JAVER ANNOUNCES 3Q20 AND 9M20 RESULTS WITH GROWTH IN EBITDA AND FREE CASH FLOW

Monterrey, Nuevo Leon, Mexico – October 22, 2020 - Servicios Corporativos Javer S.A.B. de C.V., (BMV: JAVER) ("Javer" or "the Company") announced today its financial results for the third quarter ("3Q20") and the first nine months period ("9M20") ended September 30, 2020. All figures presented in this report are expressed in thousands of nominal Mexican pesos (Ps.), unless otherwise stated.

3Q20 and 9M20 Highlights:

- **Units sold** decreased 12.8% in 3Q20, to 3,668, compared to 4,206 units in 3Q19, mainly due to the lag in finished home inventory during 2Q20 and the full recovery that is still underway. In 9M20, 10,245 units were sold, 10.6% below the 11,459 units titled in 9M19, given the impact of the overall suspension of activities during 2Q20 in our industry due to the COVID-19 health emergency.

- **Net Revenues** were Ps. 1,887.6 million in 3Q20, a decline of 2.3% compared to Ps. 1,932.9 million registered in 3Q19 and dropped 3.5% to Ps. 5,161.3 million in 9M20 compared to Ps. 5,351.0 million in 9M19. This was a result of the contraction in volume, which was partially offset by the product mix improvement and the increase in the average sales price of 12.1% and 8.0%, respectively for both periods.

- **EBITDA** increased 14.2% in 3Q20 to Ps. 288.7 million, compared to Ps. 252.9 million in 3Q19, where the decrease in revenues was mitigated by SG&A reductions and an increase in cost efficiencies. In 9M20, EBITDA grew 9.7%, to Ps. 685.3 million from the Ps. 624.4 million recorded in 9M19 mostly due to the same effects presented during the quarter.

- **Net Result** was Ps. 60.8 million in 3Q20, compared to Ps. 45.3 million in 3Q19. This was a result of the efficiencies in costs and expenses previously mentioned, which benefited the 9M20 net result as well, with Ps. 94.9 million, compared to Ps. 93.0 million registered in 9M19. Earnings per share were Ps. 0.22 in 3Q20 and Ps. 0.34 in 9M20.

- **Free cash flow (FCF)** was Ps. 235.9 million in 3Q20, compared to Ps. (20.5) million in 3Q19, mostly related to the increase in EBITDA as well as cash preservation efforts by reducing investments in land reserves and inventories, as the Company continues to prioritize liquidity in the face of the health emergency. In 9M20, the FCF was Ps. 267.0 million compared to Ps. (14.1) million in 9M19, mainly due to the same factors dictating quarterly figures.

MESSAGE FROM THE CEO

Mr. René Martínez, CEO of the Company stated, "We reached the end of the third quarter and the results obtained during the period and the accumulated nine months have exceeded the expectations we had in mid-March, when the pandemic started in Mexico, and what was expected in June during the beginning of the "new normal" for our industry, when it was declared an essential activity.

Supported by a broader use of technology, our commercial efforts in the digital sales channel delivered good results, representing 60% of the total units sold during the quarter. This significant advance was backed by the positive effect of the measures implemented by INFONAVIT, FOVISSSTE and commercial banks to support borrowers and ensure the continuity of the mortgage programs.

Production-wise, finished home inventory has not reached the pre-COVID levels as the obtention of permits has been more difficult than usual given the suspension and/or reduction of working hours at government offices. Additionally, we have observed a slower recovery to reach the labor force needed in order to match finished home inventory levels with demand.

During this period, we were able to open one of the two projects in the State of Mexico that had suffered delays due to permits at the end of 2019, giving us a total of 7 new projects during the year, mostly in the residential segment. This has allowed us to improve our product mix, resulting in an increase of 8% in average sales price compared to 9M19. Likewise, we have been able to maintain a meticulous control of the Company fixed expenses, as we uphold an austerity focus, achieving a cost reduction of 16% during the quarter and 10% for the nine-month period, compared to the same periods of 2019, which has led us to obtain a cumulative EBITDA growth of 9.7%.

Regarding cash balance, we have prioritized maintaining sound liquidity levels through the implementation of several activities, including the authorization of the deferral of the interest payment corresponding to the May-August period. We also postponed CAPEX land bank acquisitions, a decision that will put a brake on the growth inertia of the last 4 quarters. The aforementioned will allow us to achieve a growth between 5% and 7% in EBITDA and a positive Cash Flow at the end of the year, despite the conditions of this new environment.

As for our social responsibility commitment, we took on the task of adapting to the current backdrop with the aim of following up on our programs. Throughout the quarter, we carried out 3 reforestations, flora preservation and rescue campaigns, and continued with our native tree germination program. We launched the third edition of the Javer Sustainability Prize, gathering students form 12 universities, with a focus on social issues this time.

Likewise, we added another project to the *Infonavit's Hipoteca con Servicios* program, which now totals 32 projects nationwide. In these projects, we have converted our on-site community center programs to online formats, totaling 1,124 hours of activities by the end of September, benefiting over 10,000 residents. Furthermore, to support our communities, we developed the "Conectemos a la educación" program, for students who require a WIFI connection or a computer equipment to do their homework or take online classes at our community centers.

Finally, the Company reaffirms its commitment to continue with all prevention measure to take care of our stakeholders, always prioritizing health without neglecting innovation in our processes."

UNITS SOLD AND NET REVENUES

Units Sold during 3Q20 were 3,668 units. The Company continues to improve its product mix; the middle-income segment represented 88.2% of total units sold during the quarter, an improvement of 9.3 percentage points compared to 3Q19 sales mix. The residential segment comprised 10.1% of the total units sold, increasing 1.3 percentage points compared to 3Q19 product mix. The affordably-entry level (AEL) segment share was significantly reduced by 10.6 percentage points, remaining with a participation of 3.1%. Regarding the 3Q20 revenues, 73.5% corresponded to the middle-income segment, 25.6% to the residential segment, and 0.9% to the AEL segment. The middle-income and residential segments increased their share in total revenues by 5.0 and 1.6 percentage points respectively, while the AEL segment declined 6.5 percentage points, compared to each segment share in revenues during 3Q19.

In 9M20, 10,245 units were sold, of which 87.2% corresponded to the middle-income segment, 9.7% to the residential segment and 3.1% to AEL segment. The middle-income segment improved 8.3 percentage points compared to the 9M19 product mix, the AEL segment decreased by 8.9 percentage points, and the residential segment remained flat. As for revenues, the middle-income segment represented 72.9% of the total figure in 9M20, the residential segment comprised 25.2% and AEL segment accounted for 1.7%. The middle-income segment increased its share in total revenues by 5.2 percentage points, the AEL segment was reduced by 5.4 percentage points and the residential segment remained relatively stable, compared to each segment share in revenues in 9M19.

C**ommercial lots sales** amounted Ps. 1.7 million in 3Q20, compared to Ps. 4.3 million in 3Q19. In 9M20, they were Ps. 11.2 million, compared to Ps. 17.0 million in 9M19. The decrease in both quarterly and nine-month period is due to the product mix improvement in the middle-income and residential segments, in which the Company has a reduced availability of commercial lots.

The **average sales price** increased 12.1% in 3Q20, to Ps. 514.2 thousand from Ps. 458.5 thousand in 3Q19, while it rose 8.0% to Ps. 502.7 thousand in 9M20 from Ps. 465.5 thousand in 9M19. In both periods, growth was mainly due to the product mix improvement, reflecting a greater basis in the middle-income segment compared to 2019.

Mortgage Provided Mix: INFONAVIT is the main source of credits for the Company's customers. The loans granted by the institute, including COFINAVIT, represented 90.7% of the total units sold in 3Q20, compared to 92.3% in 3Q19.

During 9M20, the INFONAVIT loans financed 91.9% of the units sold, while they comprised 92.3% of units titled in 9M19.

GROSS PROFIT / GROSS MARGIN

Gross profit decreased 1.4% in 3Q20, to Ps. 517.8 million, compared to Ps. 525.1 million in 3Q19. In 9M20, gross profit was Ps. 1,417.6 million, 2.5% below the Ps. 1,453.4 million reported in 9M19, due to the volume contraction recorded in both periods.

Gross margin grew 0.2 percentage points in 3Q20, to 27.4%, compared to 27.2% in 3Q19, and increased 0.3 percentage points, to 27.5% in 9M20 from 27.2% in 9M19, mostly due to the improved product mix and the implementation of cost reduction strategies.

EBITDA / EBITDA MARGIN

Selling, General and Administrative Expenses (SG&A) decreased 15.5% in 3Q20, to Ps. 253.1 million in 3Q20, compared to Ps. 299.6 million in 3Q19, derived from the fixed expenses reduction measures implemented in order to mitigate the effects caused by the health contingency. In 9M20, we achieved savings of 10.2%, reporting a SG&A of Ps. 816.6 million, compared to Ps. 908.8 million in 9M19.

EBITDA increased 14.2% in 3Q20, to Ps. 288.7 million, compared to Ps. 252.9 million in 3Q19, where the decrease in revenues was more than offset by SG&A reductions and greater cost efficiencies. In 9M20, EBITDA grew 9.7%, to Ps. 685.3 million from Ps. 624.4 million recorded in 9M19, mostly due to the same effects recorded in the quarter.

COMPREHENSIVE COST OF FINANCING

Comprehensive Cost of Financing was Ps. 143.4 million in 3Q20, compared to Ps. 147.1 million in 3Q19, mainly due to lower net FX losses from the derivative financial instruments' positions. The comprehensive cost of financing was Ps. 425.7 million in 9M20, compared to Ps. 382.5 million reported in 9M19.

NET RESULT

Net Result was Ps. 60.8 million in 3Q20, compared to Ps. 45.3 million in 3Q19. This was a result of the efficiencies in costs and expenses previously mentioned, which benefited the 9M20 net result as well, with Ps. 94.9 million, compared to Ps. 93.0 million registered in 9M19.

Earnings per share were Ps. 0.22 in 3Q20 and Ps. 0.34 in 9M20.

Comprehensive (loss), was Ps. 61.5 million in 3Q20 and Ps. (6.9) million in 9M20.

ASSETS / LIABILITIES

Cash, cash equivalents and restricted cash reached Ps. 728.3 million as of September 30, 2020.

WORKING CAPITAL

The working capital cycle was 329 days as of September 30, 2020, which has remained stable through the year. However, it increased 21 days compared to the figure reported as of September 30, 2019, primarily due to the investment made in 2 projects in the State of Mexico, for which permits were delayed at the end of 2019. One of them started operations at the end of 3Q20.

FREE CASH FLOW

Free cash flow (FCF) was Ps. 235.9 million in 3Q20, compared to Ps. (20.5) million in 3Q19, mostly related to the increase in EBITDA, as well as cash preservation efforts by reducing investments in land reserves and inventories, as the Company continues to prioritize liquidity in the face of the health contingency. In 9M20, the FCF was Ps. 267.0 million, compared to Ps. (14.1) million in 9M19, mainly due to the same factors dictating quarterly figures.

DEVELOPMENT PIPELINE

Home Starts decreased 4.9% in 3Q20, to 4,213 units from 4,428 units in 3Q19, as the Company could not ramp-up home starts and construction during the quarter and to reach pre-health emergency levels.

Home Completions increased 7.6% in 3Q20, to 4,247 units, compared to 3,947 units in 3Q19, mostly because in the latter housing production was expected to be completed for new projects scheduled to open in 4Q19, however 5 of those expected projects were delayed due to permits authorizations.

Finished Home Inventory was 1,264 units as of September 30, 2020, compared to 629 as of June 30, 2020, mainly due to the reactivation of the industry after being declared an essential activity by the federal government, as housing production was halted for 2 months during 2Q20.

LAND BANK

As of September 30, 2020, the Company's land bank was equivalent to approximately 71,799 units, of which approximately 63.0% are reserves acquired directly by the Company and 37.0% are reserves that are held through land trusts.

DEBT AND DERIVATIVE POSITION

As of September 30, 2020, Javer continues to have access to Ps. 306.1 million in bridge credit facilities and Ps. 93.0 million in financial leases. 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.

Javer arranged certain derivative financial instruments to hedge 100% of its FX exposure related 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 September 30, 2020, Javer 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 September 30, 2020, Total Debt / LTM EBITDA reached 3.27x, Net Debt to EBITDA was 2.53x and available cash flow for total debt service was 1.40x.

SERVICIOS CORPORATIVOS JAVER S.A.B. de C.V.

cordially invites you to its

Third Quarter 2020
Conference Call & Webcast Presentation in Spanish

Tuesday, October 23, 2020

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

To access the call, please dial:

+1(877) 407-8031 from within the U.S.

001(201) 689-80311 from within Mexico

Passcode: JAVER

To access the live and archived webcast presentation, visit:

http://webcast.investorcloud.net/javer/index.html

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About Javer:

Javer specializes in the construction of affordable entry-level, middle-income and residential units. The Company started operations in 1973, and its corporate headquarters are in Monterrey, Nuevo Leon. Javer operates in the states of Aguascalientes, State of Mexico, Jalisco, Nuevo Leon, Quintana Roo, Queretaro, Tamaulipas and Guanajuato; in the latter, the Company started a housing project in 2019 which is managed by the Queretaro branch. Currently, the Company is selling apartments in its second vertical and residential project in Mexico City. In 2019, the Company reported revenues of Ps. 7,375 million and 15,716 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 are seeking to participate or anticipated regulatory changes in the markets in which the or intends to operate.

Source: Servicios Corporativos Javer, S.A.B. de C.V.

www.javer.com.mx
Av. Juárez No. 1102 Piso 34
Colonia Centro, 64000
Monterrey, Nuevo León.
México