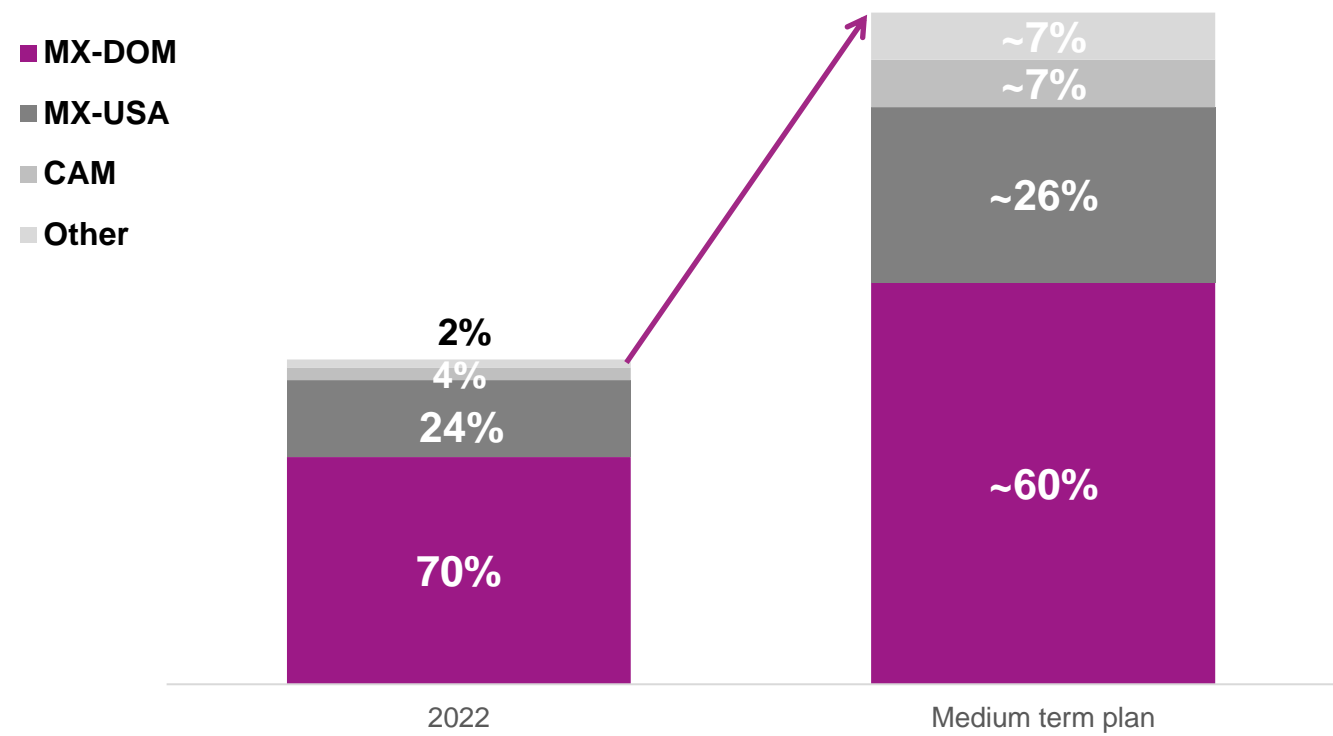
Seats | 2023



Volaris is well positioned to benefit from bus conversion given market strength

Volaris has strong potential for expansion in all key markets in the medium-term

Volaris' network growth



Total aircraft	117	175 – 200
Total routes	196	490 – 550

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Robust ancillary roadmap: line of sight to achieve 50% of total operating revenues

\$ Optimize pricing

- Define pricing of key air trip related ancillaries based on customer's willingness to pay
- Achieve full potential personalization

Launch new products & services

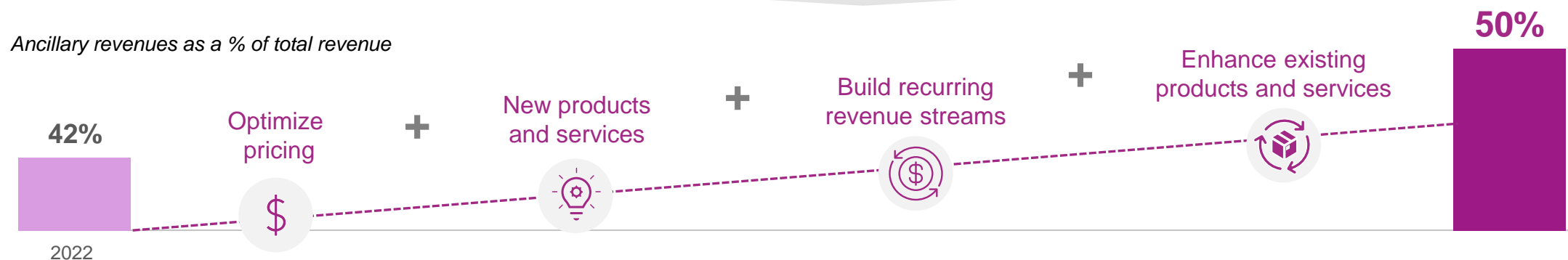
- Start wireless inflight offering
- Launch affinity program with Oxxo - the largest retailer in Mexico
- Offer new insurance products around flexibility and health
- Launch new refund products

Build recurring revenue streams

- Grow V.Pass subscription (markets, types and flavors)
- Build V.Club membership base to 30-40% of passengers
- Maximize co-branded credit card revenues through scaling and launching new regions
- Annual Pass "All-You-Can-Fly"

Enhance existing products & services

- Enforce baggage charges at airport
- Improve conversion seats selection and upsell premium seats at checking and in cabin
- Drive commission revenues from YaVas vacation packages offering



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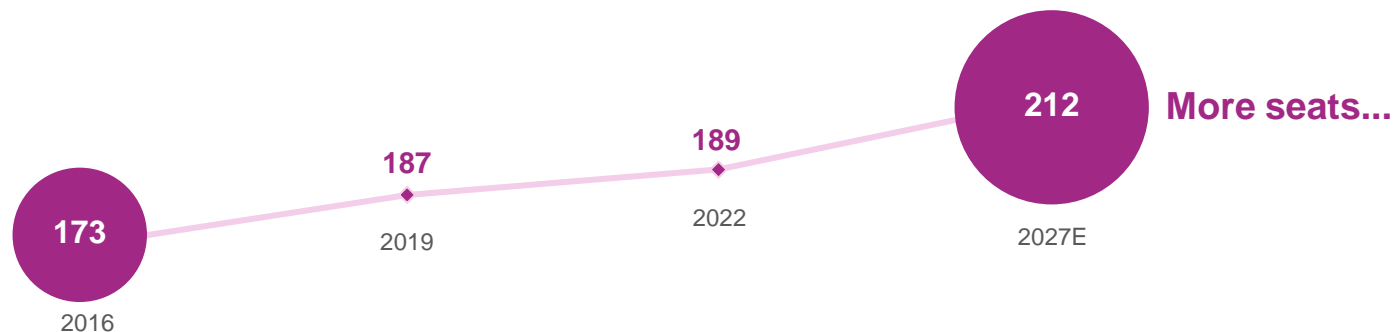
Fleet plan positions Volaris to further increase its cost advantage

High percentage of NEO aircraft is a natural hedge against higher fuel prices

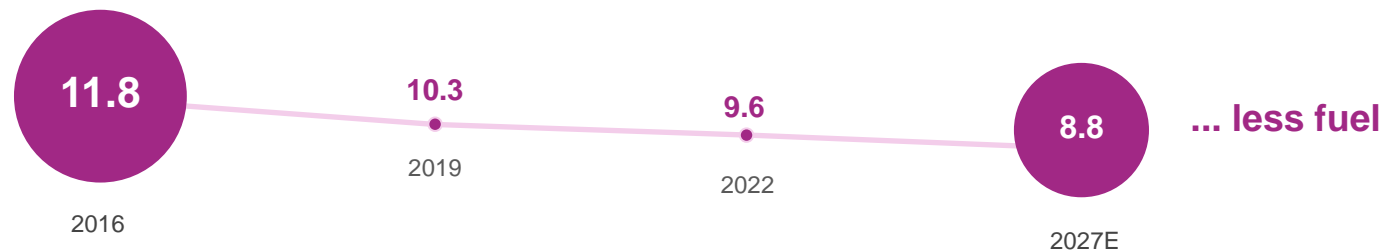
P&W GTF engines with fuel consumption reduction ~15% per available seat mile



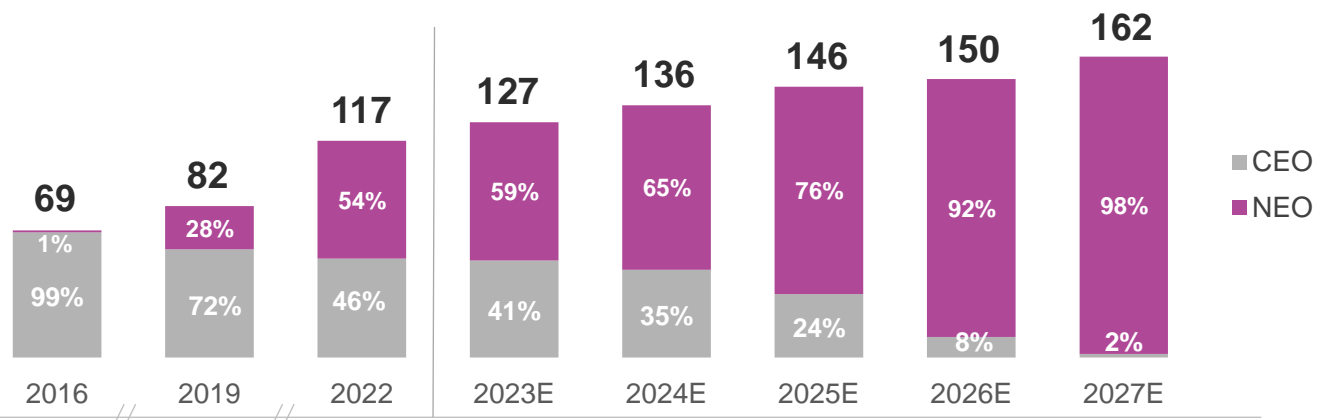
Seats per departure



Gallons/ASM (000)



Contractual fleet plan



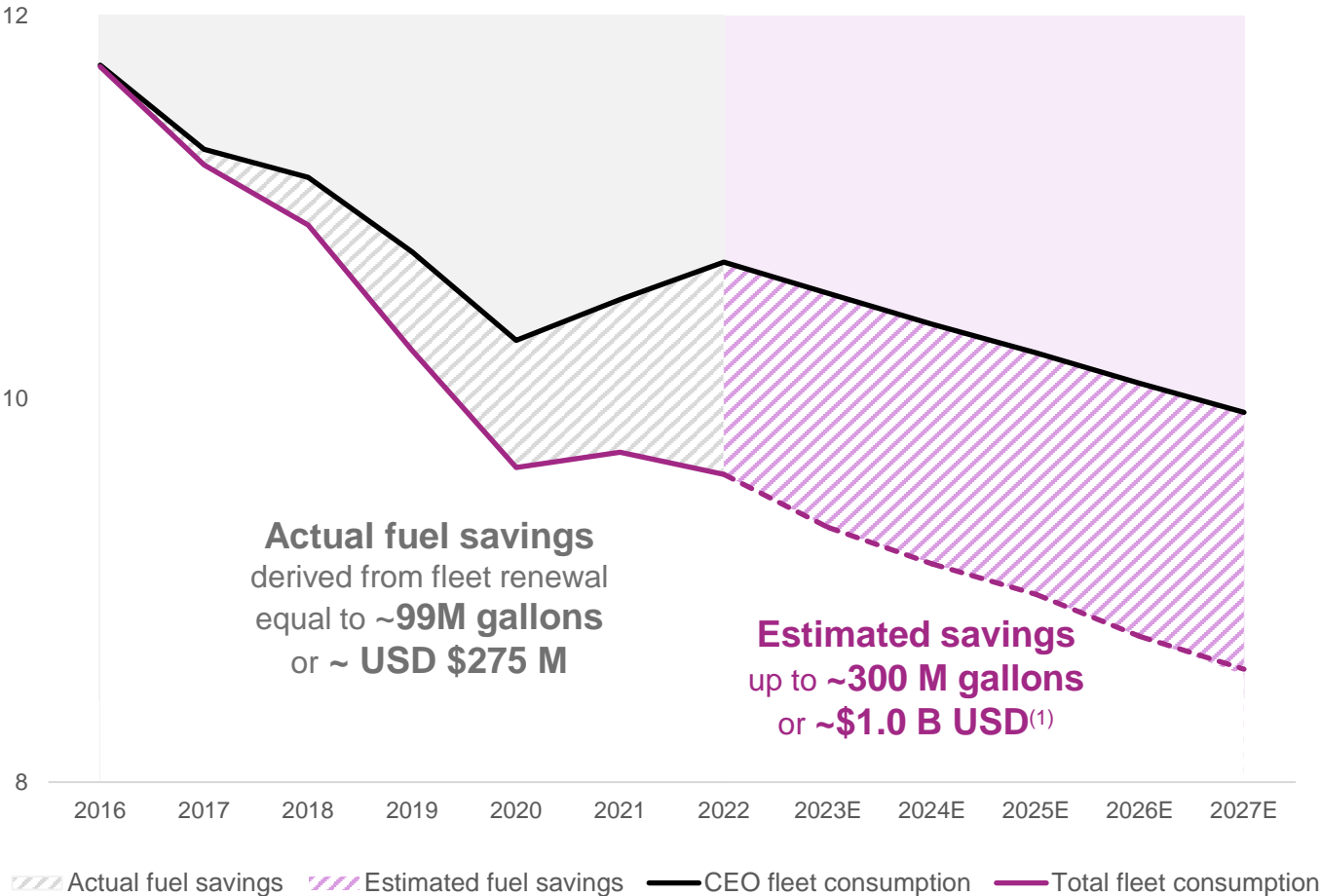
Note: Average configuration of existing A321neo fleet at 234 seats, with new deliveries at 239 seats.

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Fleet renewal is proving to be an effective fuel price hedge

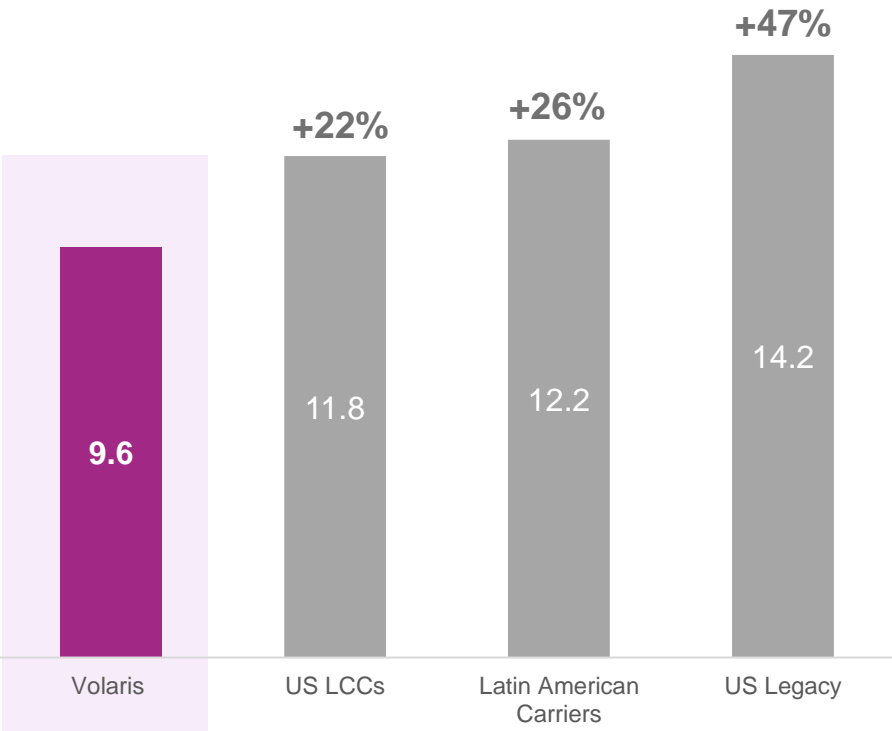
NEO fleet investment already generating significant cost savings

Gallons/ASM (000)



More fuel efficient than peers

Gallons/ASM (000) | FY 2022



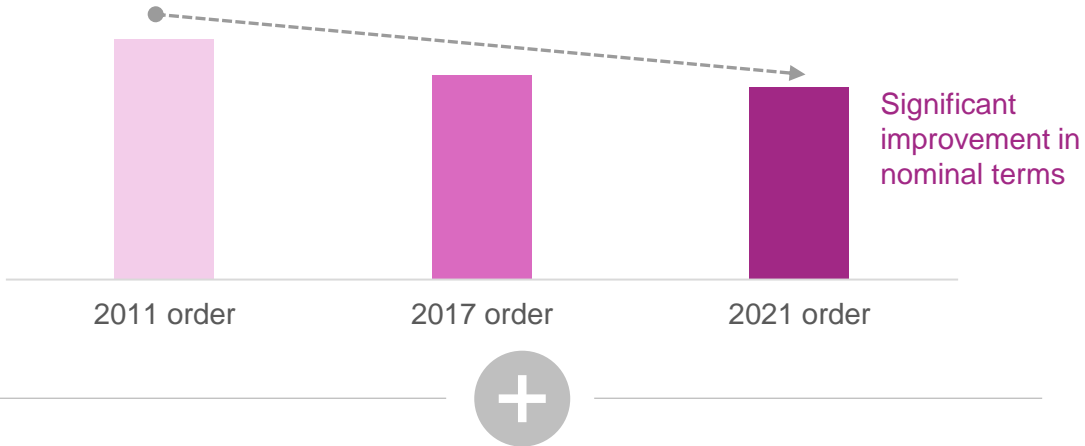
Note: (1) Assumes an economic fuel price of 3.50. (2) Presenting average gallon/ASMs (000's) "US LCCs": Southwest, Allegiant, JetBlue, Spirit, and Frontier; "Latin American Carriers": Copa, Azul and Gol.; "US Legacy Carriers": Delta, American Airlines, Alaska and United Airlines
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Reduced cost of ownership to trickle down to CASM

NEO orders		Indigo's group order	Volaris' portion of group order	Volaris' outstanding backlog
2011 order	Stand-alone	N/A	30	Last delivery in 2022
2017 order	Indigo	430	80	79 First delivery in 2023
2021 order	Indigo	382 ⁽¹⁾	64 ⁽¹⁾	64

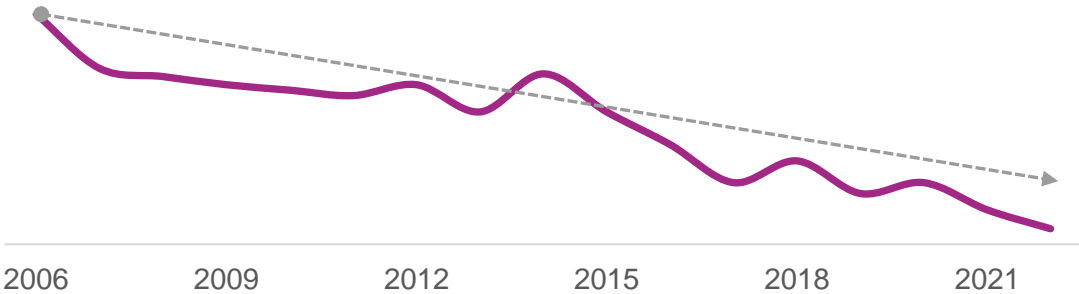
Favorable aircraft pricing with Airbus negotiated, benefitting from Indigo Partners' economies of scale

Net fly-away prices per aircraft (USD nominal) Index 2011=100%



Increasingly competitive lease rate factors to widen Volaris' fleet ownership cost advantage in the future

Lease rate factor (%) Index 2006=100%



Note: (1) Includes exercised options.
For non-IFRS measures please see appendix.

Volaris' Airbus orderbook supports flexible and conservative fleet growth

Orderbook with Airbus

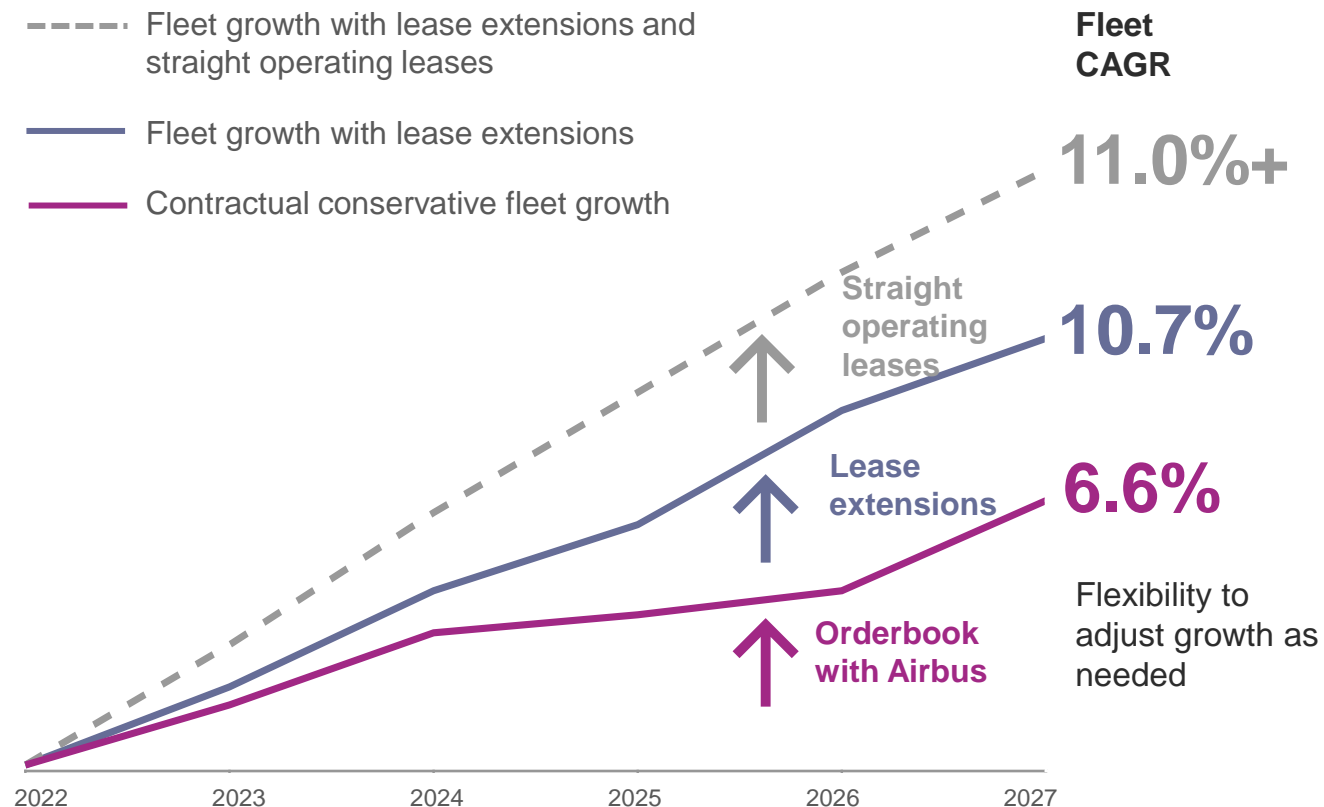
- Three purchase orders placed with Airbus, totaling 174 aircraft
- 143 on backlog for delivery in the upcoming years – **half for renewal, half deployed for fleet growth**

Lease extensions

- Volaris aims to keep its fleet as young as possible
- Lease extensions for certain aircraft to address growth requirements
- Seek lowest redelivery cost possible when necessary to return an aircraft to lessor

Straight operating leases

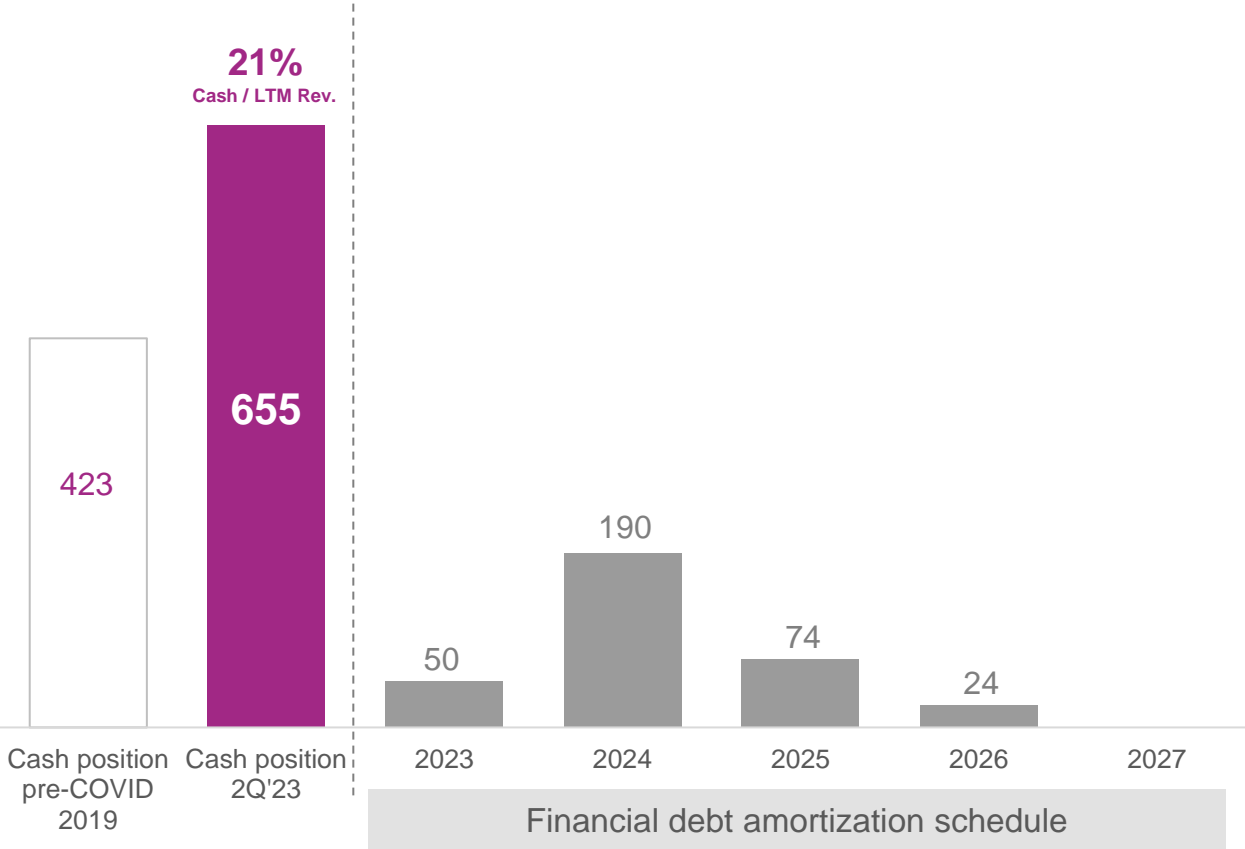
- Secured additional aircraft from lessors who have placed their own orders with Airbus
- Leases depend on the current market conditions and aircraft availability



Operational and financial efficiency has enabled a robust capital profile

Attractive financial debt maturity profile

Millions / USD ⁽¹⁾⁽²⁾









90% of Volaris' total debt is composed of lease liabilities (USD \$2.8B), with no exposure to increasing rates⁽²⁾

7.5% dollar equivalent cost of Volaris' financial debt in 2Q23⁽³⁾

500M+ pre-delivery payments (PDPs) line secured for next three years

Note: (1) Converted using June 30, 2023, FX of USD = 17,1072 MXN (2) VOLARCB19 & VOLARCB21L floating rate have a 10% cap on TIIE (3) The cost of debt is computed using the equivalent USD denominated fix rate swap for each financing facility.

2023 Guidance

		FY 2023
	ASM growth	~13%
	Total Operating Revenues	USD \$3.2 to \$3.4B
	CASM ex fuel	USD \$4.7 to \$4.8¢
	EBITDAR margin	29% to 31%
	CAPEX	~USD \$300M ¹
	Net Debt/ EBITDAR	~ 2.8x

Note: (1) Net of financed predelivery payments.

This guidance assumes a **FX USD/MXN** between **Ps.17.75 to Ps.18.25** and an **average U.S. Gulf Coast jet fuel price** between **\$2.55 to \$2.65** per gallon.

This outlook assumes no significant unexpected disruptions related to COVID-19, regulatory, macroeconomic and/or geopolitical events with impact on Volaris' business.

Assuming Volaris' contractual fleet, we are committed to doubling

Revenue,

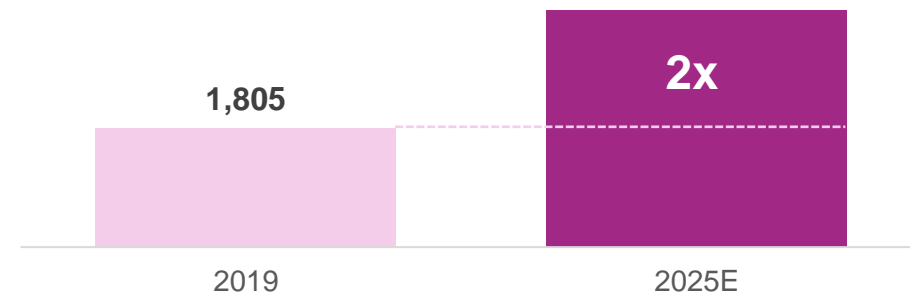
EBITDAR, and

FCF generation

by **2025** versus pre-pandemic levels (2019)

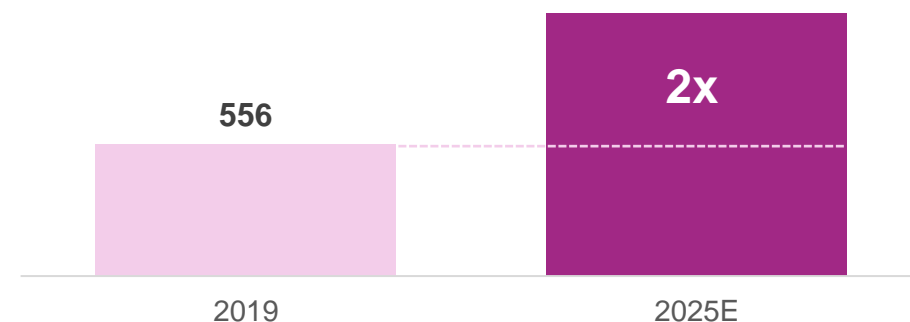
Revenue

USD Million



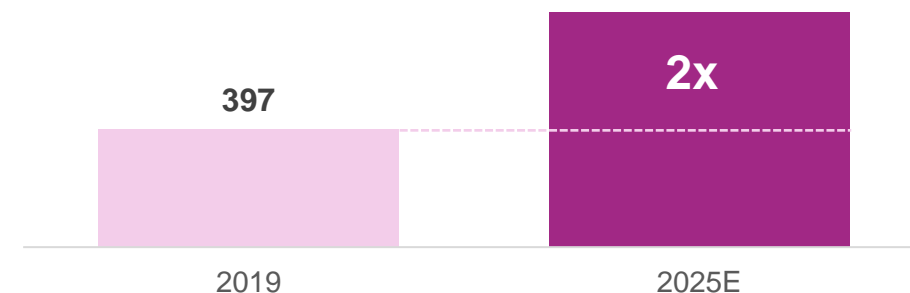
EBITDAR

USD Million



Free Cash Flow

USD Million



Note: Free cash flow calculated as EBITDAR minus CAPEX.

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Environmental

- Reduction of **CO2 emissions** by **35.4% gco2/RPK** by 2030 vs. 2015 by interim targets
- **Young and fuel-efficient fleet**
 - Among youngest fleet in North America (5.5 yrs.)
 - 100% NEOs engines by 2028 (fuel-efficient)
 - Enhanced route planning
 - Reduction in on-board weight and airplanes with a higher seat configuration
- Commitment to IATA's **"Fly Net Zero"** pledge



Social

- Driver of **mobility** across all **socioeconomic classes** with ULCC model, bolstering **economic growth** in our markets
- **Diverse and engaged** work environment underpinned by **equality**
 - (Adherence to IATA's 25by2025 initiative)
- Prioritization of **aviation security** and **operational safety**
 - No aviation accidents and breaches of our customers' data



Corporate Governance

- **Sustainability and business strategy alignment** with Board and leadership team oversight and pay alignment
 - **No controlling group**
 - **64%** of Board is **independent**
 - Strong and diverse governance top-down
- Strong **ethics and compliance practices** and commitment to transparency
 - **Rigorous reporting:** GRI, SASB, TCFD, <IR> Framework, ADS Level III (SEC)



CAPA Latin America
Environmental
Sustainability Airline of
the Year Award for 2022

**S&P Dow Jones
Indices**

A Division of **S&P Global**

2nd year
Member of
**Dow Jones
Sustainability Indices**
Powered by the S&P Global CSA



2nd year
Member of
**S&P/BMV Total
Mexico ESG Index**

Growth strategy is enhanced by meaningful ESG objectives



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VOLAR

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