



2022

# SECOND QUARTER

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## FELIPE LOERA

Chief Financial Officer  
T. +52 (81) 1133-6468  
floera@javer.com.mx

## VERÓNICA LOZANO

IR, CSR and Planning Director  
T. +52 (81) 1133-6699 Ext. 6515  
vlozano@javer.com.mx



## JAVER ANNOUNCES 2Q22 AND 6M22 RESULTS WITH GROWTH IN GROSS PROFIT, EBITDA AND A POSITIVE FREE CASH FLOW GENERATION

Monterrey, Nuevo León, Mexico – July 18, 2022 - Servicios Corporativos Javer S.A.B. de C.V., (BMV: JAVER) (“Javer” or “the Company”) announced today its financial results for the second quarter (“2Q22”) and the first six months (“6M22”) ended June 30, 2022. All figures presented in this report are expressed in thousands of nominal Mexican pesos (Ps.), unless otherwise stated.

### Highlights:

(Figures in thousands of Mexican pesos)	2Q22	2Q21	Variation	6M22	6M21	Variation
Homes titled	3,045	3,453	(11.8%)	5,964	6,887	(13.4%)
Net Revenues	1,944,764	2,033,492	(4.4%)	3,799,821	3,826,553	(0.7%)
Gross Profit	586,545	554,531	5.8%	1,103,434	1,042,716	5.8%
Gross Margin	30.2%	27.3%	2.9 pp	29.0%	27.2%	1.8 pp
EBITDA	327,682	320,784	2.2%	537,933	513,008	4.9%
EBITDA Margin	16.8%	15.8%	1.1 pp	14.2%	13.4%	0.8 pp
Net Income	103,841	88,388	17.5%	123,944	104,483	18.6%
Net Margin	5.3%	4.3%	1.0 pp	3.3%	2.7%	0.5 pp
FCF	188,253	460,263	(59.1%)	214,323	546,068	(60.8%)
Earnings per share*	0.37	0.32	15.6%	0.44	0.38	15.8%

\*The weighted average number of shares to calculate basic earnings per share for the period ended June 30, 2022 and 2021, was 279,109,781 and 278,610,100, respectively; the weighted average number of shares to calculate diluted earnings per share was 283,384,693 and 282,801,042, respectively.

- **Units sold** were 3,045 in 2Q22, representing a negative variation of 11.8% in comparison with the 3,453 units registered during 2Q21. During 6M22, 5,964 units were titled, decreasing 13.4% compared to 6M21, where 6,887 homes were sold, mainly due to the ongoing improvement in the product mix, favoring the units of the middle-income and residential segments, causing a contraction in the affordable-entry level units’ volume.
- **Net Revenues** were Ps.1,944.8 million in 2Q22, while revenues of Ps.2,033.5 million were recorded in 2Q21, the latter being 4.4% higher. As of June 30, 2022, cumulative revenues are Ps.3,799.8 million, only 0.7% below 6M21 revenues of Ps.3,826.5 million. The improvement in the product mix, as mentioned above, helped to mitigate the effect of a lower volume by having an average price higher by 14.1%, leading to a slight variation in the level of revenues on a cumulative basis.
- **EBITDA** increased 2.2% to Ps.327.7 million in 2Q22, compared to Ps.320.8 million generated in 2Q21. In 6M22, EBITDA was Ps.537.9 million, increasing 4.9% compared to Ps.513.0 million in 6M21. The aforementioned effects, together with the containment of costs and expenses, and the higher sales of commercial lots were the main factors behind such increment.

- **Net Income** was Ps.103.8 million in 2Q22, 17.5% higher than the Ps.88.4 million of 2Q21. In 6M22, Ps.123.9 million were registered, growing 18.6% compared to the Ps.104.5 million reported in 6M21. The variation presented comes from the combination of better gross profit margins together with a lower comprehensive financing cost, caused by the prepayment of debt.
- **Free cash flow (FCF)** was positive in both periods, registering Ps.188.3 million in 2Q22, and Ps.214.3 million in 6M22. However, they show a decrease compared to the same periods in 2021, mainly due to higher investment in inventories in order to prepare for the second half of the year.

### MESSAGE FROM THE CEO

Mr. René Martínez, Chief Executive Officer of the Company mentioned, "We concluded the first half of 2022 with favorable financial and operating results, with an improvement over the same period of 2021, which allows us to be prepared to start the second half of the year with the certainty of achieving the planned annual results.

We continue to strengthen the product mix, which has maintained the growth in the average sales price, reaching Ps.633 thousand, 14.1% more than what was achieved in the same period of the previous year, leading to a growth in EBITDA of 4.9%.

For the last 12 months ended on June 30, 2022, EBITDA reached Ps.1,114 million, maintaining the growth trend with a 2.3% increase, compared to the 12-month period ended December 31, 2021. Similarly, we maintain the levels of gross debt and net debt in relation to EBITDA in the order of 2.23 and 1.47 times, respectively.

Additionally, during this second quarter we managed to open 5 new projects in the states of Jalisco and Nuevo León, all of which belong to the middle-income and residential segment, to continue leveraging the Company's strategy.

We are also pleased to inform that for the fifth consecutive year we obtained the distinction of one of the best companies to work in México (GPTW), advancing 6 positions to number 35, compared to position number 41 in the previous year in the ranking of companies with 500 to 5,000 employees, in which we have managed to climb 31 positions in the last 5 years.

In terms of social responsibility, we gladly announce that during the month of June, we inaugurated our first classroom along with Construyendo y Creciendo, A.C., in a project in Nuevo León, aiming to help construction workers and members of the community to complete basic studies and take classes of curricular value.

Finally, given the positive results for the first half of the year, we allow ourselves to reaffirm our 2022 guidance, with growth in revenues and a 3% rise in EBITDA."

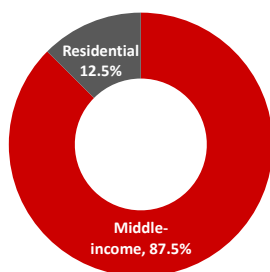
## UNITS SOLD AND NET REVENUES

Units Sold	2Q22	% of units	2Q21	% of units	Variation	6M22	% of units	6M21	% of units	Variation
Affordable entry-level (AEL)	-	0.0%	85	2.5%	(100.0%)	7	0.1%	177	2.6%	(96.0%)
Middle-income	2,663	87.5%	2,887	83.6%	(7.8%)	5,188	87.0%	5,895	85.6%	(12.0%)
Residential	382	12.5%	481	13.9%	(20.6%)	769	12.9%	815	11.8%	(5.6%)
<b>TOTAL</b>	<b>3,045</b>	<b>100.0%</b>	<b>3,453</b>	<b>100.0%</b>	<b>(11.8%)</b>	<b>5,964</b>	<b>100.0%</b>	<b>6,887</b>	<b>100.0%</b>	<b>(13.4%)</b>

Net Revenues (Figures in thousands of Mexican pesos)	2Q22	% of revenues	2Q21	% of revenues	Variation	6M22	% of units	6M21	% of units	Variation
Affordable entry-level (AEL)	-	0.0%	24,090	1.2%	(100.0%)	2,096	0.1%	50,140	1.3%	(95.8%)
Middle-income	1,296,166	66.6%	1,278,619	62.9%	1.4%	2,492,250	65.6%	2,592,958	67.8%	(3.9%)
Residential	631,372	32.5%	727,972	35.8%	(13.3%)	1,280,435	33.7%	1,176,065	30.7%	8.9%
<b>Total Home Sales</b>	<b>1,927,538</b>	<b>99.1%</b>	<b>2,030,681</b>	<b>99.9%</b>	<b>(5.1%)</b>	<b>3,774,781</b>	<b>99.3%</b>	<b>3,819,163</b>	<b>99.8%</b>	<b>(1.2%)</b>
Commercial Lot Sales	17,226	0.9%	2,811	0.1%	512.8%	25,040	0.7%	7,390	0.2%	238.8%
<b>TOTAL</b>	<b>1,944,764</b>	<b>100.0%</b>	<b>2,033,492</b>	<b>100.0%</b>	<b>(4.4%)</b>	<b>3,799,821</b>	<b>100.0%</b>	<b>3,826,553</b>	<b>100.0%</b>	<b>(0.7%)</b>

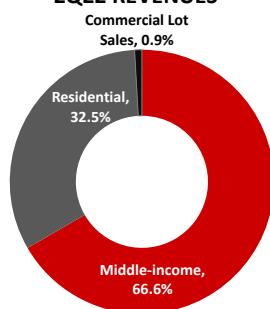
\* Affordable entry-level units have selling prices below Ps. 300,000. Middle-income units have selling prices between Ps. 300,000 and Ps. 850,000. Residential units have selling price above Ps. 850,000.

### 2Q22 UNITS SOLD



**Units Sold** totaled 3,045 during 2Q22, being 87.5% from the middle-income segment and the remaining 12.5% from residential. Cumulatively, 5,964 units were sold in 6M22, of which 87.0% were from the middle-income segment, 12.9% from residential, and only 0.1% from affordable-entry level housing (AEL). Due to the improvement in the product mix, the middle-income segment presents in 2Q22 an increase of 3.8 percentage points in its proportion over the total units of the period and 1.4 percentage points in 6M22, with respect to the proportions registered in the same periods of 2021.

### 2Q22 REVENUES

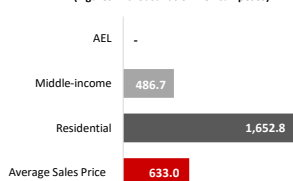


Regarding **revenues** for the period, in 2Q22 they were Ps.1,944.8 million, made up mainly of 66.6% from units sold from the middle-income segment and 32.5% from residential homes. In 6M22, revenues were Ps.3,799.8 million, 65.6% came from the middle-income income segment, 33.7% from residential and 0.1% from AEL housing. Revenues from the residential segment increased 8.9% in 6M22 compared to 6M21, as a result of the improvement in the product mix.

In 2Q22 and 6M22, Ps.17.2 million and Ps.25.0 million of revenues from **commercial lot** sales were registered, respectively, which were 0.9% and 0.7% of revenues for each period. They present considerable increases with respect to their comparisons due to the availability of lots for sale in relation to the openings of projects that took place during the quarter.

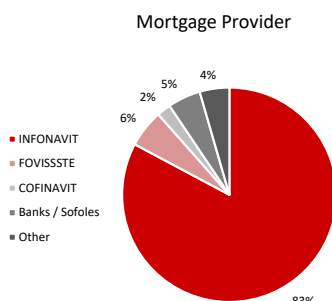
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**2Q22 Average Sales Price**  
(Figures in thousands of Mexican pesos)



The **average sales price** grew 7.6% to Ps.633.0 thousand in 2Q22 from the Ps.588.1 thousand presented in 2Q21. In 6M22, the average sales price closed at Ps.632.9 thousand, 14.1% above the average sales price of Ps.554.5 thousand reported in 6M21. In both periods, the improvement in the product mix represents the majority of said increases.

(Figure in thousands of Mexican pesos)	2Q22	2Q21	Variation	6M22	6M21	Variation
AEL	-	283.4	(100.0%)	299.4	283.3	5.7%
Middle-income	486.7	442.9	9.9%	480.4	439.9	9.2%
Residential	1,652.8	1,513.5	9.2%	1,665.1	1,443.0	15.4%
<b>Average Sales Price</b>	<b>633.0</b>	<b>588.1</b>	<b>7.6%</b>	<b>632.9</b>	<b>554.5</b>	<b>14.1%</b>

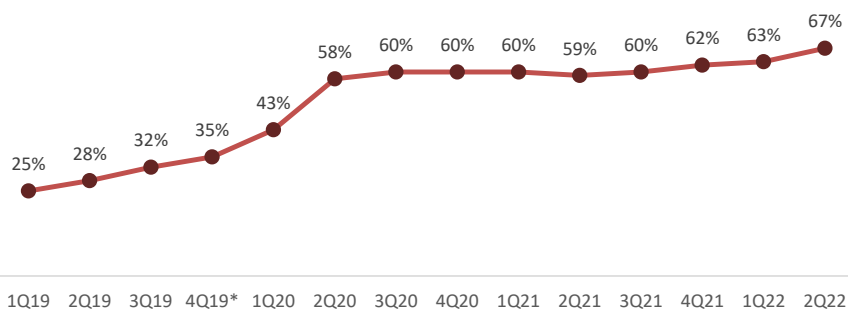


INFONAVIT continues to be the main source of housing mortgages for Javer's customers. In 2Q22, 84.9% of the units sold were financed through INFONAVIT, including the COFINAVIT program. For the period of 6M22, similarly, 85.2% of the houses were acquired with the same type of financing. Even though such institute continues to be the main source of loans, in both periods an increase in homes financed with private institutions has been observed, which is due to the growing displacement of higher value units.

Mortgage Provider	2Q22	% of total	2Q21	% of total	Variation	6M22	% of total	6M21	% of total	Variation
INFONAVIT	2,521	82.8%	2,912	84.3%	(13.4%)	4,948	83.0%	5,846	84.9%	(15.4%)
FOVISSSTE	173	5.7%	185	5.4%	(6.5%)	322	5.4%	370	5.4%	(13.0%)
COFINAVIT	64	2.1%	102	3.0%	(37.3%)	133	2.2%	195	2.8%	(31.8%)
Banks / Sofoles	151	5.0%	150	4.3%	0.7%	319	5.3%	273	4.0%	16.8%
Other	136	4.5%	104	3.0%	30.8%	242	4.1%	203	2.9%	19.2%
<b>TOTAL</b>	<b>3,045</b>	<b>100.0%</b>	<b>3,453</b>	<b>100.0%</b>	<b>(11.8%)</b>	<b>5,964</b>	<b>100.0%</b>	<b>6,887</b>	<b>100.0%</b>	<b>(13.4%)</b>

Sales through digital media continue to gain strength, and that is why during 2Q22, 67.0% of customers who bought a home came through these means, representing an increase of 8.0 percentage points compared to 2Q21.

## Historic Sales through digital media

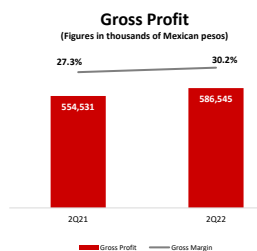


\*This and the previous quarters are periods before pandemic

## GROSS PROFIT / GROSS MARGIN

Gross Profit (Figures in thousands of Mexican pesos)	2Q22	2Q21	Variation	6M22	6M21	Variation
Home Sales	570,675	553,417	3.1%	1,081,442	1,039,917	4.0%
Commercial Lot Sales	15,870	1,114	1324.6%	21,992	2,799	685.7%
<b>TOTAL</b>	<b>586,545</b>	<b>554,531</b>	<b>5.8%</b>	<b>1,103,434</b>	<b>1,042,716</b>	<b>5.8%</b>

Gross Margin (%)	2Q22	2Q21	Variation	6M22	6M21	Variation
Home Sales	29.6%	27.3%	2.4 pp	28.6%	27.2%	1.4 pp
Commercial Lot Sales	92.1%	39.6%	52.5 pp	87.8%	37.9%	50.0 pp
<b>TOTAL</b>	<b>30.2%</b>	<b>27.3%</b>	<b>2.9 pp</b>	<b>29.0%</b>	<b>27.2%</b>	<b>1.8 pp</b>

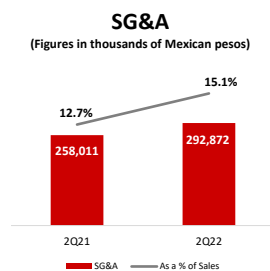


**Gross profit** was Ps.586.5 million in 2Q22, increasing 5.8% compared to Ps.554.5 million in 2Q21. In 6M22, the same percentage of increase was presented, reporting Ps.1,103.4 million compared to Ps.1,042.7 million in 6M21. The increases are the result of cost containment and higher commercial lot sales.

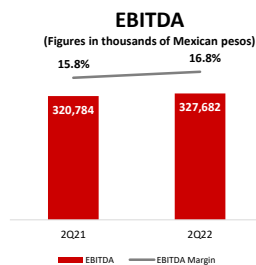
**Gross margin** rose 2.9 percentage points in 2Q22 to 30.2% and 1.8 percentage points on a cumulative basis to 29.0%, due to the aforementioned effects.

## EBITDA / EBITDA MARGIN

(Figures in thousands of Mexican pesos)	2Q22	2Q21	Variation	6M22	6M21	Variation
SG&A	292,872	258,011	13.5%	631,344	579,644	8.9%
As a % of Sales	15.1%	12.7%	2.4 pp	16.6%	15.1%	1.5 pp
EBITDA	327,682	320,784	2.2%	537,933	513,008	4.9%
EBITDA Margin	16.8%	15.8%	1.1 pp	14.2%	13.4%	0.8 pp



**Selling, General and Administrative Expenses (SG&A)** reached Ps.292.9 million in 2Q22 and Ps.631.3 million in 6M22, while in 2Q21 and 6M21 they totaled Ps.258.0 million and Ps.579.6 million, respectively. Even though these amounts showed increases, the ratio against sales only increased 2.4 percentage points in 2Q22 and 1.5 percentage points in 6M22. The extraordinary effects caused by the implementation of the labor reform, which was made in July 2021, were the main causes behind such disparity in the comparison.



**EBITDA** increased 2.2% to Ps.327.7 million in 2Q22, compared to Ps.320.8 million generated in 2Q21. In 6M22, EBITDA was Ps.537.9 million, increasing by 4.9% compared to Ps.513.0 million in 6M21. The aforementioned effects, together with the containment of costs and expenses, and the increase in sales of commercial lots were the main factors for such increase.

## COMPREHENSIVE FINANCING COST

(Figures in thousands of Mexican pesos)	2Q22	2Q21	Variation	6M22	6M21	Variation
Interest expense	126,163	111,353	13.3%	261,487	233,551	12.0%
Interest income	(14,753)	(10,760)	37.1%	(29,192)	(18,801)	55.3%
Net FX loss (gain) of the derivative positions	3,299	27,976	(88.2%)	16,714	51,663	(67.6%)
<b>NCFR</b>	<b>114,709</b>	<b>128,569</b>	<b>(10.8%)</b>	<b>249,009</b>	<b>266,413</b>	<b>(6.5%)</b>
Net gain (loss) on cash flow hedges	17,354	29,224	(40.6%)	46,728	88,730	(47.3%)

**Comprehensive Financing Cost** was Ps.114.7 million in 2Q22, 10.8% lower than the Ps.128.6 million in 2Q21, thanks to the prepayment of debt made in February, which caused a lower interest expense, as well as a lower foreign exchange loss due to the restructuring of the derivative financial instruments of the Company. In 6M22 the total financing cost was Ps.249.0 million, showing a decrease of 6.5%, due to the same effects of the quarter.

**Net Income** was Ps.103.8 million in 2Q22, 17.5% higher than the Ps.88.4 million in 2Q21. In 6M22, Ps.123.9 million were registered, growing 18.6% compared to the Ps.104.5 million reported in 6M21. The variation presented comes from the combination of improved gross profit margins together with a lower comprehensive financing cost, caused by the prepayment of debt.

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Comprehensive profit was Ps.121.2 million in 2Q22 and Ps.170.7 million in 6M22.

### ASSETS / LIABILITIES

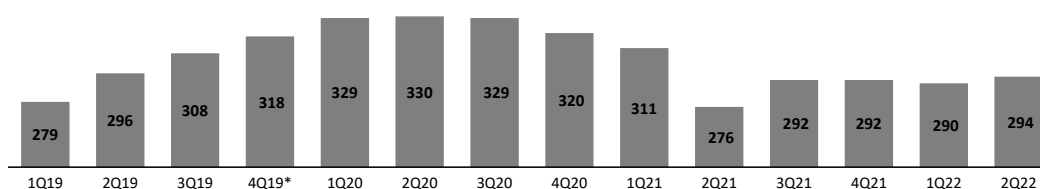
Cash, cash equivalents and restricted cash were Ps.1,027.1 million as of June 30, 2022.

### WORKING CAPITAL

The working capital cycle registered as of June 30, 2022, was 294 days, 18 days more than the 276 days registered at the end of the same month of 2021, derived from the inventory in process ramp-up in preparation for the second half of the year.

(Figures in thousands of Mexican pesos)	June 30, 2022		June 30, 2021	
	Amount	Days	Amount	Days
Accounts Receivable	713,415	35	642,359	30
Inventory (work in progress)	3,989,018	273	3,544,542	226
Inventory (land bank)	1,578,648	108	1,862,284	119
Accounts Payable	1,750,066	120	1,520,742	97
Customer Advances	38,377	2	35,460	2
<b>Working Capital</b>	<b>4,492,638</b>	<b>294</b>	<b>4,492,983</b>	<b>276</b>
LTM Revenues	7,482,791		7,846,770	
LTM Cost of Goods Sold	5,319,047		5,711,942	

### Historic Working Capital



\*This and the previous quarters are periods before the pandemic

### FREE CASH FLOW

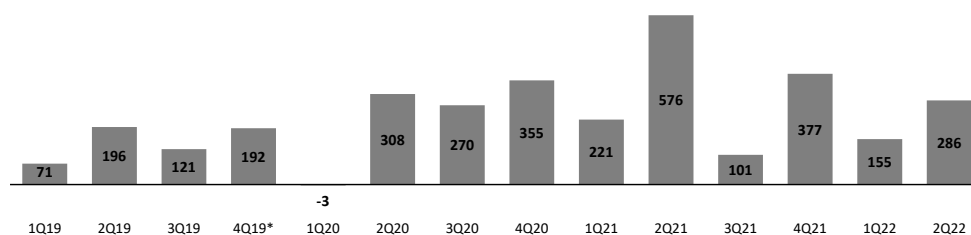
Free cash flow (FCF) was positive in both periods, registering Ps.188.3 million in 2Q22, and Ps.214.3 million in 6M22. However, they show a decrease compared to the same periods in 2021, mainly due to a higher investment in inventories in order to prepare for the second half of the year.

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(Figures in thousands of Mexican pesos)	2Q22	2Q21	6M22	6M21
EBITDA	327,682	320,784	537,933	513,008
(+) Land included in COGS	127,592	153,193	261,057	279,484
(+-) Changes in Working Capital	(76,757)	356,462	(161,461)	551,088
Interest Expense	(98,141)	(115,709)	(226,753)	(250,620)
Cash Taxes	(29,945)	(35,368)	(56,352)	(84,644)
Land CAPEX	(69,666)	(219,553)	(144,559)	(463,135)
Equipment CAPEX	7,488	454	4,458	887
<b>Free Cash Flow</b>	<b>188,253</b>	<b>460,263</b>	<b>214,323</b>	<b>546,068</b>

The free cash flow to the firm (FCFF), that is, without considering interest expenses, was Ps.286.4 million in 2Q22, while in 2Q21 it was Ps.576.0 million.

### Historic FCFF



\*This and the previous quarters are periods before the pandemic

### DEVELOPMENT PIPELINE

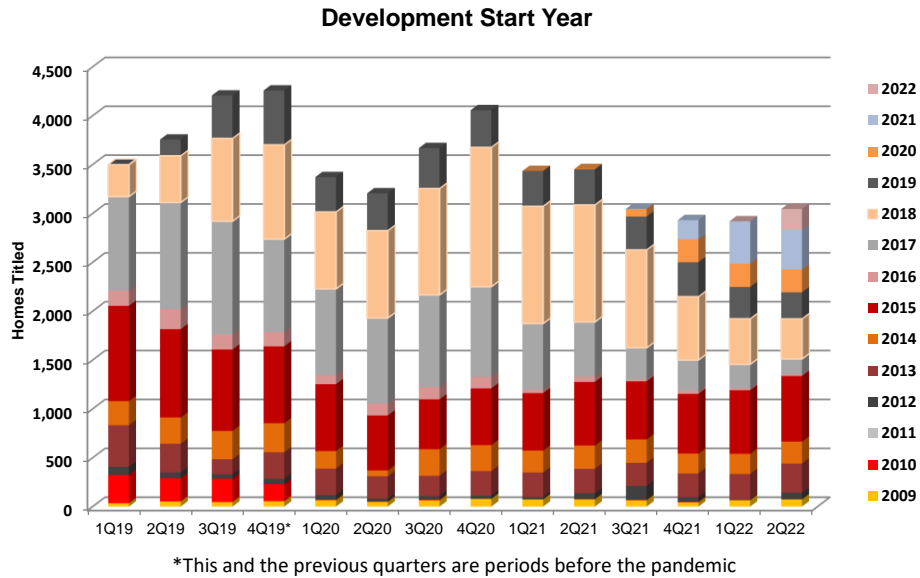
	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22
Home Starts	4,203	1,453	4,213	3,394	3,034	3,435	2,638	3,554	2,660	3,400
Homes Completions	3,724	2,230	4,247	4,073	3,157	3,602	3,173	3,165	2,528	3,056
Homes Titled	3,372	3,205	3,668	4,057	3,434	3,453	3,047	2,931	2,919	3,045
Available Finished Home Inventory (AFHI)	1,604	629	1,264	1,300	1,044	1,184	1,308	1,528	1,157	1,234
Homes under development (incl. AFHI)	7,763	6,011	6,556	5,906	5,532	5,513	5,122	5,745	5,486	5,840
<b>Total Land Bank</b>	<b>77,330</b>	<b>74,114</b>	<b>71,799</b>	<b>68,247</b>	<b>64,959</b>	<b>67,067</b>	<b>64,978</b>	<b>64,298</b>	<b>61,935</b>	<b>60,156</b>

**Home Starts** were 3,400 in 2Q22, a similar level to 2Q21 and higher than 1Q22 home starts by 27.8%, due to the startup of 5 projects in the quarter and with the objective of having sufficient inventory for the second half of the year.

**Home Completions** presented a decline of 15.2% in 2Q22, ending at 3,056 units for the mentioned period and 3,602 in 2Q21, this in line with the strategy of improving the product mix, since the middle-income and residential segment units take a longer period of construction.

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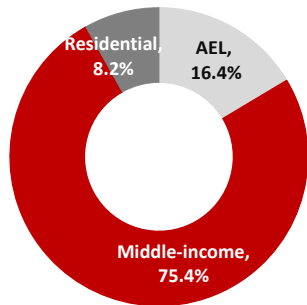
**Finished Home Inventory** as of June 30, 2022, was 1,234 units, 6.7% more than the 1,157 units as of March 31, 2022, given the startup of 5 new projects during the quarter.



### LAND BANK

As of June 30, 2022, the Company's land bank reached 60,156 units, of which approximately 68.3% were acquired directly by the Company and the remaining 31.7% are held through land trusts.

#### Land Bank per segment and state as of June 30, 2022



State	Units	Percentage
Aguascalientes	5,678	9.4%
State of Mexico	4,825	8.0%
Jalisco	15,583	25.9%
Nuevo León	14,883	24.7%
Querétaro	7,100	11.8%
Quintana Roo	4,202	7.0%
Tamaulipas	7,885	13.1%
<b>Total</b>	<b>60,156</b>	<b>100.0%</b>

## DEBT AND DERIVATIVE POSITION

As of June 30, 2022, Javier continues to have access to Ps.100.0 million in bridge credit agreements and Ps.69.2 million in leasing credit lines. These credit lines can be drawn by the Company as long as it is in compliance with the covenants established in the syndicated loan contract.

Likewise, Javier arranged certain derivative financial instruments to hedge 100% of its FX exposure linked to the portion of the syndicated loan denominated in US dollars, as well as to fix the interest rate in Mexican pesos and US dollars. As of June 30, 2022, Javier had US\$12 million in available credit lines from derivative counterparties to offset any potential negative fair valuation effect on the Company's derivatives.

As of June 30, 2022, Total Debt / LTM EBITDA reached 2.23x, Net Debt to EBITDA was 1.47x, and available cash flow for total debt service was 1.40x.

Short-term Debt (Figures in thousands of Mexican pesos)		Jun-22
Short-term loans		-
Current Portion of Long Term Debt		619,831
<b>TOTAL</b>		<b>619,831</b>

Long-term Debt (Figures in thousands of Mexican pesos)		Jun-22
Syndicated Loan		2,348,137
Financial Leases		150,742
Less Current Portion of long-term debt		619,831
<b>TOTAL</b>		<b>1,879,048</b>

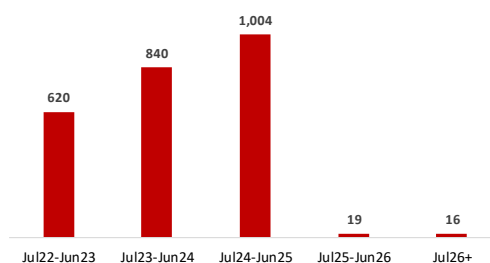
<b>TOTAL DEBT*</b>	<b>2,498,879</b>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH	1,027,128
<b>NET DEBT</b>	<b>1,471,751</b>

Financial Indicators		Jun-22
TOTAL DEBT */ LTM EBITDA		2.23
NET DEBT / LTM EBITDA		1.47
Available Cash Flow to total debt service		1.40
Assets to total debt **		2.94

Derivatives		June 30, 2022	
(Figures in thousands)		FMV (Ps\$)	FMV (US\$)
Cross currency and interest rate swaps		111,036	5,556

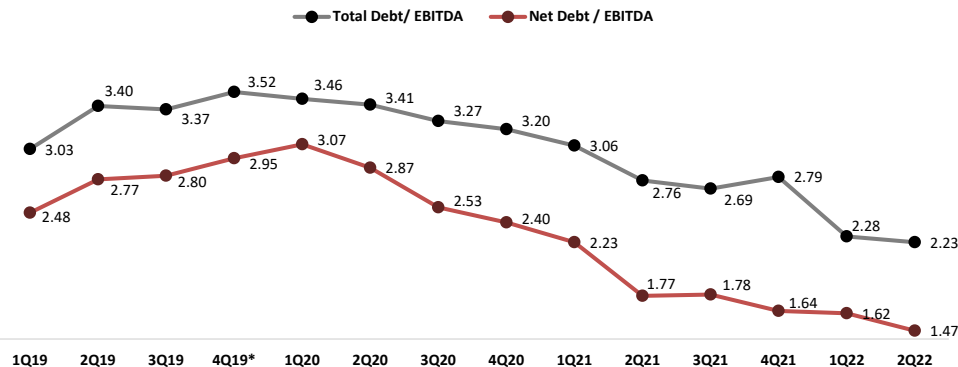
Debt Maturity Profile  
(Figures in million pesos)



\* Total Debt: The exchange rate used for the conversion of the USD portion of the syndicated loan is 19.17 MXP/USD, which was agreed in the derivatives contract.

\*\* Assets: (Cash, cash equivalents and restricted cash + Short and long-term Accounts Receivable + Inventories + Land Held for future development) / Total Debt.

## Historic Debt Ratios



\*This and the previous quarters are periods before the pandemic

### CORPORATE SOCIAL RESPONSABILITY

During the quarter, the execution of the Company's flagship programs and some new activities following-up with the objectives of the Javer Social Responsibility Model were continued. Below are some of the most relevant activities carried out during 2Q22:

- Donation on Children's Day of more than 600 toys to children of different organizations in the different states where we have presence.
- Inauguration and start of activities of the first JAVER classroom in collaboration with Construyendo y Creciendo A.C., for the academic development of construction workers and community members in the project Valle de Lincoln, in Nuevo León.
- Donation of more than 700 books to playrooms and libraries in the municipality of Monterrey, Nuevo León.
- Participation in the Business Alliance for Technical Education in Nuevo León to grant scholarships in the 2022-2023 school year to 150 students.
- 60 trees were planted in the State of Mexico and 112 trees were adopted in 6 projects in Jalisco and Nuevo León.



The Flora and Fauna Rescue program is carried out prior to land clearing to safeguard biodiversity. In the first half of the year, 513 individuals have been rescued.



The "Arborizando Nuestras Comunidades" program promotes the healthy development of the ecosystems within our projects. In the first half of the year, 227 trees have been planted.

**SERVICIOS CORPORATIVOS JAVER S.A.B. de C.V.**  
cordially invites you to its  
Second Quarter 2022  
Conference Call & Webcast Presentation in Spanish

**Tuesday, July 19, 2022**  
11:00 a.m. New York Time  
10:00 a.m. Mexico City/Monterrey Time

### **PRESENTERS**

**René Martínez Martínez**, Chief Executive Officer  
**Felipe Loera Reyna**, Chief Financial Officer  
**Verónica Lozano**, IR, CSR, and Planning Director

To access the call, please dial:  
+1(888) 506-0062 from within the U.S.  
001(973) 528-0011 from within Mexico  
**Passcode: 917757**

To access the live and archived webcast presentation, visit:  
<http://webcast.investorcloud.net/javer/index.html>

#### ***About Javer:***

**Servicios Corporativos Javer S.A.B. de C.V.** specializes in the development of affordable entry-level, middle-income, and residential units. The Company started operations in 1973, and its corporate headquarters are in Monterrey, Nuevo León. Javer operates in the states of Aguascalientes, State of Mexico, Jalisco, Nuevo León, Quintana Roo, Querétaro, and Tamaulipas. Additionally, the Company started a housing project in Guanajuato during 2019 which is managed by the Querétaro branch. In 2021, the Company reported revenues of Ps. 7,509 million and 12,865 units sold.

#### ***Disclaimer***

This press release may include forward-looking statements. These statements relate to projections, future developments and business strategies and can be identified by the use of terms and phrases such as "anticipates," "believes," "can," "will," "estimates," "expects," "prevents," "intends," "pretends," "may," "plans," "predicts," "projects," "aims," "strategy" and similar terms and phrases, and may include references to assumptions.

The Company cautions investors that forward-looking statements are not guarantees of future performance and are based on numerous assumptions and that the Company's actual results of operations, including the Company's financial condition and liquidity and the development of the Mexican mortgage finance industry, may differ materially from the forward-looking statements contained in this press release. In addition, even if the Company's results of operations are consistent with the forward-looking statements contained in this press release, those results or developments may not be indicative of results or developments in subsequent periods.

These forward-looking statements speak only as of the date of this press release and the Company assumes no obligation to revise or update any forward-looking statement, whether as a result of new information or new events or developments obligation.

These forward-looking statements include, without limitation, those regarding the Company's future financial position and results of operations, the Company's strategy, plans, objectives, goals and targets, future developments in the markets in which the Company participates or is seeking to participate or anticipated regulatory changes in the markets in which the Company intends to operate.

## Servicios Corporativos Javer, S. A. B. de C. V. and Subsidiaries

# Consolidated statements of financial position

As of June 30, 2022, and December 31, 2021

(In thousands of Mexican pesos)

	Note	2022	2021
<b>Assets</b>			
Current assets:			
Cash, cash equivalents and restricted cash	3	\$ 937,795	\$ 1,334,109
Accounts receivable, net	4	627,462	452,187
Inventories	6	3,989,018	3,877,344
Prepaid expenses		487,425	453,092
Other current assets		<u>273,708</u>	<u>227,164</u>
Total current assets		6,315,408	6,343,896
Long-term restricted cash	3	89,333	92,868
Long-term accounts receivable	4	85,953	85,250
Land held for future development	6	1,578,648	1,828,584
Buildings, molds, machinery and equipment		186,538	194,015
Derivative financial instruments	7	111,036	42,195
Deferred income taxes	11	357,920	357,920
Other non-current assets		<u>150,001</u>	<u>157,729</u>
Total assets		<u>\$ 8,874,837</u>	<u>\$ 9,102,457</u>
<b>Liabilities and stockholders' equity</b>			
Current liabilities:			
Short-term loans	8	\$ -	\$ 334
Current portion of long-term debt	8	619,831	334,075
Trade and other payables	9	2,183,394	2,123,992
Due to related parties		165	165
Advances from customers		38,377	37,631
Income taxes payable	11	-	10,700
Interest payable		<u>44,628</u>	<u>46,762</u>
Total current liabilities		2,886,395	2,553,659
Long-term debt	8	1,879,048	2,731,600
Payables for purchase of land		-	7,991
Employee retirement obligations		99,271	96,598
Deferred income taxes	11	<u>1,468,352</u>	<u>1,343,189</u>
Total liabilities		<u>6,333,066</u>	<u>6,733,037</u>
Stockholders' equity:			
Capital stock	12	1,157,952	1,165,701
Premium on issuance of shares		35,559	26,131
Retained earnings		1,296,222	1,172,278
Other comprehensive income items		<u>52,038</u>	<u>5,310</u>
Total stockholders' equity		<u>2,541,771</u>	<u>2,369,420</u>
Total liabilities and stockholders' equity		<u>\$ 8,874,837</u>	<u>\$ 9,102,457</u>

The accompanying notes are part of these consolidated financial statements.

**Servicios Corporativos Javer, S. A. B. de C. V. and Subsidiaries**  
**Consolidated statements of profit or loss and other**  
**comprehensive (loss) income**

For the periods ended June 30, 2022, and 2021

(In thousands of Mexican pesos, except earnings per share)

	Note	2Q 2022	2Q 2021	6M 2022	6M 2021
Revenues	14	\$ 1,944,764	\$ 2,033,492	\$ 3,799,821	\$ 3,826,553
Cost of sales		<u>1,358,219</u>	<u>1,478,961</u>	<u>2,696,387</u>	<u>2,783,837</u>
Gross profit		586,545	554,531	1,103,434	1,042,716
Administrative expenses		(99,058)	(77,993)	(241,303)	(202,631)
Selling expenses		(130,341)	(124,018)	(259,150)	(261,547)
General expenses		(63,473)	(56,000)	(130,891)	(115,466)
Other income, net		4,445	3,509	7,727	6,023
Interest expense, net		(111,412)	(100,593)	(232,297)	(214,750)
Loss (gain) on foreign currency exchange		(5,013)	15,964	6,195	2,481
Gain (loss) on valuation of derivative financial instruments	7	<u>1,716</u>	<u>(43,940)</u>	<u>(22,907)</u>	<u>(54,144)</u>
Income before income taxes		183,409	171,460	230,808	202,682
Income tax	11	<u>(79,568)</u>	<u>(83,072)</u>	<u>(106,864)</u>	<u>(98,199)</u>
Net income		103,841	88,388	123,944	104,483
Other comprehensive income:					
Item to be reclassified subsequently to profit or loss – net gain in cash flow hedges, net of taxes		<u>17,354</u>	<u>29,224</u>	<u>46,728</u>	<u>88,730</u>
Total comprehensive income		<u>\$ 121,195</u>	<u>\$ 117,612</u>	<u>\$ 170,672</u>	<u>\$ 193,213</u>
Basic and diluted earnings per share		<u>\$ 0.37</u>	<u>\$ 0.32</u>	<u>\$ 0.44</u>	<u>\$ 0.38</u>

The weighted average number of shares to calculate basic earnings per share for the period ended June 30, 2022, and 2021, was 279,109,781 and 278,610,100, respectively; the weighted average number of shares to calculate diluted earnings per share was 283,384,693 and 282,801,042, respectively.

The accompanying notes are part of these consolidated financial statements.

**Servicios Corporativos Javer, S. A. B. de C. V. and Subsidiaries**  
**Consolidated statements of changes in stockholders’ equity**

For the periods ended June 30, 2022, and 2021  
(In thousands of Mexican pesos)

	<b>Capital Stock</b>	<b>Premium on issuance of shares</b>	<b>Retained earnings</b>	<b>Other comprehens ive income (loss) items</b>	<b>Total stockholders’ equity</b>
Balance as of January 1, 2021	\$1,170,131	\$ 20,535	\$1,026,389	\$ (134,724)	\$ 2,082,331
Issuance of shares associated with share-based payment plans	2,547	-	-	-	2,547
Repurchase of shares	(225)	-	-	-	(225)
Comprehensive income	-	-	104,483	88,730	193,213
Balance as of June 30, 2022	<u>\$1,172,453</u>	<u>\$ 20,535</u>	<u>\$1,130,872</u>	<u>\$ (45,994)</u>	<u>\$ 2,277,866</u>

	<b>Capital Stock</b>	<b>Premium on issuance of shares</b>	<b>Retained earnings</b>	<b>Other comprehens ive income items</b>	<b>Total stockholders’ equity</b>
Balance as of January 1, 2022	\$1,165,701	\$ 26,131	\$1,172,278	\$ 5,310	\$ 2,369,420
Issuance of shares associated with share-based payment plans	(7,749)	9,428	-	-	1,679
Comprehensive income	-	-	123,944	46,728	170,672
Balance as of June 30, 2022	<u>\$1,157,952</u>	<u>\$ 35,559</u>	<u>\$1,296,222</u>	<u>\$ 52,038</u>	<u>\$ 2,541,771</u>

The accompanying notes are part of these consolidated financial statements.

**Servicios Corporativos Javer, S. A. B. de C. V. and Subsidiaries**
**Consolidated statements of cash flows**
**For the periods ended June 30, 2022, and 2021**
**(In thousands of Mexican pesos)**

	<b>2022</b>	<b>2021</b>
Cash flows from operating activities:		
Income before income taxes	\$ 230,808	\$ 202,682
Adjustment for:		
Interest expense, net	232,297	214,750
Valuation effect of derivative financial instruments	22,907	54,144
Depreciation and amortization	46,229	45,945
Unrealized foreign exchange gain	(5,969)	(2,699)
Shares-based payments	1,679	2,547
(Increase) / decrease in:		
Accounts receivable	(175,978)	208,755
Inventories and land held for future development	138,196	53,177
Other current assets	(2,660)	(10,198)
Prepaid expenses	(34,333)	72,277
Increases / (decrease) in:		
Trades payable and other accounts payable	39,008	164,189
Advances from customers	746	(33,736)
Income taxes paid	(56,312)	(84,643)
Net cash flows from operating activities	<u>436,618</u>	<u>887,190</u>
Cash flows from investing activities - Acquisition of buildings, molds, machinery and equipment	<u>4,459</u>	<u>887</u>
Cash flows from financing activities:		
Payment of financial institutions loans	(334)	(5,951)
Payment of long-term loans	(626,133)	(58,716)
Interest paid	(226,754)	(250,621)
Repurchase of shares	-	(225)
Issue of shares	12,656	-
Payment of commissions and premium on obtaining long-term loans	-	(91,163)
Net cash used in financing activities	<u>(840,565)</u>	<u>(406,676)</u>
Net decrease (increase) in cash, cash equivalents and restricted cash	(399,488)	481,401
Adjustments to cash flow as a result of foreign exchange fluctuations	(361)	2
Cash, cash equivalents and restricted cash at the beginning of the period	<u>1,426,977</u>	<u>805,875</u>
Cash, cash equivalents and restricted cash at the end of the period	<u>\$1,027,128</u>	<u>\$1,287,278</u>
Complementary items of non-cash investing activities:		
Accounts payable for acquisition of fixed assets through finance leases	<u>\$30,448</u>	<u>\$16,483</u>

The accompanying notes are part of these consolidated financial statements.

**Servicios Corporativos Javer, S. A. B. de C. V. and Subsidiaries****Notes to consolidated statements**

For the periods ended June 30, 2022, and 2021 and for the period ended June 30, 2022, and December 31, 2021

(In thousands of Mexican pesos, except as otherwise indicated)

**1. Reporting entity***1.1 Reporting entity*

Servicios Corporativos Javer, S. A. B. de C. V. and Subsidiaries (the Company or JAVER) is a holding company that, together with its subsidiaries, specializes in the construction and sale of affordable entry-level, middle-income, and residential housing developments in Mexico. Its headquarters are located at Av. Juarez 1102, Piso 34, Colonia Centro, Monterrey, Nuevo León, México, 64000. The Company commenced operations in 1973 and is currently one of the leading housing developers in terms of number of units sold in Mexico.

*1.2 JAVER's Subsidiaries*

Details of JAVER's wholly owned subsidiaries and their principal activities are as follows:

Real estate sales:

- Casas Javer, S. A. de C. V.
- Casas Javer de México, S. A. de C. V.
- Casas Javer de Querétaro, S. A. de C. V.
- Inmuebles para Ti, S. A. de C. V.

Urbanization and construction services:

- Urbanizaciones Javer del Noreste, S. A. de C. V. <sup>(1)</sup>

Construction services:

- Construcción de Viviendas Javer, S. A. de C. V. <sup>(1)</sup>

Administration services:

- Servicios Administrativos Javer, S. A. de C. V. <sup>(1)</sup>

Financial services:

- Casas Consentidas Javer, S. A. de C. V., S. O. F. O. M., E. N. R.

<sup>(1)</sup> Subsidiary merged with Casas Javer, S. A. de C. V. from January 1, 2022.

**2. Significant accounting policies***2.1 Statement of compliance*

The consolidated financial statements (hereafter, the financial statements) have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB).

For purposes of the accompanying consolidated statements, certain information and disclosures, normally included in annual audited consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), have been condensed or omitted from the accompanying consolidated financial statements, in accordance with the provisions of IAS 34; in addition, the operating results of the periods presented are not necessarily indicative of the operating results of the Company as if the results would have been presented on an annual basis. Therefore, for a better understanding, the consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements as of December 31, 2021, which were also prepared in accordance with IFRS.

*2.2 Application of new and revised International Financial Reporting Standards*

In the current year, the Company has applied the amendments to IFRS issued by the IASB which are mandatorily effective for fiscal years beginning on or after January 1, 2022.

### *Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)*

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after January 1, 2022, to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparatives are not restated. As of December 31, 2021, the Company didn't have onerous contracts.

#### *2.3 Basis of presentation*

The same accounting and reporting policies and valuation methods were applied in the preparation of these consolidated financial statements as those followed in the Company's annual consolidated financial statements for the year ended December 31, 2021.

##### *2.3.1 Presentation of statements of profit or loss and other comprehensive income (loss)*

The Company presents costs and expenses in its statements of profit and loss and other comprehensive income (loss) according to their function, as is the practice of the industry to which the Company belongs.

##### *2.3.2 Presentation of statements of cash flows*

The statements of cash flows are presented using the indirect method, at the Company's accounting policy election.

##### *2.3.3 Earnings per share*

The basic earnings per common share is calculated by dividing the net consolidated income by the weighted average number of outstanding common shares during the period. For the period ended June 30, 2022, and 2021, the Company held shares that could potentially be diluted, however, the difference between these shares and ordinary shares was not material.

#### *2.4 Basis of consolidation*

The financial statements incorporate the financial statements of JAVER and its Subsidiaries. Control is achieved when JAVER: a) has power over an entity, b) is exposed, or has rights, to variable returns from its interest in that entity, and c) has the ability to use its power to affect its returns.

The results of subsidiaries acquired or sold during the year are included in the statement of profit or loss and other comprehensive income (loss), from the effective date of acquisition and up to the effective date of sale, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to non-controlling interests (to the extent applicable) even if this results in the non-controlling interests having a deficit balance.

All intercompany transactions and balances have been eliminated in the consolidation of financial statements.

Note 1 to the financial statements lists all the subsidiaries in which JAVER has a controlling interest.

#### *2.5 Critical accounting judgments and estimates*

In the application of the Company's accounting policies, the management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and are reviewed on an ongoing basis. Actual results may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised, if the revision affects only that period, the current period or future periods.

The Company considers as critical accounting judgments and estimates: the control over joint operations of land trusts, the useful lives of buildings, molds, machinery and equipment, deferred taxes, impairment of long-lived assets and the valuation of derivative financial instruments.

Management of the Company considers that all necessary adjustments (including normal recurring provisions) for a fair presentation have been included in the consolidated financial statements.

### 3. Cash, cash equivalents and restricted cash

For purposes of the consolidated statements of cash flows, cash includes cash in banks, temporary investments and restricted cash. Temporary investments are highly liquid investments held in overnight cash positions. Cash at the end of the reporting period as shown in the consolidated statements of cash flows can be reconciled to the related items in the consolidated statements of financial position as follows:

	<b>As of June 30, 2022</b>	<b>As of December 31, 2021</b>
Cash and bank balances	\$ 27,053	\$ 164,429
Temporary investments	813,476	1,082,554
Short-term restricted cash <sup>(1)</sup>	<u>97,266</u>	<u>87,126</u>
Total cash, cash equivalents and short-term restricted cash	937,795	1,334,109
Long-term restricted cash <sup>(1)</sup>	<u>89,333</u>	<u>92,868</u>
Total cash, cash equivalents and restricted cash presented in the statement of cash flows	<u>\$1,027,128</u>	<u>\$1,426,977</u>

(1) Restricted cash intended for the payment of the interest and capital amortizations of Syndicated Loan. This cash is mainly comprised of highly liquid investments made with low credit risk institutions.

### 4. Accounts receivable

As of June 30, 2022, the composition of accounts receivable (and its related allowance for doubtful accounts) is similar to that as of December 31, 2021; such accounts are measured at amortized cost.

The average credit period for home sales is approximately 45 days.

Balances with the Mexican National Worker's Housing Fund Institute (Instituto del Fondo Nacional para la Vivienda de los Trabajadores or INFONAVIT for its acronym in Spanish) represent 66.72% and 61.71% of the total of accounts receivable as of June 30, 2022, and December 31, 2021, respectively.

INFONAVIT's risk of collection is not significant, as loans are backed by the employer's contributions to the Institute. The collection risk of other credits is also considered to be negligible, given that they are backed by reputable financial institutions. Neither INFONAVIT nor the other credits have any significant history of default on the amounts owed to the Company.

#### 4.1 Long-term accounts receivable

As of June 30, 2022, and December 31, 2021, long-term accounts receivable corresponds to the sales of commercial lots.

#### 4.2 Collection rights

The collection rights of short and long-term accounts receivable as of June 30, 2022, and December 31, 2021, were assigned to a guarantee trust which was created in accordance with the Syndicated Loan contract (See Note 8).

### 5. Transactions and balances with related parties

Details of transactions and balances between the Company and other related parties are disclosed below:

#### 5.1 Sales transactions

	<b>June 30, 2022</b>	<b>2021</b>
Urbanization services expense <sup>(1)</sup>	\$ (1,438)	\$ (1,061)
Administrative services expense <sup>(2,3)</sup>	(12,092)	(11,330)

## SECOND QUARTER 2022

Interest expense <sup>(2)</sup> (3,301) (3,777)

- (1) For the periods ended June 30, 2022, and 2021, the Company carried out transactions with an affiliate company of Casas Javer, S. A. de C. V.
- (2) Interest and administrative services expenses are related to the lease's contracts mentioned in the next point 5.2 of these financial statements.
- (3) Administrative services expenses correspond to financial advice fees with related parties of the Holding Company Servicios Corporativos Javer, S. A. B. de C. V.

### 5.2 Balances due to related parties:

	As of June 30, 2022	2021
Desarrolladora y Urbanizadora Las Láminas, S. A. de C. V. <sup>(1)</sup>	<u>\$ 165</u>	<u>\$ 165</u>

- (1) 99.9% owned by a shareholder of JAVER and its operating activity is to develop land for housing construction.

	As of June 30, 2022	As of December 31, 2021
Inmobiliaria Torre M, S.A. de C.V. <sup>(1)</sup>	\$ 56,824	\$ 61,378
Administración de Proyectos y Servicios en Condominio, S.C. <sup>(1)</sup>	<u>5,169</u>	<u>5,494</u>
	<u>\$ 61,993</u>	<u>\$ 66,872</u>

- (1) Corresponds to the lease liability corresponding to the rights-of-use of the corporate offices and are presented in the long-term debt and its corresponding current portion.

### 5.3 Compensation of key management personnel

The remuneration of executives and directors during the year was as follows:

	As of June 30, 2022	2021
Professional fees and salaries	<u>\$ 41,930</u>	<u>\$ 29,495</u>

## 6. Inventories and land held for future development

	Land under development	Housing units under development	Urbanization and related equipment	Total <sup>(1)</sup>
Balance as of December 31, 2020	\$ 737,372	\$ 1,148,936	\$ 1,936,513	\$ 3,822,821
Additions / Purchases	-	2,849,995	1,627,158	4,477,153
Transfers from land held for future development	619,259	-	-	619,259
Sales	<u>(559,785)</u>	<u>(2,875,517)</u>	<u>(1,606,587)</u>	<u>(5,041,889)</u>
Balance as of December 31, 2021	796,846	1,123,414	1,957,084	3,877,344
Additions / Purchases	-	1,602,651	807,560	2,410,211
Transfers from land held for future development	287,855	-	-	287,855
Sales	<u>(276,044)</u>	<u>(1,505,673)</u>	<u>(804,675)</u>	<u>(2,586,392)</u>
Balance as of June 30, 2022	<u>\$ 808,657</u>	<u>\$ 1,220,392</u>	<u>\$ 1,959,969</u>	<u>\$ 3,989,018</u>

- (1) As of June 30, 2022, and December 31, 2021, the Company's real estate inventory guarantees the Syndicated Loan mentioned in Note 8, and revolving credit lines mentioned in Note 9.

## 6.1 Land held for future development

Refers to land bank to be developed by the Company and is presented as a non-current asset.

No impairment related to such assets was identified by the Company as of June 30, 2022, and December 31, 2021.

As of June 30, 2022, and December 31, 2021, the inventory and land held for future development guaranteeing the revolving credit facilities mentioned in Note 9 amounted to \$547,621 and \$407,785, respectively. Furthermore, as of June 30, 2022, and December 31, 2021, \$841,861 and \$1,153,879, respectively, of the balance of land bank held for future development guarantees the Syndicated Loan mentioned in Note 8.

## 7. Financial instruments

### 7.1 Fair value of financial instruments

The carrying amounts of cash, cash equivalents and restricted cash held by the Company, accounts receivable and payables to third parties, related parties, and the current portion of long-term debt approximate their fair value due to their short-term maturities or because the effects of the time value of money are not significant. The long-term debt is recognized at amortized cost and bears interests at a variable rate.

The carrying amounts of financial instruments as shown in the accompanying statements of financial position as of June 30, 2022, and December 31, 2021 (cash, cash equivalents and restricted cash, accounts receivable, short and long-term derivative financial instruments, trade and other payables, payables for purchase of land bank and short-term debt), are similar to their fair values. The fair value of long-term debt for the above-mentioned dates amounts to \$2,555,513 and \$2,899,763, respectively.

### 7.2 Market risk

Foreign exchange risk – The Company's exposure to the volatility of the exchange rate of the Mexican peso against the U.S. dollar is shown as follows (figures in this Note are stated in thousands of U.S. dollars – US\$):

a. The net financial position is:

	As of June 30, 2022	As of December 31, 2021
Financial assets	US\$ 1,082	US\$ 971
Financial liabilities	<u>(16,730)</u>	<u>(20,613)</u>
Net financial liability position	<u>US\$ (15,648)</u>	<u>US\$ (19,642)</u>
Equivalent in Mexican pesos	<u>\$ (315,218)</u>	<u>\$ (402,969)</u>

b. Mexican peso exchange rates in effect at the dates of the financial statements are as follows:

	As of June 30, 2022	As of December 31, 2021
U.S. dollar	\$20.1443	\$20.5157

c. Hedge strategy against market risks

The Company is exposed to exchange rate and interest rate risks, both related to the Syndicated Loan maturing in 2024; with this debt the Company obtained \$2,745 million and US\$ 21 million (See Note 8). Interest is payable on a quarterly basis. The Company has implemented a derivative financial strategy to hedge the principal and interest payments of

the aforementioned loan, both in US dollars and Mexican pesos, at an average fixed rate of 14.68% in Mexican pesos.

Management intends to maintain the derivative hedging portfolio as long as the Company remains exposed to foreign exchange rate risks on the payment of principal and interest. As of June 30, 2022, and December 31, 2021, the Company has hedged the principal of its debt in US dollars and the interest payments until the maturity of the Syndicated Loan in 2024. The effects of the hedge are recorded in other comprehensive income items and are reclassified to the comprehensive financing result as accrued; the exposure hedged is the changes derived from variations in the exchange rate and interest rates. The derivative instruments complied with a high percentage of effectiveness.

As of June 30, 2022, the Company restructured the combined derivative financial instruments, to align with the renegotiation of the Syndicated Loan mentioned in the Note 8, to implement the hedge risk management strategy described in the preceding paragraph (notional amounts in millions), which were designated as cash flow hedges:

Maturity	Notional (Receivable)	Notional (Payable)	Exchange rate (fixed)	Interest rate (Receivable)	Fixed Rate (Payable)	Payment Date (Receivable)	Payment Date (Payable)	Fair value
November 13, 2024	US\$10.5	\$201.3	\$19.17	LIBOR 3M + 7.50%	14.30%	Quarterly	Quarterly	\$ 15,449
November 13, 2024	US\$10.5	\$201.3	\$19.17	LIBOR 3M + 7.50%	14.26%	Quarterly	Quarterly	15,927
November 13, 2024	\$1,372.6	\$1,372.6	-	TIIE 28 + 7.75%	14.81%	Quarterly	Quarterly	38,500
November 13, 2024	\$1,372.6	\$1,372.6	-	TIIE 28 + 7.75%	14.66%	Quarterly	Quarterly	41,160
								<u>\$111,036</u>

For the period ended June 30, 2022, the Company recognized an accumulated net income of \$2,086 for the combined derivative financial instruments.

### 7.2.1 Market risk sensitivity analysis

The following disclosure provides a sensitivity analysis of the market risks to which the Company is exposed, regarding foreign exchange rates and interest rates, considering its existing hedging strategy:

- If the exchange rate used to calculate the fair value of the derivative financial instruments (\$20.1443) had decreased 10.00%, the Company's other comprehensive income would have decreased by \$38,164, resulting from the impact associated with the fair value of the Company's derivative financial instruments.
- If the LIBOR 3M and TIIE 28 interest rates had decreased 10.00%, the Company's other comprehensive income would have decreased \$28,839, resulting from the impact associated with the fair value of the Company's derivative financial instruments.

### 7.3 Liquidity risk

The following table discloses the maturity dates of the Company's short-term and long-term financial liabilities as of June 30, 2022. The amounts disclosed represent the contractual cash payments (undiscounted); therefore, they differ from the amounts recognized in the consolidated financial statements. The Company's derivative financial instruments are presented on a net basis (cash payable, net of cash receivable) as it has the capacity and intention to settle them on a net basis:

Type of liability	<u>2022 - 2023</u>	<u>2023 - 2024</u>	<u>2024 - 2025</u>	<u>2025 - 2026</u>	<u>2026 - 2027</u>	<u>Total</u>
Current portion of long-term liabilities and related interest	\$ 608,587	\$ -	\$ -	\$ -	\$ -	\$ 608,587
Trade and other payables	1,987,034	-	-	-	-	1,987,034
Accounts payable for land purchase	196,360	-	-	-	-	196,360
Long-Term debt and interest <sup>(1)</sup>	-	782,563	886,889	17,606	10,281	1,697,339

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Derivatives <sup>(2)</sup>	406,569	322,329	169,172	-	-	898,070
Total	<u>\$3,198,550</u>	<u>\$1,104,892</u>	<u>\$1,056,061</u>	<u>\$ 17,606</u>	<u>\$ 10,281</u>	<u>\$5,387,390</u>

(1) Interest payments on variable debt are calculated using the interest rate as of June 30, 2022.

(2) The Company's interest payments associated with the Syndicated Loan are hedged by derivative financial instruments as described above (Note 7.2). Therefore, the contractual interest payments to be made on the Syndicated Loan are presented net of the amounts to be received from the derivatives.

### 7.4 Credit risk

The maximum exposure to credit risk corresponds to the balances of cash, cash equivalents and restricted cash, accounts receivable and assets from derivative financial instruments. Cash balances are held in financial institutions with high credit quality. The Company manages the credit risk related to its derivative portfolio by entering into transactions only with reputable and creditworthy counterparties. As of June 30, 2022, and December 31, 2021, the greatest exposure to credit risk related to the derivative financial instrument assets was \$111,036 and \$42,195, respectively. The Company does not maintain collateral for such amounts.

## 8. Debt

### a) Long-term debt

<i>At amortized cost</i>	<b>As of June 30, 2022</b>	<b>As of December 31, 2021</b>
Syndicated Loan \$2,745 <sup>(i)</sup>	\$2,032,823	\$2,521,292
Syndicated Loan US\$21 million <sup>(i)</sup>	315,313	395,683
Lease liabilities <sup>(ii)</sup>	<u>150,743</u>	<u>148,700</u>
	2,498,879	3,065,675
Current portion	<u>(619,831)</u>	<u>(334,075)</u>
Long-term debt	<u>\$1,879,048</u>	<u>\$2,731,600</u>

### Significant loan information

(i) As of December 31, 2021, the Company hold a Syndicated Loan with guarantees for a total amount of \$2,745 million, at an interest rate of TIE 28 + 7.75%, and an amount of US\$21 million, at an interest rate of LIBOR 3M + 7.50%. The aforementioned Syndicated Loan has a 5 year maturity and it has been guaranteed with several assets of the Company and its subsidiaries by entering into a guarantee, management and source of payment trust, a subsidiary stock pledge agreement and a non-possessory pledge agreement. Obtaining the Syndicated Loan generated additional expenses whose net balance amounted to \$130,917 and \$163,822, respectively, and are presented net in long-term liabilities in the consolidated statement of financial position as of June 30, 2022, and December 31, 2021.

During February 2022, the Company made a prepayment to the Syndicated Loan, for an amount of five hundred million pesos, of which \$434,375 correspond to the part in pesos and \$65,265 (US\$3.3 million) to the part in dollars, respectively.

The Syndicated loan with maturity in 2024, contains certain restrictions, affirmative and negative covenants, and other requirements, which have been substantially fulfilled as of June 30, 2022. Such restrictions, affirmative and negative covenants and requirements limit the Company's and its subsidiaries' ability to, among other things and under certain conditions, incur additional debt, pay dividends, or redeem, repurchase, or withdraw shares of its capital stock or subordinated debt, make certain investments, constitute liens, sell assets, and engage in certain related parties' transactions, mergers, and acquisitions.

Maturities per year of the Syndicated Loan as of June 30, 2022, are shown below:

<b>Thousands of USD</b>	<b>Thousands of Mexican pesos</b>
-----------------------------	---------------------------------------

2022	US\$ 4,200	\$ 549,050
2023	5,670	741,218
2024	6,655	855,893

- (ii) The Company has contracted financial leases related to right-of-use assets, molds, trucks, vehicles and computer equipment with different maturity terms.

b) *Short-term loans*

On August 16, 2018, the Company contracted a credit line with Banco del Bajío S.A. Institución de Banca Múltiple for up to \$160,095, at a TIIE interest rate plus additional basis points according to the date of each drawdown. As of December 31, 2021, the Company holds a balance payable of \$334, at a TIIE + 3.5 points interest rate.

On September 27, 2019, the Company contracted a credit line with Banco del Bajío S.A. Institución de Banca Múltiple for up to \$352,622, at a TIIE interest rate plus additional basis points according to the date of each drawdown. As of June 30, 2022, and December 31, 2020, the Company has not a balance payable, and may still drawdown \$100,000.

### 9. Trade and other payables

	As of June 30, 2022	As of December 31, 2021
Accounts payable to suppliers <sup>(i)</sup>	\$ 568,690	\$ 509,029
Accounts payable for land purchase	196,360	278,932
Revolving credit lines <sup>(ii)</sup>	984,961	927,495
Other current liabilities	433,383	408,536
	<u>\$ 2,183,394</u>	<u>\$ 2,123,992</u>

- (i) The Company maintains a warranty fund related to potential defects in housing constructions, which is retained from the constructors and reimbursed once the warranty period expires, which is approximately one year subsequent to the completion of the construction. The liability related to such fund amounts to \$275,656 and \$274,123 as of June 30, 2022, and December 31, 2021, respectively.
- (ii) The Company established a program that allows its suppliers to obtain financing from various financial institutions. The maximum limit is \$1,032,500 and \$935,000 as of June 30, 2022, and December 31, 2021, respectively. Ordinarily, the Company pays qualifying financial institutions within 90 days following the invoice date, and the supplier is responsible for paying the financial institution a financing fee.

### 10. Share compensation plan bonus

The share compensation plan bonus for executives is based on the compliance of certain metrics established annually by management. The bonus amount is determined based on executive's level of responsibility, is granted to the eligible employee annually and after the applicable tax withholding, and is payable in shares of Servicios Corporativos Javer, S.A.B. de C.V.

The Company accounts its share compensation plan bonus as a share-based payment settled with the Company's stock, as the Company will finally settle its obligations to its executives by issuing its own shares.

### 11. Income taxes

The Company is subject to income tax (ISR). ISR is calculated considering certain effects of inflation as taxable or deductible. In addition, the Company has the option to deduct land purchases for housing developments in the year of the acquisition or when it is sold. Employee statutory profit sharing is also fully deducted.

The income tax rate was 30% for 2022 and 2021 and will remain at 30% thereafter.

The income taxes registered in the income statements by JAVER and its subsidiaries (as separate legal entities), were comprised of the following:

**June 30,**

	2022	2021
Current ISR	\$ 1,728	\$ 60
Deferred ISR	<u>105,136</u>	<u>98,139</u>
	<u>\$106,864</u>	<u>\$ 98,199</u>

Income taxes for the periods ended June 30, 2022, and 2021, were determined considering such periods as normal fiscal years, calculated on the basis of temporary differences of assets and liabilities at the end of each period. Effective tax rates (unaudited) for the period ended June 30, 2022, and 2021 were 46.3% y 48.4%, respectively.

As of June 30, 2022, JAVER and certain subsidiaries had tax loss carryforwards pending to be amortized of \$784,888 for ISR purposes, which are available to offset future taxable income.

The aforementioned tax losses were adjusted for inflation in accordance with the ISR Law. The Company estimates it will be able to utilize the losses in subsequent years.

## 12. Stockholders' equity

- a. During the period ended June 30, 2021, the Company repurchased 15,000 shares equivalent to \$225.
- b. As of June 30, 2022, and December 31, 2021, 24.8% and 25.1%, respectively, of the capital stock, owned by Proyectos del Noreste, S.A. de C.V., is currently held by Scotiabank Inverlat, S.A., de C.V., Institución de Banca Múltiple, Grupo Financiero Scotiabank, División Fiduciaria, as trust (Scotiabank Trust) under an irrevocable management trust entered into by and between Proyectos del Noreste, S.A. de C. V. as trustor, the controlling shareholders as trustees, and the Scotiabank Trust. The shares held by the Scotiabank Trust shall be released progressively either to Proyectos del Noreste, S.A., de C.V., or to the controlling shareholders, based on certain release criteria described in the share purchase agreement, corresponding to the payment of compensations and/or price adjustments included, as well as the result of legal actions related to tax contingencies among the shareholders who own the shares that comprise the capital stock of JAVER.
- c. Proyectos del Noreste, S.A. de C.V., holds special voting rights regarding certain matters identified in the bylaws as reserved matters and important decisions, which must be approved at an Extraordinary General Shareholders Meeting by a majority vote of the controlling shareholders and all the Series "B" shareholders.

## 13. Commitments and contingencies

- a. On August 20, 2019, the Mexican Tax Authority (Servicio de Administración Tributaria or "SAT" for its Spanish acronym) notified Casas Javer, S.A. de C.V. ("Casas Javer"), a Company's subsidiary, of its decision, based on the review of Javer's 2014 fiscal results regarding the application of a criteria change used to determine urbanization and infrastructure expenses carried out by Casas Javer. The SAT determined that these expenses will not be recognized as deductible expenses as these are not considered indispensable for the Company; the reason being that urbanization and infrastructure works are granted and donated to the municipalities for their subsequent operation. As a result, the SAT determined a tax claim as a result of the alleged omitted contributions related to the corporate income tax corresponding to the fiscal year 2014, for a total of \$120,413 plus updates, surcharges and penalties.

On September 27, 2019, the Company filed a revocation appeal, which, on July 5, 2022, the tax authority confirmed the determination of the aforementioned tax credit.

The Company considers that the determination of the tax credit, as well as the resolution of the revocation appeal, are unfounded and illegal and that there are sufficient elements to enforce the resources and means of defense available for the following instances, in accordance with the applicable legislation.

- b. Land trust agreements for housing developments (Agreements) – The Company enters into land trusts where land (contributed by a third party) and other assets (inventories)

contributed by the Company are held in trusts. The Company and the owners of the land act as trustors and trustees, respectively, in such agreements.

The trust vehicle serves as a guarantee to ensure that the agreement between the two parties is executed according to the terms set forth therein.

- c. The Company is involved in certain legal procedures on incidental basis in the development of its ordinary operations and activities. Currently, the Company is not a party to any litigation or any arbitral proceedings involving claims or payment of significant amounts, nor is it aware of any such proceedings that are pending or threatened.
- d. The housing industry in Mexico is subject to many regulations concerning construction and land use practices. The enforcement of these regulations is the responsibility of several federal, state and municipal authorities, and any changes thereto might affect the Company's operations.

#### 14. Business segment information

The Company's management and the Board of Directors assess, allocate resources, and make operational decisions for the Company based on income by type of housing and geographical zones, respectively.

##### a) *Products whose reportable segments arise from income by type of housing and geographical zone:*

The Company's reportable segments are as follows:

Type of House	Geographical Zone
Affordable entry-level	Nuevo León
Middle-income	State of Mexico
Residential	Jalisco
Commercial Lots	Aguascalientes
	Querétaro
	Tamaulipas
	Quintana Roo

##### b) *Revenues and results by segment:*

	June 30,			
	2022	2021	2022	2021
	Revenues by segment		Income by segment	
Affordable entry-level	\$ 2,096	\$ 50,140	\$ 462	\$ 10,567
Middle-income	2,492,250	2,592,958	672,097	686,836
Residential	1,280,435	1,176,065	408,881	342,514
Commercial Lots	25,040	7,390	21,994	2,799
Total	<u>\$3,799,821</u>	<u>\$3,826,553</u>	1,103,434	1,042,716
Administrative corporate costs and directors' salaries			(623,617)	(573,621)
Interest expense, net			(249,009)	(266,413)
Income before income taxes			<u>\$ 230,808</u>	<u>\$ 202,682</u>

Income by segment represents the income obtained by each segment without allocating administrative corporate costs and directors' salaries, net interest expense and income tax expenses.

The operation of the Company depends to a large extent on the availability of funds; of the policies, programs, and administrative procedures of INFONAVIT, the Federal Mortgage Society (Sociedad Hipotecaria Federal or "SHF" for its acronym in Spanish), Fovissste and the Secretary of Agrarian, Territorial and Urban Development (Secretaría de Desarrollo Agrario, Territorial y Urbano or "SEDATU" for its acronym in Spanish); also, on the federal government's housing policies. The Company cannot guarantee that the availability

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of mortgage loans from Infonavit, Fovissste, SEDATU and any other sources of financing will remain stable, or that the federal government will not restrict the availability of funds due to the economic or political situation or modify the policies and methods applicable to the granting of such credits.

**c) *Geographical information***

The Company operates primarily in seven geographical areas (states) in Mexico, and revenues are as follows:

	<b>June 30,</b>	
	<b>2022</b>	<b>2021</b>
Nuevo León	\$1,416,090	\$1,303,054
Jalisco	514,416	526,771
Aguascalientes	312,722	399,170
Querétaro	448,615	477,380
State of Mexico	728,443	693,251
Tamaulipas	55,797	52,466
Quintana Roo	323,738	374,461
	<u>\$3,799,821</u>	<u>\$3,826,553</u>

The inventories and land bank held for future development in geographical areas are as follows:

	<b>As of June 30, 2022</b>	<b>As of December 31, 2021</b>
Nuevo León	\$ 1,661,766	\$ 1,823,294
Jalisco	1,059,928	969,026
Aguascalientes	579,565	535,996
Querétaro	770,020	812,887
State of Mexico	745,770	780,156
Tamaulipas	227,032	246,608
Quintana Roo	523,585	537,961
	<u>\$ 5,567,666</u>	<u>\$ 5,705,928</u>

**d) *Information on major customers***

As mentioned in Note 4, the Company's main client is INFONAVIT.