



EARNINGS RELEASE

4Q22

CADU
INMOBILIARIA

CADU ACCOMPLISHED ITS EARNINGS GUIDANCE WITH MORE THAN DOUBLE-DIGIT GROWTH RATES IN REVENUES AND EBITDA, MARKING A RECOVERY TREND.

Cancun, Quintana Roo, Mexico, April 25, 2023. – Corpovael, S.A.B. de C.V. (BMV: CADUA), a leading homebuilder in the development of affordable entry-level, middle-income, middle-income residential and residential homes in Mexico, announced today its results for the fourth quarter (“4Q22”) and Full-year 2022 (“FY2022”). The figures presented in this report are expressed in nominal Mexican pesos (MXN) are audited, prepared in accordance with IFRS and current interpretations, and may exhibit minor discrepancies due to rounding. ***Should there be any discrepancies or questions arising from this English version, please refer to the Spanish-language earnings release.***

OPERATIONAL AND FINANCIAL HIGHLIGHTS

- 🏠 Homes sold increased 30.2% in 4Q22 vs 4Q21, from 796 to 1,036 units. For the FY2022, homes sold remained practically flat, going from 3,485 to 3,497 units.
- 🏠 Total revenue increased from MXN 419 million in 4Q21 to MXN 1,253 million this quarter, growing 198.8%. For the FY2022, total revenues reached MXN 3,727 million (+34.1% YoY), from MXN 2,779 million in 2021.
- 🏠 The average sale price increased 46.8% in 4Q22, from MXN 654 thousand in 4Q21 to MXN 960 thousand. During FY2022, the average sale price was up 30.5%, from MXN 742 thousand in 2021 to MXN 969 thousand.
- 🏠 In 4Q22, operating income totaled MXN 223 million, compared to -MXN 230 million in 4Q21. Over the FY2022, operating income reached MXN 377 million, vs. MXN 82 million in 2021.
- 🏠 EBITDA went from -MXN 152 million in 4Q21 to MXN 278 million in 4Q22. For the FY2022, EBITDA grew 100.5%, from MXN 320 million in 2021 to MXN 641 million.
- 🏠 Net income totaled MXN 192 million in 4Q22, comparing favorably with the net loss of MXN 262 million in 4Q21. During FY2022, net income was MXN 259 million, vs. -MXN 101 million in 2021.
- 🏠 During 4Q22, a positive free cash flow of MXN 800 million was generated, which compares with the negative figure of MXN 158 million in 4Q21. In FY2022, free cash flow generation reached MXN 1,027 million, 330.4% higher than 2021.
- 🏠 As of December 31, 2022, the balance of cash and cash equivalents was MXN 663 million, increasing 34.2% vs. MXN 494 million in the same period 2021.
- 🏠 Total debt went from MXN 3,389 million in 4Q21 to MXN 3,051 million in 4Q22, a decrease of 10.0%, equivalent to MXN 337 million.
- 🏠 As of the end of 2022, CADU concluded a land plot sale for MXN 231 million, which contributed to strengthening its liquidity and financial position.

Note: Due to audit adjustments, the figures for FY2021 were atypical.

4Q22 VS 4Q21 RESULTS COMPARISON

KEY INDICATORS (MXN Million)						
Indicator	4Q21	4Q22	Δ%	2021	2022	Δ%
Homes Sold (Units)	796	1,036	30.2%	3,485	3,497	0.3%
Average Sale Price (thousands)	654	960	46.8%	742	969	30.5%
Home Sold Revenue	520	994	91.0%	2,587	3,387	30.9%
Commercial Land Plot Sales	(122)	237	294.1%	95	303	217.7%
Construction Services	21	22	5.6%	96	37	(61.8%)
Total Revenue	419	1,253	198.8%	2,779	3,727	34.1%
Operating Income	(230)	223	196.8%	82	377	357.2%
EBITDA	(152)	278	282.7%	320	641	100.5%
EBITDA Margin (%)	(36.3)	22.2	58.5 pp.	11.5	17.2	5.7 pp.
Net Income	(262)	192	173.5%	(101)	259	357.9%
Net Margin (%)	(62.4)	15.4	77.7 pp.	(3.6)	7.0	10.6 pp.
FCFF	(158)	800	606.7%	239	1,027	330.4%
Interest Coverage	1.08x	1.69x	0.61x	1.08x	1.69x	0.61x
Net Debt / LTM EBITDA	9.06x	3.73x	(5.33x)	9.06x	3.73x	(5.33x)
Leverage (Total liabilities/Equity)	1.14x	1.09x	(0.05x)	1.14x	1.09x	(0.05x)
EPS* (MXN)	(0.78)	0.60	177.5%	(0.31)	0.81	365.6%

*Figures in Mexican pesos. Considering 319,172,265 shares outstanding in 4Q22 and 339,316,859 in 4Q21.

BALANCE SHEET INDICATORS (MXN Million)		
Indicator	4Q21	4Q22
Cash & Cash Equivalents	494	663
Accounts Receivable	249	521
Inventory	7,696	8,017
Other Assets	1,689	1,226
Total Assets	10,127	10,427
Bank Debt ¹	2,099	1,926
Local Notes ²	1,290	1,125
Total Debt ^{1 and 2}	3,389	3,051
Other Liabilities	2,004	2,381
Total Liabilities	5,393	5,433
Stockholders' Equity	4,734	4,995

¹Considers bank debt minus credit opening costs.

²Considers local notes debt less unamortized issuance costs.

FINANCIAL INDICATORS		
Indicator	2021	2022
ROE (%)	(2.1)	5.2
ROA (%)	(1.0)	2.5
EBITDA (MXN million)	320	641
Net Income (MXN million)	(101)	259
EPS (MXN)	(0.31)	0.81
WCC (days)	1,229	927

Message from the CEO

Dear investors:

During 2022, we met the objectives set out at our 2022 Earnings Guidance by achieving growth rates above double digits at revenues, EBITDA and net income, marking a recovery trend. This performance was driven by our product diversification strategy and efforts to improve profitability margins, against a backdrop of rising construction materials, labor and machinery prices.

In this regard, we launched the middle-income segment developments La Selva, in Playa del Carmen, and Aldea Tulum Plus, in Tulum, same that stand out for their harmony with the environment that follows the variety of green areas encompassed. In this way, we strengthened our product offering by having affordable entry-level and middle-income segments in the three top cities of Quintana Roo.

During the quarter we ratified our commitment to sustainability, as 100% of the Affordable Entry-Level homes we built obtained ECO CASA certification. This will result in environmental benefits and positive social effects for the families who live in them. This ratifies us as a proactive contributor to the mitigation of the effects of climate change and as a leader in the development of certified green home.

Likewise, we continued with our strategical efforts for reducing debt, generating liquidity and preserving cash. Consequently, in the fourth quarter we were able to improve sales, refinance the debt of our residential project and divest a land plot. This, coupled with the amortization of the local note "CADU18", and the sale of a second land plot within less than three months, provides us with a better financial position to face the challenges of 2023.

In Quintana Roo, our main market, we have seen stronger economic dynamics; in 2022, we saw the achievement of a new arrivals all-time high at the Cancun airport, and brand-new hotels opening; factor that contributed to jobs creation and a stronger demand for homes. The potential demand of Infonavit affiliates in Quintana Roo has been steadily recovering and this trend is expected to continue over the next few quarters.

Finally, I would like to take this opportunity to thank our creditors, investors and associates for all their support over the past three years. I am convinced that the foundations laid throughout 2022, with the diversification of our product offering and opening of new developments, will allow us to adequately capitalize on the recovery of homes demand. In this sense, we expect to achieve double-digit revenue and EBITDA growth rates in 2023.

Pedro Vaca Elguero,
Chairman and CEO

OPERATING RESULTS

Homes Sold (Units)

Homes Sold (Units) by Housing Segment										
	4Q21	% total	4Q22	% total	Δ%	2021	% total	2022	% total	Δ%
AEL	713	89.6%	805	77.7%	12.9%	3,045	87.4%	2,865	81.9%	(5.9%)
AEL (UH)	31	3.9%	100	9.7%	222.6%	231	6.6%	184	5.3%	(20.3%)
Middle-income	35	4.4%	88	8.5%	151.4%	112	3.2%	277	7.9%	147.3%
Middle-income Residential	14	1.8%	32	3.1%	128.6%	67	1.9%	129	3.7%	92.5%
Residential	3	0.4%	11	1.1%	266.7%	30	0.9%	42	1.2%	40.0%
Total Units	796	100.0%	1,036	100.0%	30.2%	3,485	100.0%	3,497	100.0%	0.3%

NOTE: Affordable entry-level homes (AEL) are homes priced under MXN 1 million, used homes are affordable entry-level homes purchased and refurbished by CADU for resale, middle-income homes are homes priced from MXN 1 million to MXN 2.5 million, middle-income residential homes are homes priced from MXN 2.5 million to MXN 5 million, and residential homes are homes exceeding the MXN 5 million price tag.

Units sold increased 30.2% in 4Q22, from 796 in 4Q21 to 1,036 units, driven by a higher home sales volume at all segments.

During 2022, total units sold remained virtually unchanged at 3,497, vs. 3,485 in 2021. By segment, units sold for affordable entry-level declined 5.9% and affordable entry-level (UH) declined 20.3%, while sales of middle-income housing were up 147.3%, boosted by new developments of this segment in Tulum and Playa del Carmen. The units sold in the middle-income residential and residential segments increased 92.5% and 40.0%, respectively.

Consolidated Revenue

Total Revenue (MXN million)										
	4Q21	% total	4Q22	% total	Δ%	2021	% total	2022	% total	Δ%
AEL	405	96.6%	535	42.7%	32.2%	1,698	61.1%	1,856	49.8%	9.3%
AEL (UH)	20	4.7%	49	3.9%	146.1%	111	4.0%	82	2.2%	(25.7%)
Middle-income	70	16.7%	184	14.7%	163.0%	224	8.0%	534	14.3%	139.0%
Middle-income Residential	37	8.9%	111	8.9%	198.2%	206	7.4%	423	11.3%	105.8%
Residential	(11)	(2.7%)	115	9.2%	1,115.2%	350	12.6%	492	13.2%	40.8%
Home Sold Revenue	520	124.1%	994	79.3%	91.0%	2,587	93.1%	3,387	90.9%	30.9%
Land Plot Sales	(122)	(29.1%)	237	18.9%	294.1%	95	3.4%	303	8.1%	217.7%
Construction Services / Other Income	21	5.0%	22	1.8%	5.6%	96	3.4%	37	1.0%	(61.8%)
Other Revenue	(101)	(24.1%)	259	20.7%	355.6%	191	6.9%	340	9.1%	77.7%
Total Revenue	419	100.0%	1,253	100.0%	198.8%	2,779	100.0%	3,727	100.0%	34.1%

Total revenue went from MXN 419 million in 4Q21 to MXN 1,253 million in 4Q22, growing 198.8%. This result derived from the combined effect of higher revenues from homes titled (+91.0%) and the sale of a land plot for MXN 231 million. Revenue from construction services increased 5.6%.

During 2022, total revenue increased 34.1% vs. 2021, amounting to MXN 3,727 million, mainly following the 30.9% increase in homes sold revenue and a land plot sale of MXN 231 million. Revenue from construction services decreased 61.8% to MXN 37 million.

The sale of this land plot was aligned to our non-strategic assets' recycling strategy that gears toward the generation of further liquidity (due to the pandemic, the land reserve exceeded the 4-year mark for the development and commercialization of homes, in addition to the required infrastructure investment).

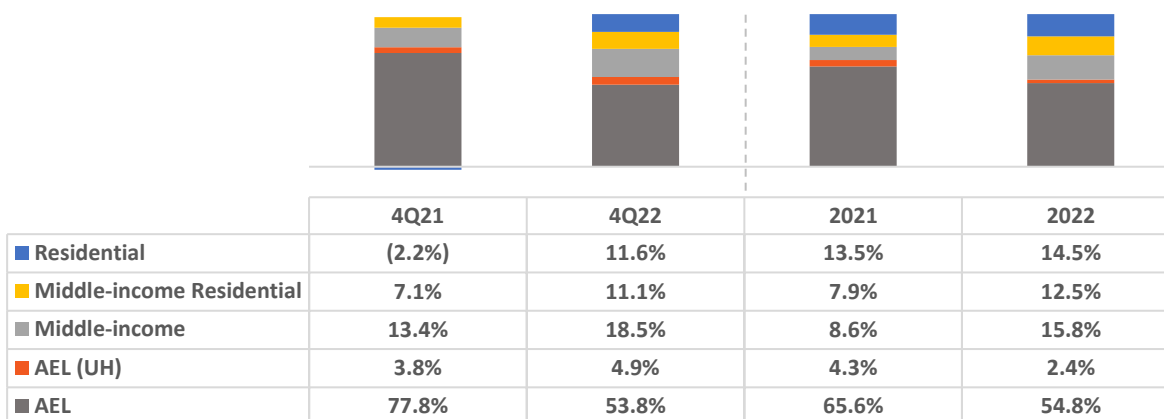
The majority of 4Q22 revenues derived from homes sold (79.3% of the total), followed by land plot sales (18.9%).

In 2022, homes' titling contributed 90.9% of total revenues, land plot sales 8.1% and construction services 1.0%.

By housing segment, affordable entry-level income grew 32.2% (+MXN 130 million), affordable entry-level (UH) 146.1% (+MXN 29 million), middle-income 163.0% (+MXN 114 million), middle-income residential 198.2% (+74 MXN million) and residential 1,115.2% (+MXN 127 million).

During 2022, affordable entry-level income increased 9.3% (+MXN 157 million), middle-income 139.0% (+MXN 311 million), middle-income residential 105.8% (+MXN 217 million) and residential 40.8% (+MXN 143 million). On the other end, affordable entry-level (UH) income decreased 25.7% (-MXN 28 million).

Homes Sold Revenue by Housing Segment



Homes Sold Revenue by Market

Homes Sold Revenue by Market (MXN million)												
	4Q21	% total	4Q22	% total	Δ\$	Δ%	2021	% total	2022	% total	Δ\$	Δ%
Cancun	161	30.8%	360	36.2%	199	124.2%	1,038	40.1%	1,332	39.3%	293	28.3%
Playa del Carmen	99	19.1%	256	25.7%	157	157.9%	349	13.5%	628	18.6%	280	80.1%
Tulum	223	42.9%	280	28.1%	56	25.3%	1,004	38.8%	1,183	34.9%	179	17.8%
Mexico City	23	4.4%	50	5.0%	27	119.7%	122	4.7%	162	4.8%	40	32.9%
Other (UH)	15	2.8%	49	4.9%	34	233.7%	74	2.9%	82	2.4%	8	10.4%
TOTAL	520	100.0%	994	100.0%	474	91.0%	2,587	100.0%	3,387	100.0%	800	30.9%

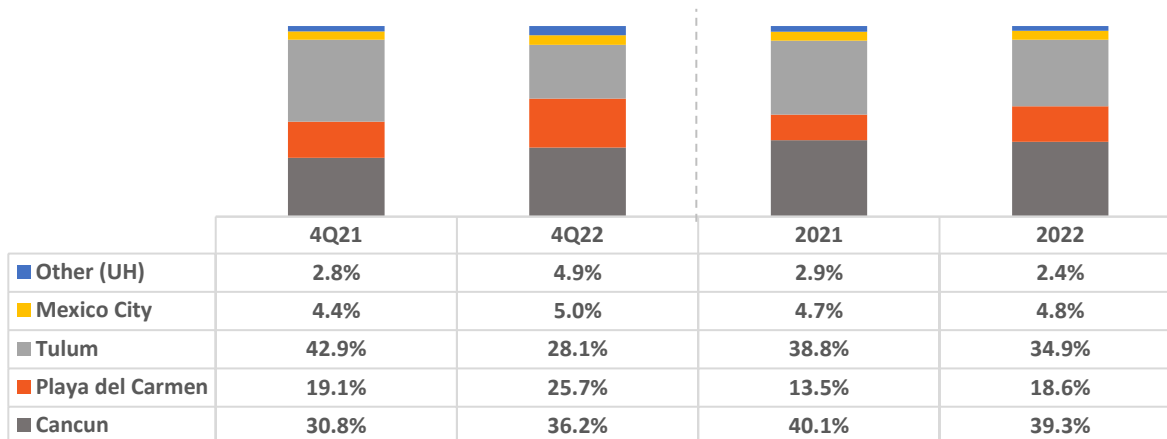
NOTE: UH refers to Used Homes.

Revenues from homes sold grew 91.0%, from MXN 520 million in 4Q21 to MXN 994 million in 4Q22, mainly driven by the 124.2%, 157.9%, and 25.3% growth rates registered in the Cancun, Playa del Carmen, and Tulum developments in Quintana Roo, respectively. Likewise, during the period, we continued to support the sale of units in Torre Lago in Mexico City, same that increased 119.7% YoY, despite the contraction in the Mexico City market.

In 2022, homes sold income was up 30.9% vs. 2021, totaling MXN 3,387 million. The main drivers of this growth were higher incomes from the middle-income, middle-income residential and residential segments in Quintana Roo.

The positive result recorded in the quarter and over the full-year is due to the steady recovery in the Infonavit's potential demand of Quintana Roo, coupled with the further origination of mortgage loans from commercial banks, as the potential demand increased from 68.8 thousand units in 2021 to over 93 thousand in 2022. In this sense the bank loans volume for new homes already lies at pre-pandemic levels.

Homes Sold Revenue by Market



In order to achieve greater geographic diversification, CADU continues to work in strategic alliances (JVs) in new projects located in Guadalajara and Queretaro.

Average Sale Price

The following table shows the annual comparison of average prices by segment:

Average Sale Price by Housing Segment (MXN thousands)								
Segment	4Q21	4Q22	Δ\$	Δ%	2021	2022	Δ\$	Δ%
AEL	568	665	97	17.1%	558	648	90	16.1%
AEL (UH)	642	490	(152)	(23.7%)	479	446	(32)	(6.7%)
Middle-income	1,999	2,091	92	4.6%	1,996	1,928	(67)	(3.4%)
Middle-income Residential	2,652	3,460	808	30.5%	3,069	3,280	211	6.9%
Residential*	(3,786)	10,484	14,271	376.9%	11,654	11,722	69	0.6%
Total	654	960	306	46.8%	742	969	226	30.5%

*Only 60% of the sale Price of the units in the Blume development is considered.

The average price increased from MXN 654 thousand in 4Q21 to MXN 960 thousand in 4Q22, growing 46.8%. In 2022, the average price reached MXN 969 thousand, increasing 30.5% compared to the MXN 742 thousand obtained in 2021.

This performance was due to the higher participation of the middle-income, middle-income residential, and residential segments in the sales mix (+22.8 pp. in 4Q22 and +12.7 pp. for 2022).

FINANCIAL PERFORMANCE

Income Statement

Cost of Sales

Revenue and Cost of Sales Breakdown (MXN million)								
Concepts	4Q21	% Rev	4Q22	% Rev	2021	% Rev	2022	% Rev
Home sold revenue	520	124.1%	994	79.4%	2,587	93.1%	3,387	90.9%
Land plot sales revenue	(122)	(29.1%)	237	18.9%	95	3.4%	303	8.1%
Construction services	21	5.0%	22	1.8%	96	3.4%	37	1.0%
Total revenue	419	100.0%	1,253	100.0%	2,779	100.0%	3,727	100.0%
Cost of homes sold	429	82.4%	661	66.5%	1,964	76.0%	2,583	76.3%
Cost of land plots	(44)	36.1%	155	65.6%	63	66.3%	183	60.5%
Cost of construction services	12	57.8%	7	30.4%	66	66.0%	13	36.5%
Total cost of sales	398	94.9%*	823	65.7%	2,094	75.4%	2,779	74.6%
Cost of sales	379	90.3%	769	61.4%	1,926	69.3%	2,524	67.7%
Capitalized interests	19	4.6%	54	4.3%	168	6.0%	256	6.9%

*During 4Q21 the cost of sales to revenue ratio was affected by the reversal of the sale of the Tulum land plot and the sign of an inventory impairment, for MXN 44 million, reported by the external auditors, which is being revalued.

Cost of sales to revenue ratio decreased from 94.9% in 4Q21 to 65.7% in 4Q22, representing a 29.2 pp. decline. This decrease derives from the higher participation of land plot sales in the revenue mix (their margins tend to be higher than those of homes sold) and better margins recorded in homes sold (as higher value segments increased their participation in the mix, alongside new projects as La Selva that have greater margins than other products in the same segment).

In 2022, the cost of sales to revenue ratio was 74.6%, decreasing 0.8 pp. vs. the 75.4% recorded in 2021.

Gross Income

Gross Income (MXN million)												
	4Q21	% Rev	4Q22	% Rev	Δ\$	Δ%	2021	% Rev	2022	% Rev	Δ\$	Δ%
Gross Income	21	5.1%	430	34.3%	409	1,911.8%	685	24.6%	948	25.4%	263	38.4%

Gross income went from MXN 21 million in 4Q21 to MXN 430 million in 4Q22, an increase of MXN 409 million, due to higher homes sold from the Company's product diversification strategy (opening of new projects in the middle-income segment, with a higher margin than the Affordable Entry-Level segment), the steady recovery of potential demand from Infonavit and incremental bank loans to purchase new homes in Quintana Roo, as well as a land plot sale for MXN 231 million (with a higher margin than homes sold).

In 2022, gross income increased 38.4%, from MXN 685 million in 2021 to MXN 948 million, an MXN 263 million growth.

SG&A

SG&A (MXN million)												
	4Q21	% Rev	4Q22	% Rev	Δ\$	Δ%	2021	% Rev	2022	% Rev	Δ\$	Δ%
SG&A	251	60.0%	207	16.5%	(44)	(17.6%)	602	21.7%	571	15.3%	(31)	(5.2%)

SG&A expenses declined 17.6%, from MXN 251 million in 4Q21 to MXN 207 million in 4Q22; as a percentage of revenue, expenses decreased from 60.0% to 16.5%. Lower revenue in 4Q21, combined with the identification of signs for impairment at certain accounts receivable, led to a higher than usual SG&A-to-revenue ratio in that period.

In 2022, SG&A expenses decreased 5.2%, from MXN 602 million in 2021 to MXN 571 million; as a percentage of revenue, expenses dropped from 21.7% to 15.3%.

EBITDA

EBITDA Breakdown (MXN million)								
Concepts	4Q21	4Q22	Δ\$	Δ%	2021	2022	Δ\$	Δ%
EARNINGS AFTER TAXES	(262)	192	454	173.5%	(101)	259	360	357.9%
(+) Income tax	(21)	(13)	8	(36.7%)	91	12	(79)	(87.2%)
EARNINGS BEFORE TAXES (EBT)	(283)	179	462	163.4%	(10)	271	281	2,862.5%
(+) Capitalized CFR	19	54	34	176.4%	168	256	88	52.3%
(+) Non-capitalized interest	58	47	(11)	(18.7%)	107	127	20	18.9%
(-) Other income (expenses), net	6	3	(2)	(38.0%)	15	21	7	44.7%
(+) Depreciation & amortization	14	4	(9)	(68.4%)	25	11	(14)	(56.9%)
(+) Inventory impairment	45	(2)	(47)	(105.5%)	45	(2)	(47)	(105.5%)
EBITDA	(152)	278	431	282.7%	320	641	321	100.5%
EBITDA Margin	(36.3%)	22.2%	-	58.5 pp.	11.5%	17.2%	-	5.7 pp.

4Q22 EBITDA amounted to MXN 278 million comparing favorably to the -MXN 152 million in 4Q21; as a percentage of revenue, it went from -36.3% to 22.2%. This increase was due to higher homes sold from the Company's product diversification strategy (opening of new projects in the middle-income segment, with a higher margin than the Affordable Entry-Level segment), the steady recovery of potential demand from Infonavit, and incremental bank loans for the purchase of new homes in Quintana Roo, coupled with the sale of a land plot for MXN 231 million (whose margin exceeds that of homes sold).

In 2022, EBITDA increased 100.5%, from MXN 320 million in 2021 to MXN 641 million, driven by all the aforementioned factors. EBITDA margin grew 5.7 pp. to 17.2% in 2022, vs. 11.5% in 2021.

Operating Income

Operating Income (MXN million)												
	4Q21	% Rev	4Q22	% Rev	Δ\$	Δ%	2021	% Rev	2022	% Rev	Δ\$	Δ%
Operating Income	(230)	(54.9%)	223	17.8%	453	196.8%	82	3.0%	377	10.1%	294	357.2%

In 4Q22, operating income reached MXN 223 million, vs. -MXN 230 million in 4Q21; 4Q22 operating margin was 17.8%, compared to -54.9% in 4Q21. During 2022, operating income increased 357.2%, from MXN 82 million in 2021 to MXN 377 million; operating margin grew from 3.0% in 2021 to 10.1% in 2022.

This was driven by the factors explained above.

Net Income

Net Income and EPS (MXN million)								
Concepts	4Q21	4Q22	Δ\$	Δ%	2021	2022	Δ\$	Δ%
Consolidated Net Income	(262)	192	454	173.5%	(101)	259	360	357.9%
Net Margin	(62.4%)	15.4%	-	77.7 pp.	(3.6%)	7.0%	-	10.6 pp.
Controlling Interest	(264)	193	457	172.9%	(104)	259	363	349.9%
Earnings Per Share* (MXN)	(0.78)	0.60	1.38	177.5%	(0.31)	0.81	1.12	365.6%

*Figures in Mexican pesos. Considering 319,172,265 shares outstanding in 4Q22 and 339,316,859 in 4Q21.

During 4Q22, net income reached MXN 192 million, vs. -MXN 262 million in 4Q21. Net margin in 4Q22 stood at 15.4%, vs. -62.4% in 4Q21.

FY 2022 net income totaled MXN 259 million, compared to -MXN 101 million in 2021. Net margin in 2022 was 7.0%, vs. -3.6% in 2021.

The result obtained, in addition to the factors explained above (higher revenues and better margins), reflects the tax provision for 2021, same that was reduced in 2022 when the review of the tax authority concluded, and due tax deductions were accepted.

In 4Q22, Earnings per share (EPS) was MXN 0.60, vs. -MXN 0.78 in 4Q21. During 2022, EPS amounted to MXN 0.81, compared to -MXN 0.31 in 2021.

Financial Position

Cash & Cash Equivalents

Cash & Cash equivalents (MXN million)				
	4Q21	4Q22	Δ\$	Δ%
Cash & Cash equivalents	494	663	169	34.2%

As of December 31, 2022, the balance of cash and cash equivalents reached MXN 663 million, growing 34.2%, from MXN 494 million in the same period 2021. This growth was driven by higher homes sold revenues and an MXN 231 million land plot sale at year-end. Of the total cash, MXN 54 million belongs to the reserve for guaranteeing the payment of "CADU20V" Green Bond.

CADU's cash is invested primarily in short-term debt instruments of high credit quality.

Working Capital Cycle (WCC)

Working Capital Cycle (WCC)					
Concepts	As of December 2021		As of December 2022		Δ days
	Amount (MXN Million)	Days	Amount (MXN Million)	Days	
Accounts Receivable	249	32	521	50	18
Inventory (includes Land Bank)	7,696	1,323	8,017	1,039	(285)
Suppliers	569	98	1,027	133	35
Prepayments	167	29	223	29	0
WCC	7,208	1,229	7,288	927	(302)

At the end of 4Q22, the working capital cycle was 927 days, 302 days less than the 1,229 days of 4Q21, mainly due to higher home sales.

Accounts receivable totaled MXN 521 million in 4Q22 (AR turnover of 50 days), vs. MXN 249 million in 4Q21 (AR turnover of 32 days). There were more loans contracted in Blume for the sale of units, in addition to the days of credit afforded to the payment of the land plot sold in December.

Debt

As of December 31, 2022, total debt was MXN 3,051 million, 10.0% less than the MXN 3,389 million recorded in the same period 2021. This was result of the reductions in bank and stock market debt.

Bank Loans (MXN million)						
Concept	4Q21	As % of total debt	4Q22	As % of total debt	Δ\$	Δ%
Bridge Loans	1,439	42.5%	1,227	40.2%	(213)	(14.8%)
Land Bank	68	2.0%	68	2.2%	-	-
Working Capital	614	18.1%	652	21.4%	38	6.2%
Total	2,122	62.6%	1,947	63.8%	(174)	(8.2%)
Credit opening costs	(23)	(0.7%)	(21)	(0.7%)	2	(7.3%)
Total (net)	2,099	61.9%	1,926	63.1%	(173)	(8.2%)

Bank debt went from MXN 2,099 million in 4Q21 to MXN 1,926 million in 4Q22, decreasing 8.2%, as a result of the 14.8% reduction in bridge loans (due to the completion of the construction phase of La Selva and Broadway projects).

Debt Securities – Local Notes (MXN million)						
Concept	4Q21	As % of total debt	4Q22	As % of total debt	Δ\$	Δ%
CADU 18	314	9.3%	143	4.7%	(171)	(54.5%)
CADU 19	500	14.8%	500	16.4%	-	-
CADU 20V	502	14.8%	502	16.5%	-	-
Issuance expenses pending amortization	(27)	(0.8%)	(20)	(0.7%)	7	(25.5%)
Debt Securities	1,290	38.1%	1,125	36.9%	(165)	(12.8%)
Gross Debt*	3,389	100.0%	3,051	100.0%	(337)	(10.0%)

*As of December 31, 2022, 100% of the Company's debt is contracted in Mexican pesos.

At the end of 4Q22, local notes stood at MXN 1,125 million, 12.8% less than the MXN 1,290 million in 4Q21. This decrease was due to the principal payments of “CADU18” made in 2022 (to be fully amortized in 1Q23).

As of December 31, 2022, 40.2% of total debt corresponded to bridge loans, 36.9% to securities loans, 21.4% to working capital loans, and 2.2% to infrastructure loans.

Debt Maturity Profile as of December 2022 (MXN million)						
Concepto	Up to 1 year	Up to 2 years	Up to 3 Years	Up to 4 Years	Up to 5 years	Total
Bank Loans	864	266	734	83	-	1,947
CADU 18	143	-	-	-	-	143
CADU 19	357	143	-	-	-	500
CADU 20V	-	-	-	-	502	502
Total	1,364	409	734	83	502	3,092
% Total	44.1%	13.2%	23.7%	2.7%	16.2%	100.0%
Credit expenses pending amortization	(21)	-	-	-	-	(21)
Local note expenses pending amortization	(6)	(4)	(4)	(4)	(4)	(20)
Total (net expenses pending amortization)	1,338	405	731	79	499	3,051
% Total	43.9%	13.3%	24.0%	2.6%	16.4%	100.0%

Note: Bridge loans consider the extensions included in the loan agreement.

Regarding maturity profile, the Company refinanced the loan for the Blume residential project, transferring the maturity of 4Q22 to 4Q25. Consequently, 43.9% of the debt matures during 2023, 13.3% in 2024, 24.0% during 2025, 2.6% in 2026, and 16.4% towards 2027. CADU has no debt contracted in foreign currency.

In line with its liquidity generation strategy, in December CADU sold a land plot for MXN 231 million, which, together with the sale of other non-strategic assets, will allow to better meet its short-term maturities.

For a detailed breakdown, the maturities of the next 6 quarters are shown below:

Debt Maturity by Quarter (MXN million)						
Concept	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
Bank Loans*	266	146	442	10	10	235
CADU 18**	143	-	-	-	-	-
CADU 19**	36	107	107	107	107	36
Total	444	253	549	117	117	270
% Total	14.4%	8.2%	17.8%	3.8%	3.8%	8.7%

Note: Bridge loans consider the extensions included in the loan agreement.

*Does not include credit opening costs.

**Does not include unamortized issuance costs.

14.4% of total debt matures in 1Q23, 8.2% in 2Q23, 17.8% by 3Q23, only 3.8% in 4Q23 and 1Q24, and 8.7% towards 2Q24.

At the end of 4Q22, CADU's corporate ratings by HR Ratings and Verum were "HR BBB" and "BBB/M" respectively. Verum and HR Ratings assigned ratings of "BBB/M" and "HR BBB" for CADU18 and CADU19, as well as "A/M" and "HR A+" for CADU20V.

Leverage and Interest Coverage (Times)			
Concepts	4Q21	4Q22	Covenant
Net Debt to EBITDA	9.06	3.73	Not greater than 3.0
Total Liabilities / Equity	1.14	1.09	Not greater than 3.0
EBITDA / Interest Paid	1.08	1.69	Not less than 2.5

During 2022, CADU obtained a waiver of its pre-established covenants for the "CADU18", "CADU19" and "CADU20V" bonds, granted by the holders of such instruments at the face of the health contingency.

At the end of 2022, the weighted cost of debt was 13.10% (TIE + 2.34 pp. / not considering commissions). Of the total debt recorded in 4Q22, 84% is contracted at a variable rate and 16% at a fixed rate of 9.13%.

Total Liabilities and Stockholders' Equity

Total Liabilities and Stockholders' Equity (MXN million)						
Concepts	4Q21	% total	4Q22	% total	Δ\$	Δ%
Total liabilities	5,393	53.3%	5,433	52.1%	40	0.7%
Total Stockholders' Equity	4,734	46.7%	4,995	47.9%	260	5.5%
Total	10,127	100.0%	10,427	100.0%	300	3.0%

Stockholders' Equity increased from MXN 4,734 million in 4Q21 to MXN 4,995 million in 4Q22 (+5.5%). This result was driven by the earnings generated in 2022.

In 4Q22, the capital structure was comprised 52.1% of liabilities and 47.9% of equity, while during 4Q21 53.3% corresponded to liabilities and 46.7% to equity.

Cash Flow

Cash Variations

Cash Flow (MXN million)						
Concepts	4Q21	4Q22	Δ%	2021	2022	Δ%
Earnings before taxes (EBT)	(283)	179	163.4%	(10)	271	2,862.5%
Investment activities	53	(5)	(109.3%)	55	(16)	(129.0%)
Financing activities	126	188	48.9%	275	390	42.0%
Cash flow before taxes	(103)	362	450.1%	320	645	101.8%
Cash flow from operating activities	(29)	436	1,618.9%	(36)	362	1,107.3%
Net cash flow from operating activities	(132)	798	703.9%	284	1,007	255.0%
Net cash flow from investment activities	(26)	2	106.4%	(45)	19	142.7%
Net cash flow from financing activities	198	(608)	(407.4%)	(324)	(858)	164.4%
Δ Cash and cash activities	40	192	381.0%	(86)	169	296.5%
Cash and equivalents – beginning of period	454	471	3.7%	580	494	(14.8%)
Cash and equivalents – end of period	494	663	34.2%	494	663	34.2%
Free Cash Flow to Firm	(158)	800	606.7%	239	1,027	330.4%

Free cash flow to firm increased from -MXN 158 million in 4Q21 to MXN 800 million in 4Q22. During 2022, free cash flow to firm grew 330.4%, from MXN 239 million in 2021 to MXN 1,027 million.

This was mainly due to a higher income generated from homes sold and a land plot sale for MXN 231 million; as well as financing obtained for the purchase of land plots.

ESG

In line with its high commitment to best practices in Environmental, Social and Corporate Governance (ESG) matters, the Company has been recognized and certified by different institutions in the last 2 years. The distinctions include:

- 🏠 **Climate Bond Initiative certification**, under the "Low Carbon Buildings" modality, which made the "CADU20V" Green Bond as the first of the housing sector in Latin America to obtain this distinction.
- 🏠 **PRIME Corporate Governance Certification**, granted by Bancomext, Nacional Financiera, BMV, BIVA and AMIB when a company satisfactorily complies to the PRIME Guide that promotes best practices in this field.
- 🏠 **Environmental Finance's GREEN BONUS Award** given for standing out on innovation, leadership, best practices, and contribution to the development of a sustainable financial market.
- 🏠 **Award to the First GREEN BOND of a housing developer in the local market**, granted by the Green Finance Advisory Board in the framework of Green, Social and Sustainable Bonds 2020-2021 Awards to companies that reinforce their commitment to sustainability and show the implementation of increasingly solid strategies.
- 🏠 **EDGE Advanced Certification** from the IFC (of the World Bank Group) to CADU homes whose prototypes allow savings of up to 47% in energy, 39% in water and 75% in embodied energy in materials.
- 🏠 **Grupo Expansión, Transparencia Mexicana y Mexicanos Contra la Corrupción have recognized CADU** for its fight against corruption.
- 🏠 **ESR Distinction for Large Companies**, granted by the Mexican Center of Philanthropy (Centro Mexicano para la Filantropía), and the Alliance for Corporate Social Responsibility for Mexico (Alianza por la Responsabilidad Social Empresarial por México), as a result of the commitment shown by CADU in relation to Environmental, Social and Corporate Governance issues.

For further details please refer to the 2021 Annual Sustainability Report.

Recent Developments

- 🏠 On February 28, 2023, CADU announced that it received the ESR Distinction 2023 for Large Companies, by second consecutive year, from the Mexican Center of Philanthropy (Centro Mexicano para la Filantropía) and the Alianza por la Responsabilidad Social Empresarial por

México (AliaRSE), given its public and voluntary commitment to implementing socially responsible management.

- 🏠 On February 21, 2023, CADU announced the last payment of "CADU18" had been made according to the amortization term establish on the security.
- 🏠 On February 17, 2023, CADU announced the sale of a land plot for MXN 114 million, which will contribute to strengthening its financial position, by enabling it to better meet its short-term maturities.
- 🏠 On January 10, 2023, CADU announced the voluntary early total amortization of "CADU18"; however, on January 18, 2023, the Company informed that it decided not to pursue such early amortization, given the higher cost that would imply prepaying, according to the calculation embodied in the security (data that CADU did not have on January 10). Although the Company has the resources to make the prepayment, it did not deem convenient to assume a higher cost for the early amortization; therefore, the amortization will be made as scheduled in the bond indenture (during February).
- 🏠 On December 21, 2022, CADU announced the sale of a land plot for MXN 231 million, which will contribute to strengthening its financial position, by enabling it to better meet short-term maturities.
- 🏠 On October 31, 2022, CADU informed that, in line with the ordinary rotation of the external auditors, the Board of Directors approved, with the prior favorable opinion of the Audit and Corporate Practices Committee, to replace the independent external auditors and appointing RSM Mexico Bogarin, S.C. as the firm in charge of auditing the basic financial statements of the Company for the year 2022.
- 🏠 On October 28, 2022, CADU announced that, as of November 1, 2022, Mr. Mauricio Torres Pimienta assumed the position of Chief Financial Officer, following the resignation, for personal considerations, of Mr. Javier Cervantes Monteil. Mr. Torres Pimienta has been engaged in the Company's Finance team for the past 3 years and has extensive experience in banking and real estate.
- 🏠 In order to improve its debt maturity profile, during 4Q22, CADU formalized the refinancing of the BLUME development loan for MXN 198 million, which matures in October 2025.
- 🏠 On October 24, 2022, HR Ratings ratified the long-term and short-term ratings of HR BBB and HR3 of Corpovael S.A.B. de C.V. Likewise, HR Ratings ratified the HR BBB rating of "CADU18" and "CADU19", and HR A+ of "CADU20V", maintaining a stable outlook for all ratings.

Analyst Coverage

As Corpovael, S.A.B. de C.V. ("CADU") has securities listed under the Internal Regulations of the Mexican Stock Exchange, the Company's stock has formal coverage from: Actinver Casa de Bolsa, BBVA Bancomer, Punto Casa de Bolsa, Apalache Análisis, and Miranda GR. For more information, please go to <http://ri.caduinmobiliaria.com>

2022 Guidance

Following its product diversification strategy, CADU accomplished its 2022 Guidance:

2022 GUIDANCE VS. REAL		
	2022 Guidance	Real 2022
Home Sold Revenue	10% to 15%	30.9%
Total Revenue		34.1%
EBITDA		100.5%
Net Income		357.9%

In addition, the Company continued to generate cash flow, reduce debt and preserve liquidity:

RESULTS OF THE STRATEGY TO MITIGATE THE PANDEMIC EFFECTS		
	2022 (MXN million)	Δ% 2022 vs. 2021
FCFF	1,027	330.4%
Total Debt	3,051	(10.0%)
Cash & Cash Equivalents	663	34.2%

2023 Guidance

For 2023, we expect to record double-digit growth rates in revenues and EBITDA.

About CADU

Corpovael, S.A.B. de C.V. “CADU” (BMV: CADUA) is a leading homebuilder in the development of affordable entry-level, middle-income, middle-income residential and residential homes in Mexico. CADU has more than a decade of experience in the housing sector where it has developed a successful business model by seeking sustained, high profitability. Its competitive advantage is based on an efficient and vertically integrated structure (developing activities of land acquisition, urbanization, building, and commercialization) in markets that have been identified as having a solid demand for housing. It primarily operates in Quintana Roo, Mexico Valley, and Jalisco.

Forward-looking statements

Information presented by the Company may contain forward-looking statements about future events and/or financial results. The reader should understand that the results obtained may differ from the projections contained in this document, as past results in no way offer any guarantee of future performance. For this reason, the Company assumes no responsibility for any indirect factors or elements beyond its control that might occur inside Mexico or abroad.

Financial Statements

Corpovael, S.A.B. de C.V. and Subsidiaries
Consolidated Statement of Financial Position
As of December 31, 2022 and December 31, 2021
(Figures in MXN thousands)

	Dec-31, 2021	Dec-31, 2022	Δ%
Assets			
Current Assets:			
Cash and cash equivalents	\$442,562	\$608,066	37.4%
Accounts receivable (Net)	248,566	521,325	109.7%
Other accounts receivable (Net)	451,394	427,414	(5.3%)
Housing inventory	2,386,387	2,206,685	(7.5%)
Other current assets	101,873	125,883	23.6%
Total Current Assets	3,630,782	3,889,373	7.1%
Non-current assets:			
Restricted Cash	51,277	54,474	6.2%
Housing inventory	5,309,252	5,810,712	9.4%
Property, plant and equipment (net)	33,045	27,912	(15.5%)
Other Non-current assets	1,102,855	644,960	(41.5%)
Total Non-current assets	6,496,429	6,538,058	0.6%
Total Assets	<u>\$10,127,211</u>	<u>\$10,427,431</u>	<u>3.0%</u>
Liabilities and Stockholders' Equity			
Current Liabilities			
Bank loans	1,251,020	1,622,712	29.7%
Debt securities	164,408	494,382	200.7%
Suppliers	568,941	1,026,997	80.5%
Taxes payables	8,523	39,365	361.9%
Other current liabilities	567,815	320,541	(43.5%)
Total Current Liabilities	2,560,707	3,503,997	36.8%
Non-current Liabilities			
Bank loans	848,072	303,576	(64.2%)
Debt securities	1,125,253	630,653	(44.0%)
Lease liability	16,026	11,319	(29.4%)
Employee benefits	6,997	7,646	9.3%
Other non-current liabilities	835,754	975,380	16.7%
Total Non-current liabilities	2,832,102	1,928,574	(31.9%)
Total Liabilities	<u>\$5,392,809</u>	<u>\$5,432,571</u>	<u>0.7%</u>
Stockholders' Equity			
Capital Stock	169,659	159,586	(5.9%)
Retained earnings	4,525,463	4,795,645	6.0%
Controlling interest	4,695,122	4,955,231	5.5%
Non-controlling interest	39,280	39,629	0.9%
Total Stockholders' Equity	4,734,402	4,994,860	5.5%
Total Liabilities and Stockholders' Equity	<u>\$10,127,211</u>	<u>\$10,427,431</u>	<u>3.0%</u>

Corpovael, S.A.B. de C.V. and Subsidiaries
Statement of Consolidated Comprehensive Income
(Figures in MXN thousands)

	4Q21	As % of Revenue	4Q22	As % of Revenue	Δ%	2021	As % of Revenue	2022	As % of Revenue	Δ%
Revenue:										
Home Sold	\$520,472	124.1%	\$994,339	79.4%	91.0%	\$2,587,395	93.1%	\$3,387,211	90.9%	30.9%
Land Plot Sales	(121,950)	(29.1%)	236,707	18.9%	(294.1%)	95,411	3.4%	303,136	8.1%	217.7%
Construction Services	20,769	5.0%	21,937	1.8%	5.6%	95,725	3.4%	36,578	1.0%	(61.8%)
	419,292	100.0%	1,252,983	100.0%	198.8%	2,778,531	100.0%	3,726,925	100.0%	34.1%
Cost and expenses:										
Construction Cost	(378,542)	90.3%	(769,383)	61.4%	103.2%	(1,925,916)	69.3%	(2,523,508)	67.7%	31.0%
Capitalized interest	(19,374)	4.6%	(53,557)	4.3%	176.4%	(167,838)	6.0%	(255,637)	6.9%	52.3%
Cost of Sales	(397,916)	94.9%	(822,940)	65.7%	106.8%	(2,093,754)	75.4%	(2,779,145)	74.6%	32.7%
Gross Income	21,376	5.1%	430,043	34.3%	1,911.8%	684,777	24.6%	947,780	25.4%	38.4%
Expenses	(233,737)	55.7%	(186,892)	14.9%	(20.0%)	(573,655)	20.6%	(543,966)	14.6%	(5.2%)
Depreciation	(17,738)	4.2%	(20,359)	1.6%	14.8%	(28,706)	1.0%	(27,010)	0.7%	(5.9%)
General Expenses	(251,475)	60.0%	(207,251)	16.5%	(17.6%)	(602,361)	21.7%	(570,976)	15.3%	(5.2%)
Operating Income	(230,099)	(54.9%)	222,792	17.8%	196.8%	82,416	3.0%	376,804	10.1%	357.2%
Dividends received	-		-		-	-		-		-
Financial Income	5,605		3,474		(38.0%)	14,603		21,125		44.7%
Financial Expenses	(58,046)		(47,168)		(18.7%)	(106,826)		(127,013)		18.9%
	(52,441)		(43,693)		(16.7%)	(92,223)		(105,888)		14.8%
Earnings Before Taxes	(282,541)	(67.4%)	179,099	14.3%	163.4%	(9,807)	(0.4%)	270,916	7.3%	2,862.5%
Income Taxes:										
Current	(344,919)	82.3%	82,667	6.6%	124.0%	(420,280)	15.1%	248,955	6.7%	159.2%
Deferred	365,902	87.3%	(69,396)	5.5%	(119.0%)	329,566	11.9%	(260,595)	7.0%	(179.1%)
Net	<u>20,981</u>	<u>5.0%</u>	<u>13,271</u>	<u>1.1%</u>	<u>(36.7%)</u>	<u>(90,716)</u>	<u>3.3%</u>	<u>(11,640)</u>	<u>0.3%</u>	<u>(87.2%)</u>
Net Comprehensive Consolidated Income	(\$261,560)	(62.4%)	\$192,370	15.4%	173.5%	(\$100,523)	(3.6%)	\$259,276	7.0%	357.9%
Controlling interest	(264,159)		192,515		172.9%	(103,636)		258,963		349.9%
Non-controlling interest	2,599		(145)		(105.6%)	3,113		313		(89.9%)
Net Comprehensive Consolidated Income	(261,560)	(62.4%)	192,370	15.4%	173.5%	(100,523)	(3.6%)	259,276	7.0%	357.9%
Net Income (Loss) per Share*	(0.78)		0.60		177.5%	(0.31)		0.81		365.6%

*Considering 319,172,265 outstanding shares in 4Q22 and 339,316,859 in 4Q21.

Corpovael, S.A.B. de C.V. and Subsidiaries

Statement of Consolidated Cash Flow

(Figures in MXN thousands)

	4Q21	4Q22	2021	2022
Operating Activities				
Earnings before taxes	(282,541)	179,099	(9,807)	270,916
Items Related to Investment Activities				
Depreciation and Amortization	13,867	4,065	24,835	10,716
Interest income	(5,605)	(3,474)	(14,603)	(21,125)
Interest expenses	106,824	123,877	106,824	123,877
Allowance for doubtful accounts	6,044	9,910	6,044	9,910
Allowance for inventory impairment	44,559	(5,001)	44,559	(5,001)
Net employee benefit cost	(5,991)	649	(5,991)	649
Income for transportation and furniture sale	-	(484)	-	(484)
Capitalized interest recognized in cost of sales	19,374	53,557	167,838	255,637
Cash Flow from Earnings Before Taxes	(103,469)	362,198	319,699	645,095
Cash Flow from or used in Operating Activities				
Decrease (increase) in accounts receivable	33,144	(90,243)	(9,089)	(260,126)
Decrease (increase) in inventory	83,288	211,824	(149,121)	(316,757)
Decrease (increase) in other accounts receivable and other current assets	173,439	375,506	(25,010)	480,752
Increase (decrease) in accounts payable	17,699	375,224	200,024	458,056
Increase (decrease) in other liabilities	(57,126)	(713,559)	95,024	86,754
Other	(279,147)	277,218	(147,779)	(86,556)
Net Cash Flows from or used in Operating Activities	(132,172)	798,168	283,748	1,007,218
Investment Activities				
Investment in shares	30,200	270	1,667	270
Investment in property, plant and equipment	(988)	(6,799)	(988)	(6,799)
Other long-term accounts receivable	-	4,702	-	4,702
Interest received	(60,500)	-	(60,500)	-
Net Cash Flows from or used in Investment Activities	5,606	3,474	14,603	21,125
Financing Activities				
Bank loans	1,316,533	1,200,109	2,452,307	3,056,140
Debt certificates	-	-	-	-
Expenses Related to the Stock Issuance	(7,274)	-	(7,274)	-
Amortization of bank loans	(1,158,031)	(1,498,923)	(2,460,526)	(3,212,080)
Amortization of debt certificates	(42,857)	(36,052)	(171,428)	(164,626)
Credit opening costs with financial institutions	(16,118)	(16,864)	(16,118)	(16,864)
Interests paid	(91,539)	(129,654)	(296,722)	(379,514)
Buyback program	(30,705)	(16,185)	(30,705)	(16,185)
Other items	227,753	(110,299)	206,084	(124,686)
Net Cash Flows from or used in Financing Activities	197,762	(607,869)	(324,382)	(857,815)
Increase (decrease) in Cash and Cash Equivalents	39,908	191,946	(85,852)	168,701
Cash and Cash Equivalents at Beginning of the Period	453,930	470,595	579,691	493,839
Cash and Cash Equivalents at End of the Period	493,839	662,540	493,839	662,540

Note on Financial Statements: in addition to the contents of this report, for a better analysis we recommend to refer to details on financial statements at <http://ri.caduinmobiliaria.com>.