



Volaris, the Lowest Cost Public Airline in the Americas reports fourth quarter 2020 results: Operating Margin at 12%; CASM ex-fuel at \$4.13 U.S. dollar cents; Strong Balance Sheet and Sound Business Model

Mexico City, Mexico, February 18, 2021 – Volaris* (NYSE: VLRS and BMV: VOLAR), the ultra-low-cost airline serving Mexico, the United States of America and Central America, today announces its financial results for the fourth quarter 2020.

The following financial information, unless otherwise indicated, is presented in accordance with the International Financial Reporting Standards (IFRS).

Fourth Quarter 2020 Highlights

During the fourth quarter of 2020, Volaris continued reinforcing its strategy to navigate the uncertainties of the SARS-CoV-2 (COVID-19) pandemic, focusing on its financial strength, cost reduction, liquidity preservation, capacity recovery and taking advantage of market opportunities.

For the fourth quarter, the Company posted an operating margin of 11.9%. Volaris continued to implement cost reduction initiatives and achieved a reduction in operating expenses per available seat mile in U.S. dollars of 8.7% as compared to 2019.

On December 11, 2020, the Company concluded an upsized, primary follow-on equity offering of 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 U.S.\$11.25 per ADS in the United States of America and other countries outside Mexico, pursuant to the Company's shelf registration statement filed with the Securities and Exchange Commission. In connection with the offering, the underwriters exercised their option to purchase up to 20,100,000 additional CPOs in the form of ADSs. The Company received net proceeds of approximately U.S.\$164 million dollars, which it will use for general corporate purposes. Volaris ended the fourth quarter of 2020 with Ps.\$10,103 million in cash and cash equivalents and total equity of Ps.2,796 million.

During the fourth quarter, the Company was able to ramp up service (ASMs) to 94.9% when compared to the same period of the prior year. The domestic market led the capacity recovery, where Volaris operated 99.1% ASMs versus the same period in 2019. In the international market, Volaris operated 85.5% ASMs compared to the same period in 2019. During the fourth quarter 2020, Volaris began operations on two new domestic and seven new international routes.

During 2020, Volaris carried more than 14.7 million passengers after successfully implementing its biosecurity protocol in April 2020.



The main results for the fourth quarter are described as follows:

- Total operating revenues were Ps.8,086 million for the fourth quarter, a decrease of 16.9% year over year.
- Total ancillary revenues were Ps.3,877 million for the fourth quarter, an increase of 21.4% year over year. Total ancillary revenues per passenger for the fourth quarter reached Ps.798, an increase of 43.3% year over year. Total ancillary revenues represented 48.0% of total operating revenues for the fourth quarter 2020, increasing 15.2 percentage points with respect to the same period of last year.
- Total operating revenues per available seat mile (TRASM) were Ps.138.1 cents for the fourth quarter, a decrease of 10.9% year over year.
- Operating expenses per available seat mile (CASM) were Ps.120.6 cents for the fourth quarter, a decrease of 2.3% year over year, with an average economic fuel cost per gallon of Ps.37.2 for the fourth quarter, a decrease of 18.8% year over year.
- Operating expenses per available seat mile excluding fuel, (CASM ex-fuel) were Ps.85.3 cents for the fourth quarter, an increase of 12.2% year over year, with an average exchange rate depreciation of the Mexican peso against the U.S. dollar of 7.0% year over year.
- Operating income was Ps.960 million for the fourth quarter, a decrease of 51.2% compared with the same period of last year. Operating margin for the fourth quarter was 11.9%, a decrease of 8.4 percentage points year over year.
- Net income was Ps.897 million (Ps.0.85 earnings per share / U.S.\$0.43 earnings per ADS), a net margin of 11.1% for the fourth quarter.
- At the close of the fourth quarter, the Mexican peso appreciated 11.2% against the U.S. dollar (Ps.19.95 per U.S. dollar) with respect to the exchange rate at the close of the previous quarter (Ps.22.46 per U.S. dollar). The Company booked a net foreign exchange gain of Ps.1,048 million derived from its U.S. dollar net monetary liability position.

During the fourth quarter of 2020, the net cash flow generated by operating activities was Ps.1,551 million. The net cash flow generated by investing activities was Ps.77 million. The net cash flow generated by financing activities was Ps.883 million, which included Ps.2,242 million of aircraft rental payments. The negative net foreign exchange difference was Ps.609 million. As a result, there was a net increase in cash and cash equivalents in the fourth quarter of Ps.1,901 million. As of December 31, 2020, cash and cash equivalents were Ps.10,103 million.

- Despite the progress made in the fourth quarter 2020, there remain significant challenges in the current period with COVID-19 case counts increasing in both Mexico and the USA. Historically, the first quarter of any year tends to be a challenging quarter for airlines and in the context of the COVID-19 pandemic, it is even more so. For the first quarter 2021, the Company expects weakness in demand and booking curves to compress. Volaris operates approximately 30% of its network from Mexico to the USA and expects a short-term reduction in demand for cross border flights as a result of recent USA regulations requiring international passengers arriving to the USA to have completed a negative COVID-19 test not more than 72 hours prior to departure. As a result, the Company's network plans for the first quarter of 2021 will be more conservative, focused on deploying appropriate levels of capacity to align with the changing demand environment. At present, Volaris intends to operate approximately 80% of capacity as compared to the same period of last year, as measured by ASMs. This still represents a strong capacity comeback from the COVID-19 pandemic as compared to the global industry, which is currently

operating at 56% of capacity compared to the previous year. Nonetheless, as the first quarter is still in progress, Volaris cannot offer any assurance as to how actual results will compare to the expected results mentioned herein.

Fuel Price reduction and Peso Depreciation

- Fuel price reduction: The average economic fuel cost per gallon decreased 18.8% in the fourth quarter of 2020, year over year, to Ps.37.2 per gallon (U.S.\$1.9).
- Peso depreciation: The Mexican peso depreciated 7.0% against the U.S. dollar year over year, from an average exchange rate of Ps.19.28 per U.S. dollar in the fourth quarter of 2019 to Ps.20.63 per U.S. dollar during the fourth quarter of 2020. At the end of the fourth quarter of 2020, the Mexican peso (Ps.19.95 per U.S. dollar) depreciated 5.9% with respect to the exchange rate at the end of the same period of the last year (Ps.18.85 per U.S. dollar).

Passenger Traffic Contraction, Ancillary Revenue Growth and Increased Route Network

- Passenger traffic contraction: Volaris had 4.9 million booked passengers in the fourth quarter of 2020, a decrease of 15.3% year over year. Volaris traffic (measured in revenue passenger miles, or RPMs) decreased 13.1% year over year. System load factor during the fourth quarter decreased 7.4 percentage points year over year to 80.2%.
- Total ancillary revenue growth: For the fourth quarter of 2020, total ancillary revenue and total ancillary revenue per passenger increased 21.4% and 43.3% year over year, respectively. The total ancillary revenue generation continues to grow with new and mature products, focusing on customers' needs, and represents 48.0% of total operating revenue of the fourth quarter, an increase of 15.2 percentage points year over year.
- TRASM decrease: For the fourth quarter of 2020, TRASM decreased 10.9% year over year. During the fourth quarter of 2020, the total capacity, measured by ASMs, decreased 5.1% year over year.
- New routes: During the fourth quarter of 2020, Volaris began operations in two new domestic routes and seven new international routes. In the domestic market: 1) Mexico City to Campeche, Campeche; and 2) Cancun, Quintana Roo to Oaxaca, Oaxaca. In the international market: 1) Mexico City to Dallas, Texas; 2) Mexico City to Houston, Texas; 3) Mexico City to Fresno, California; 4) Mexico City to Ontario, California; 5) Mexico City to San Jose, California; 6) Mexico City to Sacramento, California; and 7) Morelia, Michoacán to Chicago O'Hare, Illinois.

Total Unit Cost Increase and Peso Depreciation

- CASM and CASM ex fuel in the fourth quarter of 2020 was Ps.120.6 (U.S.\$6.04 cents) and Ps.85.3 cents (U.S.\$4.27), respectively. This represented a decrease of 2.3% for CASM and an increase of 12.2% for CASM ex fuel, year over year, mainly driven by the capacity reduction measured in available seat miles (ASMs), and the depreciation of the Mexican peso against the U.S. dollar by 7.0%.



Young and Fuel-Efficient Fleet

- During the fourth quarter of 2020, the Company returned one A319 aircraft and incorporated three new A320 NEO aircraft into its fleet. As of December 31, 2020, Volaris' fleet comprised 86 aircraft (6 A319s, 64 A320s and 16 A321s), with an average age of 5.3 years. At the end of the fourth quarter of 2020, Volaris' fleet had an average of 188 seats per aircraft, 79% of our aircraft were sharklet-equipped, and 35% were NEOs.

Solid Balance Sheet and Liquidity with Net Cash Flow Generated by Operating Activities

- As of December 31, 2020, cash and cash equivalents were Ps.10,103 million, representing 45.6% of last twelve months operating revenue. Volaris registered a negative net debt (or a positive net cash position) of Ps.4,749 million (excluding the lease liability recognized under IFRS16) and total equity of Ps.2,796 million.
- During the fourth quarter of 2020, the net cash flow generated by operating activities was Ps.1,551 million. The net cash flow generated by investing activities was Ps.77 million. The net cash flow generated by financing activities was Ps.883 million, which included Ps.2,242 million of aircraft rental payments. The negative net foreign exchange difference was Ps.609 million. As a result, there was a net increase of cash and cash equivalents in the fourth quarter of Ps.1,901 million.

Non-Derivative Financial Instruments

- During 2019, the Company established hedges on its U.S. dollar denominated revenues through a non-derivative financial instrument, using the lease liabilities denominated in U.S. dollar as a hedge instrument. This hedging relationship was designated as a cash flow hedge of forecasted revenues to mitigate the volatility of the foreign exchange variation arising from the revaluation of the lease liabilities. During the fourth quarter 2020, the impact of these hedges was Ps.174 million, which has been included as part of the total operating revenue.
- Additionally, during 2019, the Company established hedges on a portion of its forecasted fuel expense, through a non-derivative financial instrument, using as a hedge instrument a portion of its U.S. dollar denominated monetary assets. This hedging relationship was designated as a cash flow hedge of forecasted fuel expense to mitigate the volatility of the foreign exchange variation arising from the revaluation of this portion of U.S. dollar denominated monetary asset. During the fourth quarter 2020, the impact of these hedges was Ps.84 million, which is included as part of the total fuel expense.
- For the hedging relationships described, the effective portion of the hedging instrument's change in fair value is recognized in Other Comprehensive Income or OCI. The accounting records corresponding to the recycling of the OCI are made in accordance with IFRS 9. Under this standard, the portion recorded in OCI is recognized in the results in the same period in which the expected hedging for cash flows affects the result of the period. As of December 31, 2020, OCI includes a negative foreign exchange impact of Ps.1,577 million. As of December 31, 2019, OCI includes a positive foreign exchange effect of Ps.14 million.

Investors are urged to carefully read the Company's periodic reports filed with or provided to the Securities and Exchange Commission, for additional information regarding the Company.



Conference Call/Webcast Details:

Presenters for the Company: Mr. Enrique Beltranena, President & CEO
Mr. Holger Blankenstein, Airline Commercial and Operation EVP
Mr. Jaime Pous, Chief Legal Officer and Corporate Affairs SVP and Interim CFO

Date: Friday, February 19, 2021

Time: 10:00 am U.S. EDT (9:00 am Mexico City Time)

United States dial in (toll free): 1-877-830-2576

Mexico dial in (toll free): 001-800-514-6145

Brazil dial in (toll free): 0800-891-6744

International dial in: + 1-785-424-1726

Participant passcode: VOLARIS

Webcast will be available at: <https://services.choruscall.com/links/vlrs210219KKfUd2nS.html>

About Volaris:

*Controladora Vuela Compañía de Aviación, S.A.B. de C.V. ("Volaris" or the "Company") (NYSE: VLRS and BMV: VOLAR), is an ultra-low-cost carrier, with point-to-point operations, serving Mexico, the United States and Central America. Volaris offers low base fares to build its market, providing quality service and extensive customer choice. Since the beginning of operations in March 2006, Volaris has increased its routes from five to more than 177 and its fleet from four to 87 aircraft. Volaris offers more than 337 daily flight segments on routes that connect 43 cities in Mexico and 25 cities in the United States and Central America with the youngest fleet in Mexico. Volaris targets passengers who are visiting friends and relatives, cost-conscious business and leisure travelers in Mexico, the United States and Central America. Volaris has received the ESR Award for Social Corporate Responsibility for eleven consecutive years. For more information, please visit: www.volaris.com.

Forward-looking Statements:

Statements in this release contain various forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which represent the Company's expectations, beliefs or projections concerning future events and financial trends affecting the financial condition of our business. When used in this release, the words "expects," "intends," "estimates," "predicts," "plans," "anticipates," "indicates," "believes," "forecast," "guidance," "potential," "outlook," "may," "continue," "will," "should," "seeks," "targets" and similar expressions are intended to identify forward-looking statements. Similarly, statements that describe the Company's objectives, plans or goals, or actions the Company may take in the future, are forward-looking statements. Forward-looking statements include, without limitation, statements regarding the Company's intentions and expectations regarding the delivery schedule of aircraft on order, announced new service routes and customer savings programs. Forward-looking statements should not be read as a guarantee or assurance of future performance or results and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on information available at the time those statements are made and/or management's good faith belief as of that time with respect to future events and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Forward-looking statements are subject to a number of factors that could cause the Company's actual results to differ materially from the Company's expectations, including the competitive environment in the airline industry; the Company's ability to keep costs low; changes in fuel costs; the impact of worldwide economic conditions on customer travel behavior; the Company's ability to generate non-ticket revenues; and government regulation. Additional information concerning these, and other factors is contained in the Company's Securities and Exchange Commission filings. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements set forth above. Forward-looking statements speak only as of the date of this release. You should not put undue reliance on any forward-looking statements. We assume no obligation to update forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information, except to the extent required by applicable law. If we update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

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Unaudited (In Mexican pesos, except otherwise indicated)	Three months ended December 31, 2020 (US Dollars)*	Three months ended December 31, 2020	Three months ended December 31, 2019	Variance (%)
Total operating revenues (millions)	405	8,086	9,729	(16.9%)
Total operating expenses (millions)	357	7,126	7,762	(8.2%)
EBIT (millions)	48	960	1,967	(51.2%)
EBIT margin	11.9%	11.9%	20.2%	(8.3) pp
Depreciation and amortization	77	1,546	1,389	11.3%
Aircraft and engine variable lease expenses	25	507	193	>100%
Net income (millions)	45	897	1,287	(30.3%)
Net income margin	11.1%	11.1%	13.2%	(2.1) pp
Earnings per share:				
Basic (pesos)	0.04	0.85	1.27	(32.9%)
Diluted (pesos)	0.04	0.85	1.27	(32.9%)
Earnings per ADS:				
Basic (pesos)	0.43	8.54	12.72	(32.9%)
Diluted (pesos)	0.43	8.54	12.72	(32.9%)
Weighted average shares outstanding:				
Basic	-	1,050,401,677	1,011,876,677	3.8%
Diluted	-	1,050,401,677	1,011,876,677	3.8%
Available seat miles (ASMs) (millions) ⁽¹⁾	-	5,979	6,300	(5.1%)
Domestic	-	4,307	4,343	(0.8%)
International	-	1,673	1,957	(14.5%)
Revenue passenger miles (RPMs) (millions) ⁽¹⁾	-	4,797	5,521	(13.1%)
Domestic	-	3,594	3,888	(7.6%)
International	-	1,203	1,633	(26.3%)
Load factor ⁽²⁾	-	80.2%	87.6%	(7.4) pp
Domestic	-	83.5%	89.5%	(6.0) pp
International	-	71.9%	83.5%	(11.6) pp
Total operating revenue per ASM (TRASM) (cents) ^{(1) (5)}	6.9	138.1	155.0	(10.9%)
Total ancillary revenue per passenger ^{(4) (5)}	40.0	798	557	43.3%
Total operating revenue per passenger ⁽⁵⁾	85.2	1,699	1,701	(0.1%)
Operating expenses per ASM (CASM) (cents) ^{(1) (5)}	6.04	120.6	123.5	(2.3%)
Operating expenses per ASM (CASM) (US cents) ^{(1) (3) (5)}	-	5.84	6.40	(8.7%)
CASM ex fuel (cents) ^{(1) (5)}	4.27	85.3	76.0	12.2%
CASM ex fuel (US cents) ^{(1) (3) (5)}	-	4.13	3.94	4.8%
Booked passengers (thousands) ⁽¹⁾	-	4,861	5,738	(15.3%)
Departures ⁽¹⁾	-	31,652	35,261	(10.2%)
Block hours ⁽¹⁾	-	80,163	89,714	(10.6%)
Fuel gallons consumed (millions)	-	56.8	65.2	(13.0%)
Average economic fuel cost per gallon ⁽⁵⁾	1.9	37.2	45.8	(18.8%)
Aircraft at end of period	-	86	82	4.9%
Average aircraft utilization (block hours)	-	11.8	12.8	(7.8%)
Average exchange rate	-	20.63	19.28	7.0%
End of period exchange rate	-	19.95	18.85	5.9%

*Peso amounts were converted to U.S. dollars at end of period exchange rate for convenience purposes only.

⁽¹⁾ Includes schedule and charter.

⁽²⁾ Includes schedule.

⁽⁵⁾ Excludes non-derivatives financial instruments.

⁽³⁾ Dollar amounts were converted at average exchange rate of each period.

⁽⁴⁾ Includes "Other passenger revenues" and "Non-passenger revenues".

Unaudited (In Mexican pesos, except otherwise indicated)	Twelve months ended December 31, 2020 (US Dollars)*	Twelve months ended December 31, 2020	Twelve months ended December 31, 2019	Variance (%)
Total operating revenues (millions)	1,111	22,160	34,753	(36.2%)
Total operating expenses (millions)	1,274	25,413	30,397	(16.4%)
EBIT (millions)	(163)	(3,254)	4,355	NA
EBIT margin	(14.7%)	(14.7%)	12.5%	(27.2) pp
Depreciation and amortization	298	5,947	5,378	10.6%
Aircraft and engine variable lease expenses	93	1,845	962	91.9%
Net (loss) income (millions)	(215)	(4,294)	2,639	NA
Net (loss) income margin	(19.4%)	(19.4%)	7.6%	(27.0) pp
(Loss) income per share:				
Basic (pesos)	(0.21)	(4.20)	2.61	NA
Diluted (pesos)	(0.21)	(4.20)	2.61	NA
(Loss) income per ADS:				
Basic (pesos)	(2.11)	(42.03)	26.08	NA
Diluted (pesos)	(2.11)	(42.03)	26.08	NA
Weighted average shares outstanding:				
Basic	-	1,021,560,557	1,011,876,677	1.0%
Diluted	-	1,021,560,557	1,011,876,677	1.0%
Available seat miles (ASMs) (millions) ⁽¹⁾	-	18,275	24,499	(25.4%)
Domestic	-	13,446	16,891	(20.4%)
International	-	4,829	7,607	(36.5%)
Revenue passenger miles (RPMs) (millions) ⁽¹⁾	-	14,597	21,032	(30.6%)
Domestic	-	10,900	14,871	(26.7%)
International	-	3,696	6,162	(40.0%)
Load factor ⁽²⁾	-	79.9%	85.9%	(6.0) pp
Domestic	-	81.1%	88.0%	(6.9) pp
International	-	76.6%	81.0%	(4.4) pp
Total operating revenue per ASM (TRASM) (cents) ^{(1) (5)}	6.2	123.5	142.2	(13.1%)
Total ancillary revenue per passenger ^{(4) (5)}	33.0	659	532	23.9%
Total operating revenue per passenger ⁽⁵⁾	76.9	1,534	1,585	(3.2%)
Operating expenses per ASM (CASM) (cents) ^{(1) (5)}	7.1	141.3	124.3	13.7%
Operating expenses per ASM (CASM) (US cents) ^{(1) (3) (5)}	-	6.6	6.5	1.9%
CASM ex fuel (cents) ^{(1) (5)}	5.1	102.7	76.6	34.1%
CASM ex fuel (US cents) ^{(1) (3) (5)}	-	4.78	3.98	20.1%
Booked passengers (thousands) ⁽¹⁾	-	14,712	21,975	(33.1%)
Departures ⁽¹⁾	-	97,819	138,084	(29.2%)
Block hours ⁽¹⁾	-	248,952	350,572	(29.0%)
Fuel gallons consumed (millions)	-	176.6	251.8	(29.8%)
Average economic fuel cost per gallon ⁽⁵⁾	2.0	39.9	46.4	(14.0%)
Aircraft at end of period	-	86	82	4.9%
Average aircraft utilization (block hours)	-	11.3	12.9	(12.7%)
Average exchange rate	-	21.50	19.26	11.6%
End of period exchange rate	-	19.95	18.85	5.9%

*Peso amounts were converted to U.S. dollars at end of period exchange rate for convenience purposes only.

⁽¹⁾ Includes schedule and charter.

⁽²⁾ Includes schedule.

⁽⁵⁾ Excludes non-derivatives financial instruments.

⁽³⁾ Dollar amounts were converted at average exchange rate of each period.

⁽⁴⁾ Includes "Other passenger revenues" and "Non-passenger revenues".



Controladora Vuela Compañía de Aviación, S.A.B. de C.V. and Subsidiaries
Consolidated Statement of Operations

Unaudited (In millions of Mexican pesos)	Three months ended December 31, 2020 (US Dollars) *	Three months ended December 31, 2020	Three months ended December 31, 2019	Variance (%)
Operating revenues:				
Passenger revenues	394	7,863	9,414	(16.5%)
Fare revenues	220	4,382	6,568	(33.3%)
Other passenger revenues	174	3,481	2,846	22.3%
Non-passenger revenues	20	397	349	13.7%
Other non-passenger revenues	16	327	285	14.8%
Cargo	3	70	64	8.8%
Non-derivatives financial instruments	(9)	(174)	(33)	>100%
Total operating revenues	405	8,086	9,729	(16.9%)
Other operating income	(8)	(162)	(63)	>100%
Fuel expense, net ⁽¹⁾	102	2,027	2,972	(31.8%)
Depreciation of right of use assets	65	1,297	1,181	9.8%
Landing, take-off and navigation expenses	58	1,148	1,384	(17.0%)
Sales, marketing and distribution expenses	17	335	409	(18.1%)
Salaries and benefits	49	983	953	3.2%
Aircraft and engine variable lease expenses	25	507	193	>100%
Maintenance expenses	23	454	360	26.0%
Other operating expenses	14	288	165	74.6%
Depreciation and amortization	12	249	208	19.7%
Operating expenses	357	7,126	7,762	(8.2%)
Operating income	48	960	1,967	(51.2%)
Finance income	-	8	36	(76.8%)
Finance cost	(33)	(654)	(656)	(0.4%)
Exchange gain, net	53	1,048	456	>100.0%
Comprehensive financing result	20	403	(164)	NA
Income before income tax	68	1,362	1,803	(24.4%)
Income tax expense	(23)	(465)	(516)	(9.7%)
Net income	45	897	1,287	(30.3%)

* Peso amounts were converted to U.S. dollars at end of period exchange rate for convenience purposes only.

⁽¹⁾ 4Q 2020 and 4Q 2019 figures include a benefit from non-derivatives financial instruments by an amount of Ps.84.2 million and Ps.16.7 million, respectively.

Controladora Vuela Compañía de Aviación, S.A.B. de C.V. and Subsidiaries
Consolidated Statement of Operations

Unaudited	Twelve months ended December 31, 2020	Twelve months ended December 31, 2020	Twelve months ended December 31, 2019	Variance
(In millions of Mexican pesos)	(US Dollars) *			(%)
Operating revenues:				
Passenger revenues	1,077	21,487	33,699	(36.2%)
Fare revenues	645	12,873	23,130	(44.3%)
Other passenger revenues	432	8,613	10,569	(18.5%)
Non-passenger revenues	54	1,084	1,126	(3.7%)
Other non-passenger revenues	44	882	898	(1.7%)
Cargo	10	202	229	(11.8%)
Non-derivatives financial instruments	(21)	(411)	(73)	>100%
Total operating revenues	1,111	22,160	34,753	(36.2%)
Other operating income	(37)	(730)	(327)	>100%
Fuel expense, net ⁽¹⁾	333	6,641	11,626	(42.9%)
Depreciation of right of use assets	253	5,049	4,703	7.4%
Landing, take-off and navigation expenses	205	4,091	5,108	(19.9%)
Salaries and benefits	173	3,453	3,601	(4.1%)
Sales, marketing and distribution expenses	92	1,841	1,448	27.2%
Aircraft and engine variable lease expenses	93	1,845	962	91.9%
Maintenance expenses	59	1,168	1,488	(21.5%)
Other operating expenses	58	1,157	1,113	4.0%
Depreciation and amortization	45	898	676	33.0%
Operating expenses	1,274	25,413	30,397	(16.4%)
Operating (loss) income	(163)	(3,254)	4,355	NA
Finance income	5	102	208	(51.1%)
Finance cost ⁽²⁾	(159)	(3,177)	(2,270)	40.0%
Exchange gain, net	32	629	1,441	(56.3%)
Comprehensive financing result	(123)	(2,446)	(622)	>100%
(Loss) income before income tax	(286)	(5,700)	3,734	NA
Income tax benefit (expense)	70	1,406	(1,095)	NA
Net (loss) income	(215)	(4,294)	2,639	NA

* Peso amounts were converted to U.S. dollars at end of period exchange rate for convenience purposes only.

⁽¹⁾ 4Q YTD 2020 and 4Q YTD 2019 figures include a benefit from non-derivatives financial instruments by an amount of Ps.409.2 million and Ps.57.0 million, respectively.

⁽²⁾ During fourth quarter 2020, as a result of the capacity reduction due to COVID-19, the Company recorded the ineffective portion related to the derivative financial instruments by an amount of Ps.448.6 million, which is presented as part of the financial costs.

Controladora Vuela Compañía de Aviación, S.A.B. de C.V. and Subsidiaries

Reconciliation of total ancillary revenue per passenger

The following table shows quarterly additional detail about the components of total ancillary revenue:

Unaudited (In millions of Mexican pesos)	Three months ended December 31, 2020 (US Dollars)*	Three months ended December 31, 2020	Three months ended December 31, 2019	Variance (%)
Other passenger revenues	174	3,481	2,846	22.3%
Non-passenger revenues	20	397	349	13.7%
Total ancillary revenues	194	3,877	3,195	21.4%
Booked passengers (thousands)	-	4,861	5,738	(15.3%)
Total ancillary revenue per passenger	40	798	557	43.3%

* Peso amounts were converted to U.S. dollars at end of period exchange rate for convenience purposes only.

The following table shows the December YTD additional detail about the components of total ancillary revenue:

Unaudited (In millions of Mexican pesos)	Twelve months ended December 31, 2020 (US Dollars)*	Twelve months ended December 31, 2020	Twelve months ended December 31, 2019	Variance (%)
Other passenger revenues	432	8,613	10,569	(18.5%)
Non-passenger revenues	54	1,084	1,126	(3.7%)
Total ancillary revenues	486	9,698	11,696	(17.1%)
Booked passengers (thousands)	-	14,712	21,975	(33.1%)
Total ancillary revenue per passenger	33	659	532	23.9%

* Peso amounts were converted to U.S. dollars at end of period exchange rate for convenience purposes only.

Controladora Vuela Compañía de Aviación, S.A.B. de C.V. and Subsidiaries
Consolidated Statement of Financial Position

(In millions of Mexican pesos)	December 31, 2020	December 31, 2020	December 31, 2019
	Unaudited (US Dollars)*	Unaudited	Audited
Assets			
Cash and cash equivalents	506	10,103	7,980
Accounts receivable	121	2,417	2,320
Inventories	14	279	302
Prepaid expenses and other current assets	25	492	781
Financial instruments	-	-	134
Guarantee deposits	57	1,142	600
Total current assets	724	14,434	12,117
Rotable spare parts, furniture and equipment, net	365	7,281	7,385
Right of use assets	1,720	34,316	34,129
Intangible assets, net	10	192	167
Financial instruments	-	-	3
Deferred income taxes	157	3,129	1,543
Guarantee deposits	422	8,425	7,644
Other assets	6	119	166
Other long- term assets	16	325	141
Total non-current assets	2,696	53,787	51,178
Total assets	3,420	68,221	63,295
Liabilities			
Unearned transportation revenue	293	5,851	3,680
Accounts payable	120	2,396	1,656
Accrued liabilities	117	2,333	2,532
Lease liabilities	342	6,828	4,721
Other taxes and fees payable	112	2,236	2,102
Income taxes payable	-	4	141
Financial instruments	-	10	-
Financial debt	79	1,566	2,086
Other liabilities	5	101	407
Total short-term liabilities	1,069	21,326	17,324
Financial debt	190	3,789	2,890
Accrued liabilities	3	67	91
Lease liabilities	1,871	37,325	35,797
Other liabilities	134	2,668	1,470
Employee benefits	3	51	38
Deferred income taxes	10	200	156
Total long-term liabilities	2,211	44,099	40,441
Total liabilities	3,280	65,424	57,765
Equity			
Capital stock	172	3,426	2,974
Treasury shares	(11)	(224)	(170)
Contributions for future capital increases	-	-	-
Legal reserve	15	291	291
Additional paid-in capital	237	4,721	1,880
Retained (losses) earnings	(193)	(3,855)	438
Accumulated other comprehensive income (losses) ⁽¹⁾	(78)	(1,562)	116
Total equity	140	2,796	5,530
Total liabilities and equity	3,420	68,221	63,295
Total shares outstanding fully diluted		1,165,976,677	1,011,876,677

* Peso amounts were converted to U.S. dollars at end of period exchange rate for convenience purposes only.

⁽¹⁾ As of December 31, 2020 and as of December 31, 2019 the figures include a negative foreign exchange effect of Ps.1,577 million and a positive foreign exchange effect of Ps.14 million, respectively, related to non-derivatives financial instruments.



Controladora Vuela Compañía de Aviación, S.A.B. de C.V. and Subsidiaries
Consolidated Statement of Cash Flows – Cash Flow Data Summary

Unaudited (In millions of Mexican pesos)	Three months ended December 31, 2020 (US Dollars)*	Three months ended December 31, 2020	Three months ended December 31, 2019
Net cash flow generated by operating activities	78	1,551	2,268
Net cash flow generated by (used in) investing activities	4	77	(823)
Net cash flow generated by (used in) financing activities**	44	883	(1,000)
Increase in cash and cash equivalents	126	2,511	445
Net foreign exchange differences	(31)	(609)	(275)
Cash and cash equivalents at beginning of period	411	8,202	7,810
Cash and cash equivalents at end of period	506	10,103	7,980

* Peso amounts were converted to U.S. dollars at end of period exchange rate for convenience purposes only.

**Includes aircraft rental payments of Ps.2,242 million and Ps.1,713 million for the three months ended period December 31, 2020 and 2019, respectively.

Unaudited (In millions of Mexican pesos)	Twelve months ended December 31, 2020 (US Dollars)*	Twelve months ended December 31, 2020	Twelve months ended December 31, 2019
Net cash flow generated by operating activities	243	4,840	9,510
Net cash flow used in investing activities	(3)	(68)	(1,879)
Net cash flow used in financing activities**	(177)	(3,522)	(5,239)
Increase in cash and cash equivalents	63	1,251	2,391
Net foreign exchange differences	44	873	(274)
Cash and cash equivalents at beginning of period	400	7,980	5,863
Cash and cash equivalents at end of period	506	10,103	7,980

* Peso amounts were converted to U.S. dollars at end of period exchange rate for convenience purposes only.

**Includes aircraft rental payments of Ps.6,591 million and Ps.6,500 million for the twelve months ended period December 31, 2020 and 2019, respectively.