

3Q23

EARNINGS RELEASE

CADU
INMOBILIARIA



CADU POSTS A 22% ANNUAL INCREASE IN REVENUE, REDUCES DEBT, ACQUIRES LAND PLOTS TO EXPAND ITS BUSINESS PLAN, AND MAINTAINS LEADERSHIP IN ECOCASA HOME CERTIFICATION

Cancun, Quintana Roo, Mexico, October 24, 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 third quarter (“3Q23”). The figures presented in this report are expressed in nominal Mexican pesos (MXN), are preliminary and non-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

- 🏠 During 3Q23, the number of homes sold was 798, unchanged compared to 3Q22. In 9M23, homes sold reached 2,685 units, 9.1% more than the 2,461 sold in 9M22.
- 🏠 In 3Q23, total revenue amounted to MXN 1,023 million, increasing 21.9% vs. MXN 839 million in 3Q22. Year-to-date, total revenue was MXN 3,335 million, 34.8% more than the MXN 2,474 million in 9M22.
- 🏠 Average sale price rose from MXN 1.0 million in 3Q22 to MXN 1.1 million in 3Q23, growing 11.8%. Year-to-date, average sale price stood at MXN 1.0 million, 3.7% over the MXN 972 thousand in the same period 2022.
- 🏠 Operating income grew 27.7%, from MXN 70 million in 3Q22 to MXN 89 million in 3Q23. During 9M23, operating income amounted to MXN 356 million, increasing 131.1% versus the MXN 154 million in 9M22.
- 🏠 During 3Q23, EBITDA totaled MXN 138 million, 3.8% more than MXN 133 million in 3Q22. Year-to-date, EBITDA reached MXN 516 million, increasing 42.2% compared to MXN 363 million in 9M22.
- 🏠 Net income surged from MXN 31 million in 3Q22 to MXN 112 million in 3Q23, growing 259.3%. In 9M23, net income amounted to MXN 273 million, vs. MXN 67 million in 9M22 (+308.2%).
- 🏠 Free cash flow for 3Q23 was MXN 13 million, vs. MXN 149 million in 3Q22 (-91.6%). Year-to-date, free cash flow amounted to MXN 915 million, growing 303.5% versus MXN 227 million from 9M22.
- 🏠 At the end of 3Q23, working capital cycle stood at 729 days, decreasing 448 days versus the same period 2022.
- 🏠 The balance of cash and cash equivalents increased 26.7%, from MXN 471 million in 3Q22 to MXN 596 million in 3Q23.
- 🏠 At the end of 3Q23, total debt stood at MXN 2,427 million, decreasing 28.0% versus MXN 3,370 million recorded at the end of 3Q22.
- 🏠 In 3Q23, the sale of certain commercial land plots and a residential land plot in Mexico City totaled MXN 107 million, thus enhancing liquidity.

🏠 During the quarter, 706 homes were enrolled in the ECOCASA program.

3Q23 VS. 3Q22 RESULTS COMPARISON

KEY INDICATORS (MXN Million)						
Indicator	3Q22	3Q23	Δ%	9M22	9M23	Δ%
Homes Sold (Units)	798	798	-	2,461	2,685	9.1%
Average Sale Price (MXN thousands)	1,010	1,130	11.8%	972	1,009	3.7%
Home Sold Revenue	806	901	11.8%	2,393	2,708	13.2%
Land Plot Sales	29	107	265.6%	66	593	792.3%
Other	4	14	277.6%	15	34	132.7%
Total Revenue	839	1,023	21.9%	2,474	3,335	34.8%
Operating Income	70	89	27.7%	154	356	131.1%
EBITDA	133	138	3.8%	363	516	42.2%
EBITDA Margin (%)	15.8	13.5	(2.3 pp.)	14.7	15.5	0.8 pp.
Net Income	31	112	259.3%	67	273	308.2%
Net Margin (%)	3.7	10.9	7.2 pp.	2.7	8.2	5.5 pp.
FCFF	149	13	(91.6%)	227	915	303.5%
Interest Coverage	0.62x	2.13x	1.51x	0.62x	2.13x	1.51x
Net Debt / LTM EBITDA	13.78x	2.31x	(11.47x)	13.78x	2.31x	(11.47x)
Leverage (Liabilities/Equity)	1.26x	1.16x	(0.10x)	1.26x	1.16x	(0.10x)
EPS* (MXN)	0.09	0.34	265.7%	0.21	0.84	302.2%

*Figures in Mexican pesos. Considering 319,172,265 shares outstanding in 3Q23 and 3Q22.

BALANCE SHEET INDICATORS (MXN Million)		
Indicator	3Q22	3Q23
Cash & Cash Equivalents	471	596
Accounts Receivable	418	801
Inventory	8,224	8,675
Other Assets	1,716	1,280
Total Assets	10,829	11,352
Bank Debt	2,182	1,675
Local Notes	1,188	752
Total Debt	3,370	2,427
Other Liabilities	2,674	3,658
Total Liabilities	6,044	6,085
Stockholders' Equity	4,785	5,267

FINANCIAL INDICATORS		
Indicator	3Q22 LTM	3Q23 LTM
ROE (%)	(4.1)	8.8
ROA (%)	(1.8)	4.1
EBITDA (MXN Million)	210	794
Net Income (MXN Million)	(195)	465
EPS (MXN)	(0.62)	1.44
WCC (days)	1,177	729

Message from the CEO

Dear investors:

At CADU, we continue giving continuity to our projects. During the third quarter we opened the OMBÚ middle-income project and La Vela residential project, both located in Cancun, Quintana Roo (market that concentrates our main operation). On the other hand, significant growth in the middle-income segment was posted, due to the incorporation of new projects in recent quarters. Meanwhile, the affordable entry-level segment in Playa del Carmen continues to grow in units and revenue. Additionally, we were able to capitalize on an attractive investment opportunity, by acquiring land plots without subscribing any additional financial debt, the land plots features and payment terms are strongly aligned to our current business strategy, as it is oriented to affordable entry-level and middle-income homes in Quintana Roo.

CADU seeks to maintain and consolidate its offer of affordable entry-level and middle-income homes in Cancun, Playa del Carmen, and Tulum. On the other hand, Quintana Roo continues to record a gradual increase in the potential demand of Infonavit beneficiaries, as well as a favorable economic evolution. In this regard, the most recent Infonavit data shows that the potential demand in Quintana Roo has increased 21.5% vs. year-end 2022. Additionally, the achievement of all-time highs in passenger arrivals at Cancun airport continues (3Q23 posted the highest figure for a third quarter), likewise the state's main hotel zones have high occupancy levels, and investments in infrastructure goes on with projects such as the rehabilitation of Colosio Boulevard (the main avenue that connects the airport with urban Cancun), the Nichupte lagoon Bridge, the Mayan train, Jaguar Park, and the Tulum airport, reflecting the significance of Quintana Roo as touristic destination.

Regarding the quarterly results, for the fourth consecutive quarter, we achieved over one billion pesos in total revenue. In this way, we achieved a double-digit growth rate in both revenue and EBITDA for the full-year, in line with our Guidance.

At the same time, in CADU we continued to strengthen our financial position, at the back of a free cash flow generation of nearly MXN 1 billion year-to-date, ongoing debt reduction, and an improved maturity profile.

During the third quarter, two banks announced mortgage products with preferential conditions for projects that comply with certifications that reduce greenhouse gas emissions. Therefore, we are working to extend our ecological commitment to all homes built; only during the third quarter we certified 706 homes under the ECOCASA program.

Finally, we are optimistic on the achievement of our Guidance, although the evolution of some macroeconomic metrics has been slower than expected (particularly interest rates and inflation), which has slowed the improvement of our margins and indicators. Therefore, we will continue to strategically strengthen our operations.

Pedro Vaca Elguero,
Chairman and CEO

OPERATING RESULTS

Homes Sold (Units)

Homes Sold (Units) by Housing Segment										
	3Q22	% total	3Q23	% total	Δ%	9M22	% total	9M23	% total	Δ%
AEL	674	84.5%	675	84.6%	0.1%	2,060	83.7%	2,316	86.3%	12.4%
AEL (UH)	29	3.6%	5	0.6%	(82.8%)	84	3.4%	35	1.3%	(58.3%)
Middle-income	42	5.3%	100	12.5%	138.1%	189	7.7%	277	10.3%	46.6%
Middle-income Residential	41	5.1%	7	0.9%	(82.9%)	97	3.9%	31	1.2%	(68.0%)
Residential	12	1.5%	11	1.4%	(8.3%)	31	1.3%	26	1.0%	(16.1%)
Total Units	798	100.0%	798	100.0%	-	2,461	100.0%	2,685	100.0%	9.1%

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.

During 3Q23, the number of units sold was 798, remaining at the same level as 3Q22. This was due to higher sales of middle-income homes (following the opening of a new Project in Cancun this quarter and in Playa del Carmen over the 4Q22), which were offset by lower sales of middle-income residential homes (given a lower inventory due to the completion of one project and the finalization phase of another).

Units sold in 9M23 amounted to 2,685 units, increasing 9.1% compared to the 2,461 units sold in 9M22. This growth is the result of the good sales momentum recorded in the affordable entry-level, both in Cancun and Playa del Carmen, as well as the development of the middle-income segment inaugurated in 4Q22 in Playa del Carmen.

Consolidated Revenue

Total Revenue (MXN million)										
	3Q22	% total	3Q23	% total	Δ%	9M22	% total	9M23	% total	Δ%
AEL	441	52.6%	514	50.2%	16.6%	1,320	53.4%	1,683	50.5%	27.5%
AEL (UH)	11	1.3%	4	0.4%	(66.4%)	33	1.3%	20	0.6%	(39.1%)
Middle-income	74	8.8%	223	21.8%	200.1%	350	14.1%	597	17.9%	70.5%
Middle-income Residential	132	15.7%	24	2.3%	(81.7%)	312	12.6%	106	3.2%	(66.1%)
Residential	148	17.6%	136	13.3%	(7.7%)	377	15.2%	302	9.1%	(19.8%)
Home Sold Revenue	806	96.1%	901	88.1%	11.8%	2,393	96.7%	2,708	81.2%	13.2%
Land Plot Sales	29	3.5%	107	10.5%	265.6%	66	2.7%	593	17.8%	792.3%
Other Revenue	4	0.5%	14	1.4%	277.6%	15	0.6%	34	1.0%	132.7%
Total Other	33	3.9%	121	11.9%	266.9%	81	3.3%	627	18.8%	673.2%
Total Revenue	839	100.0%	1,023	100.0%	21.9%	2,474	100.0%	3,335	100.0%	34.8%

In 3Q23, total revenue amounted to MXN 1,023 million, growing 21.9% compared to MXN 839 million in 3Q22. This was mainly driven by higher homes sold revenue, and sale of commercial land plots and one residential land plot in Mexico City, boosting the total other income to reach MXN 121 million in 3Q23, vs. MXN 33 million in 3Q22.

Year-to-date, total revenue climbed from MXN 2,474 million in 9M22 to MXN 3,335 million in 9M23, increasing 34.8%. This increase is the result of higher revenue generation in all streams (home sold +13.2%, land plot sales +792.3% and other revenue +132.7%).

Out of total revenue, 88.1% stemmed from homes sold, 10.5% from sales of land plots and commercial areas, and 1.4% from other revenue.

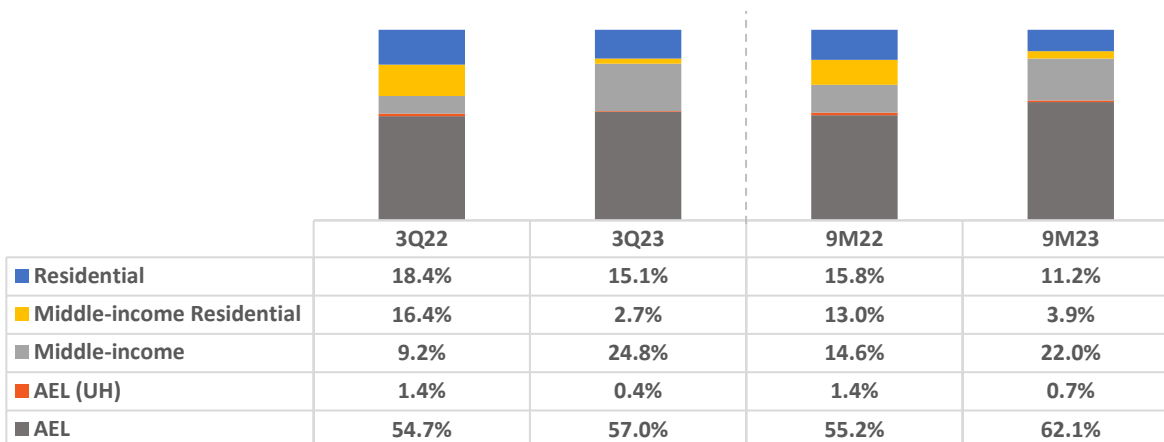
In 9M23, homes sold revenue contributed 81.2% of total revenue; while land plot and commercial areas, 17.8%, and other revenue, 1.0%.

As for homes sold revenue by segment, during 3Q23, affordable entry-level increased 16.6% and middle-income 200.1%; while affordable entry-level (UH) decreased 66.4%, middle-income residential 81.7%, and residential 7.7%.

Year-to-date, affordable entry-level revenue grew 27.5% and middle-income 70.5%. On the other hand, affordable entry-level (UH), middle-income, and residential revenues decreased 39.1%, 66.1%, and 19.8%, respectively.

It is important to mention that the decrease registered quarterly and year-to-date in the middle-income residential and residential segments derives from the completion of projects.

Homes Sold Revenue by Housing Segment



Homes Sold Revenue by Market

Homes Sold Revenue by Market (MXN million)												
	3Q22	% total	3Q23	% total	Δ\$	Δ%	9M22	% total	9M23	% total	Δ\$	Δ%
Cancun	319	39.6%	377	41.8%	58	18.0%	973	40.7%	931	34.4%	(42)	(4.3%)
Playa del Carmen	153	19.0%	328	36.4%	175	114.1%	373	15.6%	906	33.5%	533	143.2%
Tulum	282	34.9%	168	18.6%	(114)	(40.4%)	904	37.8%	776	28.7%	(128)	(14.2%)
Mexico City	41	5.1%	24	2.7%	(17)	(41.4%)	112	4.7%	75	2.8%	(37)	(33.1%)
Other (UH)	11	1.3%	4	0.4%	(7)	(65.4%)	31	1.3%	20	0.7%	(11)	(35.8%)
TOTAL	806	100.0%	901	100.0%	95	11.8%	2,393	100.0%	2,708	100.0%	316	13.2%

NOTE: UH refers to Used Homes.

Homes sold revenue rose from MXN 806 million in 3Q22 to MXN 901 million in 3Q23, increasing 11.8%. In particular, revenue in Playa del Carmen continued to be driven by higher demand in affordable entry-level and middle-income sales (a product not available in 3Q22). In Cancun, also, demand in affordable entry-level increased and the Company introduced new middle-income and residential models, more than offsetting the completion of three projects. In Tulum, the labor shortage continued to affect the delivery of inventory. And, in Mexico City, only one project remains in the final stage of commercialization.

During 9M23, homes sold revenue reached MXN 2,708 million, 13.2% over the MXN 2,393 million recorded in the same period 2022. This performance was driven by a 143.2% increase in Playa del Carmen, due to the sale of affordable entry-level and middle incomes projects in this location.

This performance stems from leveraging the recovery in potential demand from Infonavit beneficiaries in Quintana Roo through our product diversification strategy. In this regard, according to SEDATU, as of June 2023, the potential demand in Quintana Roo has increased 21.5% compared to December 2022. Furthermore, the number of credits granted by Infonavit in the first seven months of the year has exceeded those of the same period 2022.

Average Sale Price

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

Average Sale Price by Housing Segment (MXN thousands)								
Segment	3Q22	3Q23	Δ\$	Δ%	9M22	9M23	Δ\$	Δ%
AEL	654	761	107	16.4%	641	727	86	13.4%
AEL (UH)	385	750	366	95.1%	395	577	182	46.1%
Middle-income	1,773	2,235	462	26.0%	1,852	2,154	302	16.3%
Middle-income Residential	3,226	3,464	238	7.4%	3,220	3,411	191	5.9%
Residential*	12,305	12,393	88	0.7%	12,162	11,623	(539)	(4.4%)
Total	1,010	1,130	119	11.8%	972	1,009	36	3.7%

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

Average sale price climbed from MXN 1.0 million in 3Q22 to MXN 1.1 million in 3Q23, increasing 11.8%. This growth is the result of higher average sale price across all segments, with the middle-income segment standing out (+26.0% or +MXN 462 thousand).

Year-to-date, average sale price was MXN 1.0 million, 3.7% more than MXN 972 thousand in 9M22. This is explained by the increase in the average sale price of about all segments, mainly middle-income segment (+16.3% or +MXN 302 thousand).

FINANCIAL PERFORMANCE

Income Statement

Cost of Sales

Revenue and Cost of Sales Breakdown (MXN million)								
Concepts	3Q22	% Rev	3Q23	% Rev	9M22	% Rev	9M23	% Rev
Home sold revenue	806	96.1%	901	88.1%	2,393	96.7%	2,708	81.2%
Land plot sales revenue	29	3.5%	107	10.5%	66	2.7%	593	17.8%
Other income	4	0.5%	14	1.4%	15	0.6%	34	1.0%
Total revenue	839	100.0%	1,023	100.0%	2,474	100.0%	3,335	100.0%
Cost of homes sold	619	76.7%	642	71.2%	1,921	80.3%	2,152	79.5%
Cost of land plots	15	50.9%	100	94.0%	28	42.2%	303	51.2%
Cost of other income	2	41.7%	1	7.0%	7	45.6%	7	20.5%
Total cost of sales	635	75.7%	743	72.7%	1,956	79.1%	2,463	73.8%
Cost of sales	574	68.4%	696	68.1%	1,754	70.9%	2,306	69.2%
Capitalized interests	61	7.3%	48	4.7%	202	8.2%	156	4.7%

During 3Q23, the cost of sales to revenue ratio was 72.7%, 3.0 pp. below 75.7% in 3Q22. This decrease was mainly driven by the improved product margins, given the start of sales for two new high value-added developments, one of middle-income (OMBÚ) and the other of residential plus (La Vela).

Year-to-date, the cost of sales ratio stood at 73.8%, decreasing 5.2 pp. versus the same period 2022. This was the result of the higher contribution of land plot sales in revenues (their margins are generally higher than those of homes sold) and, to a lesser extent, better product margins, as a result of the sale of new projects.

The decrease in capitalized interests in cost of sales seeks to minimize the balances of bridge loans, to avoid additional costs.

Gross Income

Gross Income (MXN million)												
	3Q22	% Rev	3Q23	% Rev	Δ\$	Δ%	9M22	% Rev	9M23	% Rev	Δ\$	Δ%
Gross Income	204	24.3%	279	27.3%	75	36.7%	518	20.9%	873	26.2%	355	68.5%

In 3Q23, gross income totaled MXN 279 million, growing 36.7% compared to MXN 204 million in 3Q22. This increase was driven by a higher level of revenue and a lower cost to sales ratio.

During 9M23, gross income reached MXN 873 million, 68.5% higher than the MXN 518 million in the same period 2022. This result stems from higher land plot and home sales, thanks to increased demand in Quintana Roo and CADU's diversification strategy (middle-income and residential projects have been kicked-off, with higher margins than the affordable entry-level segment). In addition, the average sale price has increased in almost all segments.

SG&A

SG&A (MXN million)												
	3Q22	% Rev	3Q23	% Rev	Δ\$	Δ%	9M22	% Rev	9M23	% Rev	Δ\$	Δ%
SG&A	134	16.0%	190	18.6%	56	41.4%	364	14.7%	517	15.5%	153	42.0%

SG&A expenses went from MXN 134 million in 3Q22 to MXN 190 million in 3Q23, increasing 41.4%. This is due to the increase in selling expenses. On the other hand, the ratio of expenses to revenue was 18.6% in 3Q23, vs. 16.0% in 3Q22.

Year-to-date, SG&A expenses increased 42.0%, from MXN 364 million in 9M22 to MXN 517 million in 9M23. As a percentage of revenue, expenses went from 14.7% in 9M22 to 15.5% in 9M23.

EBITDA

EBITDA Breakdown (MXN million)								
Concepts	3Q22	3Q23	Δ\$	Δ%	9M22	9M23	Δ\$	Δ%
EARNINGS AFTER TAXES	31	112	81	259.3%	67	273	206	308.2%
(+) Income tax	12	(53)	(65)	(531.5%)	25	(1)	(26)	(102.8%)
EARNINGS BEFORE TAXES (EBT)	43	59	16	35.8%	92	272	181	196.7%
(+) Capitalized CFR	61	48	(13)	(22.0%)	202	156	(46)	(22.6%)
(+) Non-capitalized interest	32	37	5	13.9%	80	106	26	33.0%
(-) Other income (expenses), net	6	7	1	11.3%	18	23	5	28.4%
(+) Depreciation & amortization	2	1	(1)	(41.8%)	7	4	(3)	(44.0%)
EBITDA	133	138	5	3.8%	363	516	153	42.2%
EBITDA Margin	15.8%	13.5%	-	(2.3 pp.)	14.7%	15.5%	-	0.8 pp.

EBITDA reached MXN 138 million in 3Q23, growing 3.8% versus MXN 133 million in 3Q22. This increase is mainly attributable to the higher level of revenue for the period.

In 9M23, EBITDA increased 42.2%, totaling MXN 516 million and recording a 15.5% margin (+0.8 pp. vs. 9M22). This result was due to the opening of new middle-income and residential projects, whose margins are higher than those of the affordable entry-level. In addition, so far this year, land plots have been sold with better margins than those of home sales.

Operating Income

Operating Income (MXN million)												
	3Q22	% Rev	3Q23	% Rev	Δ\$	Δ%	9M22	% Rev	9M23	% Rev	Δ\$	Δ%
Operating Income	70	8.3%	89	8.7%	19	27.7%	154	6.2%	356	10.7%	202	131.1%

Operating income increased 27.7%, from MXN 70 million in 3Q22 to MXN 89 million in 3Q23. As a percentage of revenue, operating income stood at 8.7% during 3Q23, 0.4 pp. higher than the 8.3% recorded in 3Q22.

Year-to-date, operating income reached MXN 356 million, increasing 131.1% compared to MXN 154 million in the same period 2022. The ratio of expenses to revenue increased 4.4 pp., from 6.2% in 9M22 to 10.7% in 9M23.

The performance in both periods stems from the higher level of revenue obtained.

Net Income

Net Income and EPS (MXN million)								
Concepts	3Q22	3Q23	Δ\$	Δ%	9M22	9M23	Δ\$	Δ%
Consolidated Net Income	31	112	81	259.3%	67	273	206	308.2%
Net Margin	3.7%	10.9%	-	7.2 pp.	2.7%	8.2%	-	5.5 pp.
Controlling Interest	30	110	80	265.7%	66	267	201	302.2%
Earnings Per Share* (MXN)	0.09	0.34	0.25	265.7%	0.21	0.84	0.63	302.2%

*Figures in Mexican pesos. Considering 319,172,265 shares outstanding as of 3Q23 and 3Q22.

3Q23 net income was MXN 112 million, growing 259.3% versus MXN 31 million in 3Q22. As a percentage of revenue, net income was 10.9%, 7.2 pp. higher than 3.7% in 3Q22.

Year-to-date, net income reached MXN 273 million, increasing 308.2% compared to MXN 67 million in 9M22. Net margin went from 2.7% in 9M22 to 8.2% in 9M23 (+5.5 pp.)

Earnings per share (EPS) for 3Q23 stood at MXN 0.34, favorably compared to MXN 0.09 in 3Q22. During 9M23, EPS totaled MXN 0.84, vs. MXN 0.21 in 9M22.

This result mainly follows the combined effect of a low comparison base, higher revenue in both periods, as well as the recognition of a tax benefit of MXN 53 million in 3Q23 and MXN 0.7 million in 9M23. This tax benefit stemmed from the early deduction of land plots acquired in the period, which resulted in the generation of a deferred tax asset.

Financial Position

Cash & Cash Equivalents

Cash and Cash Equivalents (MXN million)				
	3Q22	3Q23	Δ\$	Δ%
Cash and Cash Equivalents	471	596	126	26.7%

Cash and cash equivalents rose from MXN 471 million in 3Q22 to MXN 596 million in 3Q23, increasing 26.7%. This increase is the result of higher home sales, land plot sales, and forward land acquisitions during the year. It is worth mentioning that MXN 52 million of total cash belongs to the special provision booked to guarantee the payment of the "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 September 30, 2022		As of September 30, 2023		Δ days
	Amount (MXN million)	Days	Amount (MXN million)	Days	
Accounts Receivable	418	52	801	63	11
Inventory (includes Land Bank)	8,224	1,258	8,675	951	(307)
Suppliers (includes land suppliers)	652	100	2,289	251	151
Prepayments	217	33	307	34	0
WCC	7,774	1,177	6,880	729	(448)

The working capital cycle dropped from 1,177 days in 3Q22 to 729 days in 3Q23 (-448 days). This decrease is due to the higher revenue generation in the last 12 months, as well as the achievement of better payment terms and conditions with land plot suppliers.

As of September 30, 2023, accounts receivable totaled MXN 801 million (AR turnover of 63 days), versus MXN 418 million (AR turnover of 52 days) at the end of 3Q22. This is due to loans provided to certain customers who acquired residential units and the payment term provided to buyers of land plots sold so far this year.

The inventory balance for 3Q23 was MXN 8,675 million, versus MXN 8,224 million in 3Q22 and MXN 7,571 million in 2Q23. This is due to the acquisition of land plots during the quarter (2 for affordable entry-level and 2 for middle-income), whose features and payment terms represent an attractive investment opportunity, since they will be paid gradually over a period of up to 6 years and will allow us to continue capitalizing on the increased demand in Quintana Roo (particularly in Playa del Carmen and Cancun), through affordable entry-level and middle-income projects.

With the land plots for affordable entry-level projects, we will give continuity to the EDEN project in Playa del Carmen, as we will be able to develop around 2 thousand units. This project alone has the capacity to generate income that exceeds the cost of the four land plots acquired, as it has registered an average sale of 100 units per month, which is equivalent to MXN 76.6 million in revenue.

Regarding land plots for middle-income level, one is located in Playa del Carmen and the other in Cancun (very attractive characteristics, as it requires a low investment in infrastructure). In addition, with this land we were able to replace the land plots sold in 4Q22 and 1Q23.

Regarding the suppliers line item, it was MXN 2,289 million at the end of 3Q23 (MXN 540 million from suppliers and MXN 1,749 million from land suppliers), equivalent to accounts payable turnover of 251 days, vs. MXN 652 million in 3Q22 (MXN 322 million from suppliers and MXN 330 million from land plot suppliers), equivalent to accounts payable turnover of 100 days. This increase is due to the better payment terms and deadlines agreed with land plot suppliers, mainly for those acquired this quarter, as reflected in the payments for the next 6 quarters:

Amortization of Land Plots Acquired in 3Q23 by Quarter (MXN million)						
Concept	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25
Playa del Carmen land plots (affordable entry-level)	10	-	3	3	3	3
Playa del Carmen land plots (middle-income level)	10	-	-	-	20	39
Cancun land plots (middle-income level)*	6	-	-	-	-	-
Total	26	-	3	3	23	42

*There is an option for payments to be made from the income generated from the sale of housing developed on this land plot.

Debt

As of September 30, 2023, total debt was MXN 2,427 million, 28.0% lower than the MXN 3,370 million recorded in 3Q22, in line with our debt reduction strategy. In particular, bank loans debt decreased 23.2% and securities debt decreased 36.7%.

Bank Loans (MXN million)						
Concept	3Q22	% of total debt	3Q23	% of total debt	Δ\$	Δ%
Bridge Loans	1,481	43.9%	991	40.8%	(489)	(33.0%)
Land Bank	68	2.0%	-	-	(68)	(100.0%)
Working Capital	633	18.8%	684	28.2%	51	8.1%
Total	2,182	64.7%	1,675	69.0%	(506)	(23.2%)

At the end of 3Q23, bank loans amounted to MXN 1,675 million, down 23.2% versus MXN 2,182 million in 3Q22. This was the result of a 33.0% decrease in bridge loans and the total amortization of the infrastructure loan, which offset the increase in working capital loans (+8.1%).

Debt Securities - Local Notes (MXN million)						
Concept	3Q22	% of total debt	3Q23	% of total debt	Δ\$	Δ%
CADU 18	186	5.5%	-	-	(186)	(100.0%)
CADU 19	500	14.8%	250	10.3%	(250)	(50.0%)
CADU 20V	502	14.9%	502	20.7%	-	-
Debt Securities	1,188	35.3%	752	31.0%	(436)	(36.7%)
Total Debt*	3,370	100.0%	2,427	100.0%	(942)	(28.0%)

*100% of the Company's debt, as of September 30, 2023, is contracted in Mexican pesos.

Securities debt went from MXN 1,188 million in 3Q22 to MXN 752 million in 3Q23, representing a decrease of 36.7%. This decrease corresponds to the fact that the "CADU18" CEBUR is already fully amortized and to the payments of the "CADU19" local notes, which aligned to the amortization schedule, started in 1Q23.

Of the total debt, 40.8% corresponds to bridge loans, 31.0% to debt securities and the remaining 28.2% to working capital loans.

Debt Maturities as of September 2023 (MXN million)							
Concept	Current Year	Up to 1 year	Up to 2 years	Up to 3 years	Up to 4 years	Up to 5 years	Total
Bank loans	10	509	466	669	21	-	1,675
CADU 19	107	143	-	-	-	-	250
CADU 20V	-	-	-	-	-	502	502
Total	117	652	466	669	21	502	2,427
% Total	4.8%	26.9%	19.2%	27.6%	0.9%	20.7%	100.0%

Regarding the maturity profile, only 4.8% of the debt matures during 4Q23, 26.9% matures in 9M24, 19.2% in 2 years, 27.6% within 3 years, 0.9% within 4 years and 20.7% within 5 years.

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

Debt Maturity by Quarter (MXN million)						
Concept	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25
Bank Loans	10	19	160	330	28	387
CADU 19	107	107	36	-	-	-
Total	117	127	196	330	28	387
% of Total	4.8%	5.2%	8.1%	13.6%	1.2%	15.9%

Only 4.8% of the total debt matures during the following quarter, 5.2% matures during 1Q24, 8.1% in 2Q24, 13.6% through 3Q24, 1.2% during 4Q24 and 15.9% by 1Q25.

As of September 30, 2023, CADU's corporate ratings by HR Ratings and Verum were "HR BBB" and "BBB/M", respectively. Regarding the Company's debt securities, Verum and HR Ratings granted ratings of "BBB/M" and "HR BBB" for CADU19, as well as "A/M" and "HR A+" for CADU20V.

Leverage and Interest Coverage (Times)			
Concepts	3Q22	3Q23	Covenant
Net Debt to EBITDA	13.78	2.31	Not greater than 3.0
Total Liabilities / Equity	1.26	1.16	Not greater than 3.0
EBITDA / Interest Paid	0.62	2.13	Not less than 2.5

The compliance with pre-established covenants for "CADU19" and "CADU20V" CEBURES has been waived for 2023.

The weighted cost of debt was 13.36% at the end of 3Q23 (TIIE + 1.86 pp. / not considering commissions). As of September 30, 2023, 79.3% of the debt is contracted at a floating rate and the remaining 20.7% at a fixed rate of 9.13%.

Total Liabilities and Stockholders' Equity

Total Liabilities and Stockholders' Equity (MXN million)						
Concepts	3Q22	% of total	3Q23	% of total	Δ\$	Δ%
Total liabilities	6,044	55.8%	6,085	53.6%	42	0.7%
Stockholders' Equity	4,785	44.2%	5,267	46.4%	482	10.1%
Total	10,829	100.0%	11,352	100.0%	523	4.8%

At the end of 3Q23, Stockholders' Equity totaled MXN 5,267 million, 10.1% higher than the MXN4,785 million recorded in 3Q22. This was boosted by the net income recorded in the last 12 months.

As of September 30, 2023, the capital structure was composed of 53.6% liabilities and 46.4% equity; whereas, in 3Q22, 55.8% corresponded to liabilities and 44.2% to equity.

Cash Flow

Cash Variations

Cash Flow (MXN million)						
Concepts	3Q22	3Q23	Δ%	9M22	9M23	Δ%
Earnings before taxes (EBT)	43	59	35.8%	92	272	196.7%
Investment adjustments and other	(163)	83	150.9%	(375)	87	123.2%
Financing activities	61	48	(21.8%)	202	156	(22.6%)
Cash flow before taxes	(59)	190	421.7%	(81)	516	737.5%
Cash flow from operating activities	202	(186)	(192.1%)	290	375	29.4%
Net cash flow from operating activities	143	4	(97.3%)	209	891	326.1%
Net cash flow from investment activities	6	9	41.4%	18	24	35.5%
Net cash flow from financing activities	(133)	53	140.0%	(250)	(981)	292.5%
Δ Cash and cash activities	16	66	301.9%	(23)	(66)	185.5%
Cash and equivalents – beginning of period	454	530	16.8%	494	663	34.2%
Cash and equivalents – end of period	471	596	26.7%	471	596	26.7%
Free Cash Flow	149	13	(91.6%)	227	915	303.5%

Free cash flow went from MXN 149 million in 3Q22 to MXN 13 million in 3Q23 (-91.6%). This is due to the increase in accounts receivable from the amortized sale of land plots and flexibility of residential housing, as well as ongoing collections.

In 9M23, free cash flow was MXN 915 million, up 303.5% from MXN 227 million in 9M22. This increase is result of a higher number of homes sold and land plots sold, to reduce debt and strengthen liquidity.

ESG

In line with its high commitment to best practices in Environmental, Social, and Corporate Governance (ESG), the Company has been recognized and certified by different institutions. 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 with the PRIME Guide that promotes best practices in this ecosystem.
- 🏠 **Environmental Finance's GREEN BOND Award**, granted for standing out in innovation, leadership, best practices, and contribution to the development of a sustainable financial market.
- 🏠 **First GREEN BOND recognition for a housing developer in the local market**, presented by the Green Finance Advisory Board as part of the Green, Social and Sustainable Bonds 2020-2021 Awards. These awards are granted to companies that reinforce their commitment to sustainability and demonstrate increasingly robust strategy implementation.

- 🏠 **EDGE Advanced Certification** from the IFC (of the World Bank Group) to CADU's prototypes that allow savings of up to 47% in energy, 39% in water and 75% in embodied energy in materials.
- 🏠 **Grupo Expansión, Transparencia Mexicana and Mexicanos Contra la Corrupción** have recognized CADU for its fight against corruption.
- 🏠 **ESR Distinction for Large Companies**, granted for the second consecutive year, 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 to Environmental, Social, and Corporate Governance issues.

For further details on the above, please refer to the 2022 Annual Sustainability Report.

Recent Developments

- 🏠 On July 12, 2023, CADU informed that it was notified of a legal proceeding related to a business entered in 2017 by one of its subsidiaries. Despite the lack of justification and basis of the claims, CADU is diligently attending with its specialists the response to such claims, to offer the corresponding evidence to prove its standpoint.

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>

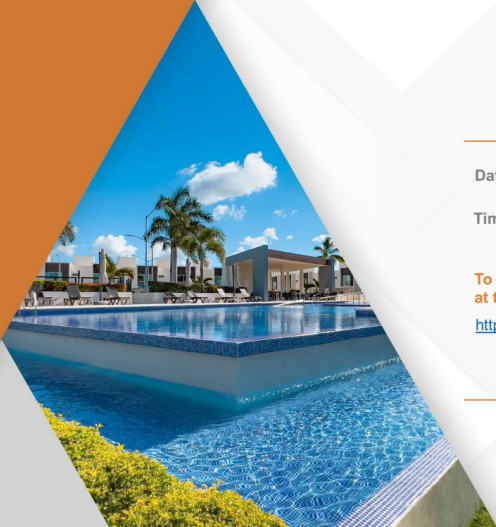
About CADU

Corpovael, S.A.B. de C.V. "CADU" (BMV: CADUA) is a leading business group dedicated to the integrated development of affordable entry-level, middle-income, middle-residential and residential housing in Mexico. CADU has a successful track record of more than a decade in the housing sector, where it has built a successful business model through the search for high and sustained profitability; underpinning its competitive advantage in an agile and vertically integrated structure (developing activities of land acquisition, urbanization, construction and marketing), in places where it has identified a high potential demand for housing. It operates mainly in Quintana Roo, Mexico City 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.

3Q23 Conference Call



CORPOVAEL S.A.B. de C.V.

Invites you to participate in its

3Q23 CONFERENCE CALL

Presenters:

Pedro Vaca – CEO
Mauricio Torres – CFO
Cesar Navarro – IRO

MP3 Recording: Available 60 min.

After the conference call at:
ri.caduinmobiliaria.com

Date: Wednesday, October 25th, 2023

Time: 10:00 a.m. (Mexico City Time)
12:00 p.m. (New York Time)

**To access the call, please register
at the following link:**

<http://webcast.investorcloud.net/cadu/index.html>

**If you prefer to participate via
telephone, please dial:**

· Mexico:
+52 558 659 6002

· USA (New York):
+1 929 205 6099

Webinar ID:
835 0625 3361

Other international numbers available:

<https://us02web.zoom.us/j/knEOJCJkC>

ri@caducancun.com
+52 (998) 193 1100
www.caduinmobiliaria.com

3Q23 earnings release date:
Tuesday, October 24th, 2023
(after market close)

Financial Statements

Corpovael, S.A.B. de C.V. and Subsidiaries Consolidated Statements of Financial Position As of September 30, 2023 and September 30, 2022 (Figures in MXN thousands)			
	Sep 30, 2022	Sep 30, 2023	Δ%
Assets			
Current Assets:			
Cash and cash equivalents	\$470,595	\$543,828	15.6%
Accounts receivable (Net)	418,449	800,771	91.4%
Other accounts receivable (Net)	935,676	464,506	(50.4%)
Housing inventory	5,086,115	3,267,906	(35.7%)
Other current assets	372,731	155,982	(58.2%)
Total Current Assets	7,283,566	5,232,993	(28.2%)
Non-current Assets:			
Restricted Cash	-	52,352	-
Housing inventory	3,138,105	5,407,250	72.3%
Property, plant and equipment (Net)	53,277	25,836	(51.5%)
Other Non-current assets	353,941	633,801	79.1%
Total Non-current assets	3,545,322	6,119,239	72.6%
Total Assets	<u>\$10,828,888</u>	<u>\$11,352,232</u>	<u>4.8%</u>
Liabilities and Stockholders' Equity			
Current Liabilities			
Bank loans	1,193,203	519,305	(56.5%)
Debt securities	435,714	249,999	(42.6%)
Suppliers	651,811	795,103	22.0%
Taxes payable	71,664	72,318	0.9%
Other current liabilities	1,078,979	312,773	(71.0%)
Total Current Liabilities	3,431,371	1,949,498	(43.2%)
Non-current Liabilities			
Bank loans	988,543	1,156,000	16.9%
Debt securities	752,100	502,100	(33.2%)
Lease liability	17,035	11,319	(33.6%)
Suppliers	-	1,494,127	-
Employee's benefits	-	648	-
Deferred Tax	854,718	971,629	13.7%
Total Non-current Liabilities	2,612,396	4,135,823	58.3%
Total Liabilities	<u>\$6,043,767</u>	<u>\$6,085,321</u>	<u>0.7%</u>
Stockholders' Equity			
Capital Stock	159,586	159,586	-
Retained earnings	4,585,798	5,057,777	10.3%
Controlling interest	4,745,384	5,217,363	9.9%
Non-controlling interest	39,737	49,548	24.7%
Total Stockholders' Equity	4,785,121	5,266,911	10.1%
Total Liabilities and Stockholders' Equity	<u>\$10,828,888</u>	<u>\$11,352,232</u>	<u>4.8%</u>

Corpovael, S.A.B. de C.V. and Subsidiaries Consolidated Statements of Comprehensive Income (Figures in MXN thousands)										
	3Q22	% of revenue	3Q23	% of revenue	Δ%	9M22	% of revenue	9M23	% of revenue	Δ%
Revenue:										
Home Sold	\$806,149	96.1%	\$901,384	88.1%	11.8%	\$2,392,872	96.7%	\$2,708,387	81.2%	13.2%
Land Plot Sales	29,236	3.5%	106,873	10.5%	265.6%	66,429	2.7%	592,751	17.8%	792.3%
Other income	3,788	0.5%	14,303	1.4%	277.6%	14,641	0.6%	34,070	1.0%	132.7%
	839,173	100.0%	1,022,559	100.0%	21.9%	2,473,942	100.0%	3,335,208	100.0%	34.8%
Cost and expenses:										
Construction Cost	(574,017)	68.4%	(695,865)	68.1%	21.2%	(1,754,125)	70.9%	(2,306,399)	69.2%	31.5%
Capitalized Interest	(61,031)	7.3%	(47,596)	4.7%	(22.0%)	(202,080)	8.2%	(156,309)	4.7%	(22.6%)
Cost of Sales	(635,048)	75.7%	(743,461)	72.7%	17.1%	(1,956,205)	79.1%	(2,462,708)	73.8%	25.9%
Gross Income	204,126	24.3%	279,098	27.3%	36.7%	517,737	20.9%	872,500	26.2%	68.5%
Expenses	(132,388)	15.8%	(188,866)	18.5%	42.7%	(357,074)	14.4%	(512,849)	15.4%	43.6%
Depreciation	(2,016)	0.2%	(1,173)	0.1%	(41.8%)	(6,651)	0.3%	(3,725)	0.1%	(44.0%)
General Expenses	(134,404)	16.0%	(190,039)	18.6%	41.4%	(363,725)	14.7%	(516,574)	15.5%	42.0%
Operating Income	69,722	8.3%	89,058	8.7%	27.7%	154,012	6.2%	355,925	10.7%	131.1%
Financial Income	6,169		6,866		11.3%	17,651		22,664		28.4%
Financial Expenses	(32,457)		(36,958)		13.9%	(79,845)		(106,205)		33.0%
	(26,290)		(30,092)		14.5%	(62,195)		(83,542)		34.3%
Earnings before interest and taxes	43,432	5.2%	58,964	5.8%	35.8%	91,817	3.7%	272,383	8.2%	196.7%
Income Taxes:										
Current	282,667	33.7%	19,166	1.9%	(93.2%)	166,288	6.7%	(82,153)	2.5%	(149.4%)
Deferred	(294,944)	35.1%	33,804	3.3%	(111.5%)	(191,199)	7.7%	82,859	2.5%	(143.3%)
Net	<u>(12,277)</u>	<u>1.5%</u>	<u>52,971</u>	<u>5.2%</u>	<u>(531.5%)</u>	<u>(24,911)</u>	<u>1.0%</u>	<u>706</u>	<u>0.0%</u>	<u>(102.8%)</u>
Net Comprehensive Consolidated Income	\$31,155	3.7%	\$111,935	10.9%	259.3%	\$66,906	2.7%	\$273,089	8.2%	308.2%
Controlling interest	30,030		109,816		265.7%	66,448		267,238		302.2%
Non-controlling interest	1,126		2,118		88.1%	458		5,851		1,177.5%
Net Comprehensive Consolidated Income	31,155	3.7%	111,935	10.9%	259.3%	66,906	2.7%	273,089	8.2%	308.2%
Net Income (Loss) per Share*	0.09		0.34		265.7%	0.21		0.84		302.2%

*Considering 319,172,265 shares outstanding as of 3Q23 and 3Q22.

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

Statement of Consolidated Cash Flow

Figures in MXN thousands

	3Q22	3Q23	9M22	9M23
Operating Activities				
Earnings before taxes	43,433	58,964	91,818	272,383
Other	(159,308)	52,971	(363,774)	706
Items Related to Investment Activities				
Depreciation and Amortization	2,016	1,172	6,651	3,724
Interest income	(6,169)	(9,761)	(17,651)	(25,559)
Interest expenses	-	38,751	-	107,933
Net employee benefit cost	-	-	-	-
Equity in earnings of subsidiaries	-	-	-	-
Capitalized interest recognized in cost of sales	61,031	47,707	202,080	156,420
Cash Flow from Earnings Before Taxes	(58,997)	189,805	(80,876)	515,608
Cash Flow from or used in Operating Activities				
Decrease (increase) in accounts receivable	(36,911)	(302,662)	(169,883)	(436,458)
Decrease (increase) in inventory	(287,467)	(1,123,269)	(528,581)	(679,322)
Decrease (increase) in other accounts receivable and other current assets	160,611	137,124	105,246	122,855
Increase (decrease) in suppliers	(7,061)	1,051,344	82,832	1,262,233
Increase (decrease) in other liabilities	372,752	51,519	800,313	105,804
Net Cash Flows from or used in Operating Activities	142,927	3,861	209,050	890,720
Investment Activities				
Investment in shares	-	-	-	-
Investment in property, plant and equipment	-	(1,038)	-	(1,648)
Receivables from sale of machinery and equipment	-	-	-	-
Other long-term accounts receivable	-	-	-	-
Interest received	6,169	9,761	17,651	25,559
Net Cash Flows from or used in Investment Activities	6,169	8,723	17,651	23,911
Financing Activities				
Bank loans	639,120	1,139,136	1,856,031	2,171,243
Debt certificates	-	-	-	-
Payment of financing to the trust	-	(15,641)	-	(91,366)
Amortization of bank loans	(640,811)	(895,737)	(1,713,157)	(2,443,294)
Amortization of debt certificates	(42,858)	(107,143)	(128,574)	(392,857)
Credit opening costs with financial institutions	-	-	-	40,988
Interests paid	(84,310)	(67,455)	(249,860)	(242,790)
Buyback program	-	-	-	(5,107)
Other items	(3,880)	-	(14,387)	(17,807)
Net Cash Flows from or used in Financing Activities	(132,739)	53,160	(249,946)	(980,990)
Increase (decrease) in Cash and Cash Equivalents	16,357	65,744	(23,245)	(66,359)
Cash and Cash Equivalents at Beginning of the Period	454,237	530,438	493,839	662,540
Cash and Cash Equivalents at End of the Period	470,595	596,181	470,595	596,181

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