- the book value, as reflected in the report filed with the CNBV and the Mexican Stock Exchange.

If the tender for cancellation is requested by the CNBV, it must be initiated within 180 days from the date of the request. If initiated by us, under the LMV, the cancellation must be approved by 95% of our shareholders.

Our board of directors must make a determination with respect to fairness of the tender offer price, taking into consideration the minority shareholders' interest, and disclose its opinion within 10 business days from the commencement of the offering.

The resolution of the board of directors may be accompanied by a fairness opinion issued by an expert selected by our audit committee. Directors and first level officers are required to disclose whether or not each of them will sell their shares in connection with the tender offer.

C. Material Contracts

For a description of material contracts relating to our indebtedness. See Item 5: "Operating and Financial Review and Prospects—Liquidity and Capital Resources—Loan Agreements."

D. Exchange Controls

Mexico has had a free market for foreign exchange since 1991, and the Mexican federal government has allowed the peso to float freely against the U.S. dollar since December 1994. We have no control over or influence on this exchange rate policy. The Mexican federal government has announced that it does not intend to change its floating exchange rate policy, but there is no guarantee that the Mexican federal government will not change this policy. See Item 3: "Key Information—Exchange Rates."

E. Taxation

Material U.S. Federal Income Tax Consequences

The following is a discussion of the material U.S. federal income tax consequences to U.S. Holders (as defined below) of the ownership and disposition of our ADSs. This discussion applies only to U.S. Holders that hold our ADSs as "capital assets" (within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended, or the Code) and that have the U.S. dollar as their functional currency. This discussion is based on the Code, the U.S. Treasury regulations promulgated thereunder, administrative rulings of the Internal Revenue Service, or the IRS, and judicial decisions, each as in effect as of the date hereof. All of the foregoing authorities are subject to change or differing interpretations, possibly with retroactive effect, and any such change or differing interpretation could affect the tax consequences described below. Except as expressly described herein, this discussion does not address the U.S. federal income tax consequences that may apply to U.S. Holders under the "Convention Between the Government of the United States of America and the Government of the United Mexican States for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income," or the Treaty. This discussion does not purport to be a complete analysis or listing of all potential U.S. federal income tax considerations that may be relevant to U.S. Holders with respect to their ownership and disposition of our ADSs. This summary does not address any consequences under any U.S. federal tax laws other than those pertaining to the income tax (e.g., estate or gift taxes), any withholding required pursuant to the Foreign Account Tax Compliance Act of 2010 (including the U.S. Treasury regulations promulgated thereunder and intergovernmental agreements entered into in connection therewith) or any state, local or non-U.S. tax consequences.

This discussion also does not address all U.S. federal income tax consequences relevant to a U.S. Holder's particular circumstances, including the impact of the Medicare contribution tax on net investment income and the alternative minimum tax. In addition, it does not address consequences relevant to U.S. Holders subject to special rules under the U.S. federal income tax laws, including, without limitation:

- banks, financial institutions or insurance companies;
- regulated investment companies, real estate investment trusts or grantor trusts;
- dealers or traders in securities, commodities or currencies;

- tax-exempt entities or organizations, including an “individual retirement account” or “Roth IRA” as defined in Sections 408 or 408A of the Code, respectively;
- certain former citizens or long-term residents of the United States;
- persons holding our ADSs as part of a straddle, hedging, constructive sale, conversion or other integrated transaction;
- persons that actually or constructively own 10% or more of the voting power or value of our stock;
- persons that are resident or ordinarily resident in or have a permanent establishment in a jurisdiction outside the United States or persons that are not U.S. Holders;
- persons subject to special tax accounting rules as a result of any item of gross income with respect to our ADSs being taken into account in an applicable financial statement;
- persons who acquired our ADSs pursuant to the exercise of any employee share option or otherwise as compensation for the performance of services; or
- partnerships (including entities classified as partnerships for U.S. federal income tax purposes) or other pass-through entities (or persons holding our ADSs through partnerships or other pass-through entities).

For purposes of this discussion, a “U.S. Holder” is beneficial owner of an ADS that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust that (i) is subject to the primary supervision of a U.S. court and the control of one or more United States persons (within the meaning of Section 7701(a)(30) of the Code), or (2) has a valid election in effect to be treated as a United States person for U.S. federal income tax purposes.

If a partnership or an entity treated as a partnership for U.S. federal income tax purposes holds an ADS, the tax treatment of a partner in the partnership will depend upon the status of the partner, the activities of the partnership and certain determinations made at the partner level. Accordingly, partnerships holding our ADSs and the partners in such partnerships should consult their tax advisors regarding the U.S. federal income tax consequences to them.

Unless otherwise indicated, this discussion assumes that we are not, and will not become, a “passive foreign investment company,” or PFIC, for U.S. federal income tax purposes. See the discussion below under “—Passive Foreign Investment Company Considerations.”

The discussion below assumes that the representations contained in the CPO trust agreement and ADS deposit agreement are true and that the obligations in the CPO trust agreement, ADS deposit agreement and any related agreements have been and will be complied with in accordance with their terms. For U.S. federal income tax purposes, U.S. Holders who own our ADSs will be treated as the beneficial owners of the CPOs represented by our ADSs and each CPO should represent a beneficial interest in our Series A Shares represented by the CPOs. The U.S. Treasury Department has expressed concern that intermediaries in the chain of ownership between the holder of an ADS and the issuer of the security underlying the ADS may be taking actions that are inconsistent with the beneficial ownership of the underlying security. Accordingly, the creditability of certain Mexican taxes paid, if any, and the availability of the reduced tax rate for dividends received by certain non-corporate U.S. Holders, including individual U.S. Holders (as discussed below under“--Distributions”), could be affected by actions taken by intermediaries in the chain of ownership between the U.S. Holders of our ADSs and us if as a result of such actions the U.S. Holders of our ADSs are not properly treated as beneficial owners of the CPOs and our Series A Shares represented by the CPOs.

THIS DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. INVESTORS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE OWNERSHIP AND DISPOSITION OF OUR ADSs UNDER THE U.S. FEDERAL ESTATE OR GIFT TAX LAWS OR UNDER THE LAWS OF ANY STATE, LOCAL OR NON-U.S. TAXING JURISDICTION OR UNDER THE TREATY

Distributions

Subject to the PFIC rules discussed below under "—Passive Foreign Investment Company Considerations," the gross amount of distributions made with respect to our ADSs (including the amount of any Mexican taxes withheld therefrom, if any, and excluding certain pro rata distributions of our underlying Series A Shares or other similar equity interests) will generally be includable in a U.S. Holder's gross income (in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes) as dividend income to the extent that such distributions are paid out of our current or accumulated earnings and profits as determined under U.S. federal income tax principles. Because we do not expect to maintain calculations of our earnings and profits in accordance with U.S. federal income tax principles, it is expected that distributions paid to U.S. holders generally will be reported as dividends. Accordingly, U.S. Holders should expect that all such distributions made with respect to our ADSs will be treated as dividends. Dividends on our ADSs will not be eligible for the dividends-received deduction allowed under the Code to U.S. Holders that are corporations.

With respect to non-corporate U.S. Holders, dividends on our ADSs may qualify as "qualified dividend income" which is eligible for reduced rates of U.S. federal income taxation provided that:

- we are eligible for the benefits of the Treaty, or with respect to the dividend paid on our ADSs which are readily tradable on an established securities market in the United States;
- we are not a PFIC (as discussed below) for either the taxable year in which the dividend was paid or the preceding taxable year;
- the U.S. Holder satisfies certain holding period requirements, and
- the U.S. Holder is not under an obligation to make related payments with respect to positions in substantially similar or related property.

Currently our ADSs are listed on NYSE, which is an established securities market in the United States, and should be considered readily tradable on NYSE. However, there can be no assurance that our ADSs will be considered readily tradable on an established securities market in the United States in future years. U.S. Holders should consult their tax advisors regarding the availability of such reduced rate for dividends paid with respect to our ADSs.

The amount of any distribution on our ADSs paid in pesos will be equal to the U.S. dollar value of pesos on the date such distribution is includible in income by the recipient, regardless of whether the payment is in fact converted into U.S. dollars at that time. If the distribution is converted into U.S. dollars on the date of receipt, a U.S. Holder should not be required to recognize foreign currency gain or loss in respect of the distribution. A U.S. Holder may have foreign currency gain or loss if the distribution is converted into U.S. dollars after the date of receipt. In general, foreign currency gain or loss will be treated as U.S.-source ordinary income or loss. The amount of any distribution of property other than cash will be the fair market value of such property on the date of distribution.

Sale or Other Taxable Disposition of our ADSs

Subject to the PFIC rules discussed below, upon the sale or other taxable disposition of our ADSs, a U.S. Holder generally will recognize capital gain or loss in an amount equal to the difference between the amount realized (in U.S. dollars) on such taxable disposition and the U.S. Holder's adjusted tax basis (in U.S. dollars) in such ADSs. Any such gain or loss will be treated as long-term capital gain or loss if the U.S. Holder's holding period for such ADSs exceeds one year. Certain non-corporate U.S. Holders (including individuals) are currently subject to U.S. federal income tax on long-term capital gain at preferential rates. The deductibility of capital losses is subject to significant limitations.

Foreign Taxes

Certain Mexican taxes, if any, withheld or paid on dividends on, or upon the sale or other taxable disposition of, our ADSs may, subject to limitations and conditions, be treated as foreign income tax eligible for credit against a U.S. Holder's U.S. federal income tax liability under the U.S. foreign tax credit rules or, at the U.S. Holder's election, eligible for deduction in computing the U.S. Holder's U.S. federal taxable income. If a refund of any such Mexican tax is available to a U.S. Holder under the laws of Mexico imposing such tax or under the Treaty, the amount of such tax that is refundable will not be eligible for the credit or deduction against the U.S. Holder's U.S. federal income tax liability. Dividends paid on ADSs generally will constitute foreign source income and generally will be considered "passive category" income in computing the foreign tax credit allowable to U.S. Holders under U.S. federal income tax laws. Recently issued U.S. Treasury regulations further restrict the availability of any such credit (or deduction in lieu thereof) based on the nature of the withholding tax imposed by the foreign jurisdiction. The rules governing the determination of the foreign tax credit are complex, and certain limitations and conditions may apply to a U.S. Holder's ability to claim the foreign tax credit for any foreign taxes paid or withheld with respect to the ADSs. U.S. Holders should consult their tax advisors regarding the availability of a foreign tax credit in their particular circumstances and the possibility of claiming a deduction in lieu of the foreign tax credit.

Passive Foreign Investment Company Considerations

Notwithstanding the foregoing, certain adverse U.S. federal income tax consequences could apply to a U.S. Holder if we are treated as a PFIC for any taxable year during which such U.S. Holder holds our ADSs. We would be classified as a PFIC for any taxable year if, after applying certain look-through rules with respect to the income and assets of our subsidiaries, either:

- 75% or more of our gross income for such taxable year is "passive income" (as defined in the relevant provisions of the Code), or
- 50% or more of the value of our assets (generally determined on the basis of a quarterly average) during such taxable year is attributable to assets that produce or are held for the production of passive income.

For this purpose, "passive income" includes, subject to certain exceptions, dividends, interest, rents, annuities, gains from commodities and securities transactions, net gains from the sale or exchange of property producing such passive income, net foreign currency gains and amounts derived by reason of the temporary investment of funds.

Based on the market price of our ADSs and the composition of our income, assets and operations, we do not believe we were classified as a PFIC for U.S. federal income tax purposes for the taxable year ended December 31, 2022. However, this is a factual determination that must be made annually after the close of each taxable year. This determination will depend on, among other things, the ownership and the composition of the income and assets, as well as the value of the assets (which may fluctuate with our market capitalization), of the Company and its subsidiaries from time to time. Therefore, there can be no assurance that we will not be classified as a PFIC for the current taxable year or for any future taxable year.

If we were classified as a PFIC for any taxable year during which a U.S. Holder held our ADSs, the U.S. Holder would be subject to special tax rules with respect to any "excess distributions" that the U.S. Holder receives in respect of our ADSs and any gain realized by the U.S. Holder from a sale or other disposition (including a pledge) of the ADSs, unless the U.S. Holder makes a "mark-to-market" election, as discussed below. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over the U.S. Holder's holding period for our ADSs;
- the amount allocated to the current taxable year, and any taxable year in the U.S. Holder's holding period prior to the first taxable year in which we became a PFIC, will be treated as ordinary income; and
- the amount allocated to each other taxable year will be subject to the highest tax rate in effect for that year and the interest charge applicable to underpayments of tax will be imposed on the resulting tax attributable to each such taxable year.

In addition, dividend distributions made to the U.S. Holder will not qualify for the preferential rates of U.S. federal income taxation applicable to long-term capital gains discussed above under "—Distributions."

If we are a PFIC for any taxable year during which a U.S. Holder holds our ADSs, we will continue to be treated as a PFIC with respect to the U.S. Holder for all succeeding taxable years during which the U.S. Holder holds the ADSs. If we cease to be a PFIC, the U.S. Holder may be able to avoid some of the adverse tax consequences of the PFIC regime by making a deemed sale election with respect to our ADSs. If such election is made, the U.S. Holder will be deemed to have sold our ADSs that the U.S. Holder holds at their fair market value on the last day of the last taxable year in which we qualified as a PFIC, and any gain from such deemed sale would be subject to the consequences described above. After the deemed sale election, the U.S. Holder's ADSs with respect to which the deemed sale election was made will not be treated as ADSs in a PFIC unless we subsequently become a PFIC.

If the Company is a PFIC, certain elections may be available that would result in an alternative treatment. In lieu of being subject to the tax and interest charge rules described above, a U.S. Holder may make an election to include gain on the stock of a PFIC as ordinary income under a "mark-to-market" method, provided that such stock is "marketable." The ADSs generally would be considered marketable for purposes of this election if the ADSs are traded in other than de minimis quantities on at least 15 days during each calendar quarter on a qualified exchange or other market, as defined in the applicable U.S. Treasury regulations. NYSE, on which our ADSs are listed, is a qualified exchange for this purpose. U.S. Holders should consult their tax advisors regarding the availability and consequences of a market-to-market election with respect to the ADSs.

Alternatively, a U.S. Holder may avoid the adverse tax and interest-charge regime described above by making an election to treat us as a "qualified electing fund". However, we do not intend to prepare or provide the information that would enable U.S. Holders to make a qualified electing fund election.

The U.S. federal income tax rules relating to PFICs are complex. Prospective U.S. investors are urged to consult their tax advisors with respect to the application of the PFIC rules to their investment in the ADSs.

Information Reporting and Backup Withholding

Dividend payments with respect to our ADSs and proceeds from the sale, exchange, redemption or other taxable disposition of our ADSs may be subject to information reporting to the IRS and possible U.S. backup withholding. Backup withholding will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number and makes any other required certification or otherwise properly establishes an exemption from backup withholding. U.S. Holders who are required to establish their exempt status may be required to provide such certification on IRS Form W-9.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. Holder's U.S. federal income tax liability, if any, and a U.S. Holder may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for refund with the IRS and furnishing any required information to the IRS. U.S. Holders should consult their tax advisors regarding the application of the U.S. information reporting and backup withholding rules.

Foreign Financial Asset Reporting

Certain U.S. Holders who are individuals or certain specified entities that own "specified foreign financial assets" with an aggregate value in excess of U.S. $50,000 on the last day of the taxable year (and in some circumstances, a higher threshold) may be required to report information relating to the ADSs by attaching a completed IRS Form 8938, Statement of Specified Foreign Financial Assets (which requires U.S. Holders to report "specified foreign financial assets," which generally include financial accounts held at a non-U.S. financial institution, interests in non-U.S. entities, as well as stock and other securities issued by a non-United States person), to their tax return for each year in which they hold our ADSs, subject to certain exceptions (including an exception for the ADSs held in accounts maintained by U.S. financial institutions). U.S. Holders should consult their tax advisors regarding their reporting obligations with respect to their acquisition, ownership, and disposition of the ADSs.

PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS TO DETERMINE THE U.S. FEDERAL, STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES OF THE OWNERSHIP AND DISPOSITION OF OUR ADSs.

Mexican Taxation

General

The following summary of certain Mexican federal income tax consequences of the purchase, ownership and disposition of ADSs or CPOs or the Series A shares underlying the CPOs, is based upon the federal tax laws of Mexico as in effect on the date of this annual report, which are subject to change. Prospective purchasers of ADSs or CPOs are encouraged to consult their own tax advisors as to the Mexican or other tax consequences of the purchase, ownership and disposition of ADSs or CPOs and indirectly the Series A shares underlying the CPOs, including, in particular, the effect of any foreign, state or municipal tax laws.

This summary is based upon the Mexican federal income tax laws in effect on the date of this annual report, which are subject to change and does not describe any tax consequences arising under the laws of any state or municipality, other than the federal laws of Mexico.

Holders of ADSs or CPOs are encouraged to consult their own tax advisors as to their entitlement to the benefits, if any, afforded by the Treaty regarding income tax.

Mexico has also entered into and is negotiating several other tax treaties with various countries, that may have an impact on the tax treatment of the purchase, ownership and disposition of ADSs, CPOs or the Series A shares underlying the CPOs. Prospective purchasers of the ADSs or CPOs are encouraged to consult their own tax advisors as to the tax consequences, if any, of any such treaties.

The following summary of the Mexican federal income tax consequences of the purchase, ownership or disposition of ADSs or CPOs is a general summary of the principal consequences, under Mexican tax law and the Treaty, as currently in effect, of such purchase, ownership or disposition of ADSs or CPOs by non-Mexican holders (but not by holders who are or may be deemed residents of Mexico for tax purposes), that will not hold ADSs or CPOs in connection with the conduct of a trade or business through a permanent establishment for tax purposes, in Mexico.

A non-resident of Mexico is a legal entity or individual that does not satisfy the requirements to be considered a resident of Mexico for Mexican federal income tax purposes.

For purposes of Mexican taxation, individuals are residents of Mexico for tax purposes if they have established their place of residence in Mexico, unless they have a place of residence in a different country, in which case such individuals will only be considered residents of Mexico for tax purposes if they have their center of vital interests (*centro de intereses vitales*) in Mexico. Mexican law considers individuals to have their center of vital interests in Mexico if (i) at least 50% of their income is derived from Mexican sources or (ii) their principal center of professional activities is located in Mexico, among others. An individual will also be considered a resident of Mexico if such individual is a state employee, regardless of the location of such person’s core of vital interests. A legal entity is a resident of Mexico if it is incorporated under the laws of Mexico, or if it maintains the principal administration of its business or the effective location of its management in Mexico.

A permanent establishment in Mexico of a non-Mexican resident will be regarded as a resident of Mexico for tax purposes, and any and all income attributable to such permanent establishment will be required to pay taxes in Mexico in accordance with applicable law.

Dividends

Dividends, either in cash or in any other form (except for stock dividends), paid with respect to A shares or B shares represented by the CPOs (or in the case of holders who hold CPOs represented by ADSs), will be subject to a 5% Mexican withholding tax based on the amount of the distributed dividend, multiplied by a factor of 1.5385, which produces a net Mexican withholding tax of approximately 7.7% applicable to holders of CPOs who are non-residents of Mexico. Under the Treaty, a U.S. Shareholder who owns less than 10% of our stock and is otherwise eligible for benefits under such treaty will, in no event, be subject to more than a 10% withholding tax.

Disposition of ADSs or CPOs

The sale or the disposition of ADSs or CPOs by a non-Mexican holder will not be subject to any Mexican tax, if the transaction is carried out through the Mexican Stock Exchange or other securities markets approved by the Ministry of Finance and Public Credit (*Secretaria de Hacienda y Crédito Público*).

The exemption referred to in the previous paragraph would not be applicable (i) if the person or group of persons that directly or indirectly hold 10% or more of our shares, in a period of 24 months, sell 10% or more of such shares, through one transaction or through more than one simultaneous or successive transactions, including transactions conducted through derivatives or in any other analogous or similar manner, and (ii) if a person or group of persons who control Volaris sell their control through one transaction or more than one simultaneous or successive transactions in a period of 24 months, including transactions conducted through derivatives or in any other analogous or similar manner. For purposes of the above, "control" and "group of persons" have the meaning ascribed to them in the LMV. Gains received by a non-resident holder arising out of the sale or other transfers of ADSs or CPOs made in any of the circumstances described in (i) and (ii) above, are deemed as income arising from Mexican source subject to Mexican income tax.

Gain on sales or other dispositions of ADSs or CPOs made in circumstances other than those described in the first paragraph of this section, generally would be subject to Mexican tax at a rate of 25% based on the aggregate proceeds received from the transaction or, subject to certain requirements applicable to the seller (including the appointment of a representative in Mexico for tax purposes to pay the applicable taxes), on any gain arising from a sale or other disposition as described in the next paragraph. If income of a non-resident holder is subject to a preferential tax regime (as defined by the Mexican Income Tax Law), the applicable rate may be up to 40% on the gross income obtained.

A non-resident holder may elect to pay taxes on the gains realized from the sale of our shares on a net basis (sales price less tax cost basis) at a rate of 30%, provided that the income of the non-resident holder is not subject to a preferential tax regime (as such terms are defined by the Mexican Income Tax Law), the non-resident holder appoints a legal representative in Mexico for purposes of the disposition of the shares and the representative files a tax notice claiming the election and a tax return coupled with a report issued by a public accountant.

Pursuant to the Treaty, gains realized by a holder of ADSs or CPOs that is eligible to claim benefits thereunder may be exempt from Mexican income tax on gains realized on a sale or other disposition of shares, if such holder owned, directly or indirectly, less than 25% of our outstanding capital stock during the 12-month period preceding such disposition provided certain requirements are met. These requirements include the obligation to (i) prove tax treaty residence, (ii) appoint a legal representative in Mexico for taxation purposes, and (iii) present tax reports prepared by authorized certified public accountants.

Value Added Tax

According to the provisions of the Mexican Value Added Tax Law (*Ley del Impuesto al Valor Agregado*), the disposition of the ADSs or CPOs made by non-resident holders would be exempt from the Value Added Tax.

Other Mexican Taxes

There are currently no Mexican estate, gift, inheritance, or value added taxes applicable to the purchase, ownership or disposition of ADSs or CPOs. However, gratuitous transfers of ADSs or CPOs may result in the imposition of a Mexican federal income tax upon the recipient in certain circumstances.

There are currently no Mexican stamp, registration or similar taxes payable with respect to the purchase, ownership or disposition of ADSs or CPOs.

F. Dividends and Paying Agents

Not Applicable.