



JAVER ANNOUNCES 4Q20 AND 12M20 RESULTS WITH INCREASE IN EBITDA, NET INCOME AND FREE CASH FLOW.

Monterrey, Nuevo Leon, Mexico – February 4, 2021 - Servicios Corporativos Javer S.A.B. de C.V., (BMV: JAVER) (“Javer” or “the Company”) announced today its financial results for the fourth quarter (“4Q20”) and the twelve months period (“12M20”) ended December 31, 2020. All figures presented in this report are expressed in thousands of nominal Mexican pesos (Ps.), unless otherwise stated.

4Q20 and 12M20 Highlights:

- **Units sold** in 4Q20 were 4,057, down 4.7% from the 4,257 units titled in 4Q19. In 12M20, 14,302 units were sold, a reduction of 9.0% in comparison to the 15,716 units titled in 12M19. This variation is mostly due to the effects related to the COVID-19 sanitary emergency delaying finished inventory during midyear and a lag in the opening of certain projects.
- **Net Revenues** increased 5.4% in 4Q20, to Ps. 2,132.6 million, in comparison to the Ps. 2,023.8 million registered in 4Q19, fueled by a 10.8% increase in the average sales price, which reached Ps. 524.8 thousand, on the back of an improved product mix. In 12M20, net revenues decreased only 1.1%, to Ps. 7,293.9 million from the Ps. 7,374.8 million in 12M19, as volume contraction was mitigated by the enhancement of the product mix by driving an increase in the average sales price of 8.8%, to Ps. 509.0 thousand.
- **EBITDA** increased a 5.9% in 4Q20, to Ps. 319.2 million, in comparison to the Ps. 301.3 million registered during 4Q19. In 12M20, EBITDA grew 8.5%, to Ps. 1,004.5 million, in comparison to the Ps. 925.7 million recorded in 12M19, primarily attributed to the optimization in costs and savings in operative and SG&A expenses obtained during both periods.
- **Net Result** was Ps. 44.8 million in 4Q20, in comparison with the Ps. 84.5 million net loss in 4Q19, driven by the cost efficiencies previously mentioned, as well as the absence of the extraordinary expenses compared to 4Q19, when the cancelation of the USD-denominated debt (HY Bond) took place. Such efficiencies also contributed to the net income of Ps. 139.7 million in 12M20, compared to Ps. 8.5 million net income in 12M19. Earnings per share were Ps. 0.16 in 4Q20 and Ps. 0.50 in 12M20.
- **Free cash flow (FCF)** was of Ps. 107.9 million in 4Q20, compared to Ps. 87.9 million in 4Q19, mostly as a result to the increase in EBITDA. In 12M20, the FCF was Ps. 374.9 million, in comparison to Ps. 73.9 million in 12M19, mainly due to the reduction of investments in inventories and the freezing of land reserves acquisitions, in a cash preservation strategy during the health emergency.

MESSAGE FROM THE CEO

Mr. René Martínez, CEO of the Company, stated, “The results for the fourth quarter maintained the same tendency throughout the year and those for the twelve-month period surpassed the expectations we had at the beginning of the pandemic, as well as to what was expected with the reactivation of our industry, when it was declared an essential economic activity in June. In fact, this is the fifth consecutive quarter in which the Company posts EBITDA growth in comparison to the same period during the previous year.

Regarding the commercial dynamics, we maintained the same momentum from the last 3 quarters, through the strengthening of digital sales processes, with this channel cumulatively contributing 55% of total units sold. Coupled with this is the boost from the joined support and incentives implemented by the main mortgage institutions to propel the origination of new mortgages, mainly by INFONAVIT and FOVISSSTE, who launched special programs and new mortgage schemes, which were fundamental for new housing mortgages to remain stable with respect to 2019 figures. As such, INFONAVIT supplied 183,167 loans and FOVISSSTE 24,494, just 1.8% and 2.0 below the previous year.

As for production, during the fourth quarter, the Company moved forward in recovering from the effects of being considered a “non-essential” economic activity for 2 months, mostly in finished homes inventory, closing with 1,300 units as of December 31st, a stable level in relation with our titling and demand pace.

In addition, and despite the extraordinary headwinds in the year, we were able to launch 8 new projects, in which a 13% of total units were sold, mostly in the middle-income and residential segments, which caused our average sales price to break through the Ps. 500 thousand mark.

Likewise, we maintained an austerity approach, keeping an exhaustive control over the Company’s fixed costs, resulting in a positive variation of 7.0% in a year-over-year comparative. The latter, combined with the optimization of costs, consolidated the 8.5% growth in EBITDA, to Ps. 1,004 million.

Concerning the positive cash flow generation, the fourth quarter was no exception, even though we decided to prepay the interests on the secured credit agreement for the May-August period, for which we previously arranged a waiver for settlement in February 2021. Due to the sanitary emergency, land acquisitions were postponed, prioritizing the preservation of liquidity, which resulted in an accumulated free cash flow of Ps. 375 million and a cash balance exceeding Ps. 800 million at the end of the year.

Regarding our commitment with social responsibility, we reinvented our processes to ensure the continuity of the program and achieve the objectives set at the beginning of the year. We reinforced our commitment with Objective 11, Sustainable Cities and Communities, from the UN’s SDG program, through INFONAVIT’s *Hipoteca con Servicios*, benefiting 41 thousand community members with virtual courses and workshops. We carried out 6 reforestations in our communities and improved urban ecologic equipment, repurposing more than 194 thousand plastic bottles. Thanks to the management of all our activities, we received for the first time the *Ética y Valores* award from the Mexican Confederation of Industrial Chambers (CONCAMIN).

The 2021 will be challenging due to the implications related to the electoral process during the first part of the year, particularly in obtaining permits, as well as the evolution of the epidemic curve and the measures taken by the federal government and local authorities in the 7 states where we operate

and the effects derived from the postponement of land acquisitions previously mentioned, by which, in general terms, we expect 2021 results will be very similar to those observed in 2020. It is expected to be an intensive year regarding the use of resources for the acquisition of land reserves aimed at boosting operations in 2022 and further, therefore we anticipate that free cash flow generation will fall in a neutral to slightly negative zone.”

UNITS SOLD AND NET REVENUES

Units Sold were 4,057 in 4Q20. Continuing to improve its product mix, the middle-income segment represented 87.4% of total units sold in 4Q20, an enhancement of 817 basis points compared to 4Q19 sales mix. The residential segment comprised 10.8% of total units sold, with a positive variation of 194 basis points in comparison to the 4Q19 product mix, while the affordably-entry level (AEL) segment share contracted 101 basis points, resulting in a participation of 1.8% of the total. Regarding the revenues obtained in 4Q20, 70.9% came from the middle-income segment, 28.0% from the residential segment, and 0.9% from the AEL segment. The residential and middle-income segments increased their revenues by 14.6% and 11.4%, respectively, in comparison to 4Q19 figures, meanwhile the AEL segment declined 85.5%.

In 12M20, 14,302 units were titled, of which 87.2% consisted of the middle-income segment, 10.0% of the residential segment and 2.7% of the AEL segment. The middle-income segment share expanded 828 basis points compared to 12M19 product mix, the AEL segment decreased by 922 basis points, while the residential segment remained flat. With the largest share, the middle-income segment accounted for 72.3% of 12M20 total revenue, the residential segment comprised 26.0% and AEL segment contributed 1.4%. The middle-income and residential segments increased their revenues by 6.0% and 2.2%, respectively, while the revenues obtained from the AEL segment decreased 79.5% compared to 12M19.

Commercial lots sales amounted Ps. 3.4 million in 4Q20, compared to Ps. 6.8 million in 4Q19. In 12M20, such sales totaled Ps. 14.6 million, compared to Ps. 23.8 million in 12M19. Due to the product mix improvement and to a higher number of projects in the middle-income and residential segments, the availability of commercial lots has been reduced.

The **average sales price** grew 10.8% in 4Q20, to Ps. 524.8 thousand from Ps. 473.8 thousand in 4Q19. In 12M20, the average sales price increased 8.8% to Ps. 509 thousand in comparison to the Ps. 467.7 thousand through 12M19; in both periods, growth is due to the product mix improvement, mostly to a greater number of units sold in the middle-income segment.

Mortgage Provided Mix: INFONAVIT is the main source of credits for the Company's customers. The loans granted by the institute, including COFINAVIT, represented 91.2% of the total units sold in 4Q20, in line to the 91.0% registered in 4Q19. Through 12M20, the INFONAVIT loans financed 91.7% of the units sold, relatively unchanged in comparison to the 91.9% of units titled in 12M19.

GROSS PROFIT / GROSS MARGIN

Gross profit increased 4.8% in 4Q20, to Ps. 574.3 million, in comparison to Ps. 548.2 million in 4Q19, mainly as a result of the increase in the average sale price following the improved product mix. In 12M20, gross profit remained stable at Ps. 1,992.0 million, representing a slight variation of 0.5%

in comparison to the Ps. 2,001.7 million reported in 12M19, due to the same effects present during the quarter.

Gross margin was 26.9% in 4Q20, 0.2 percentage points below the 27.1% recorded in 4Q19, and increased 0.2 percentage points in 12M20, to 27.3% from 27.1% in 12M19, due to same effects previously mentioned.

EBITDA / EBITDA MARGIN

Selling, General and Administrative Expenses (SG&A) increased 3.1% in 4Q20, to Ps. 289.8 million, in comparison to Ps. 281.0 million in 4Q19, due to certain fixed expenses related to upcoming projects' openings. In 12M20, savings of 7.0% in the SG&A were achieved, which reached a total of Ps. 1,106.4 million, in comparison to the Ps. 1,189.8 million in 12M19, as a result of the measures implemented by the Company to preserve the liquidity during the sanitary contingency.

EBITDA increased a 5.9% to Ps. 319.2 million in 4Q20, in comparison to the Ps. 301.3 million registered during 4Q19. In 12M20, EBITDA grew 8.5%, to Ps. 1,004.5 million, in comparison to the Ps. 925.7 million recorded in 12M19, primarily to the optimization in costs and savings in operative and SG&A expenses obtained during both periods.

COMPREHENSIVE COST OF FINANCING

Comprehensive Cost of Financing was Ps. 151.8 million in 4Q20, in comparison to Ps. 373.3 million in 4Q19, due to the extraordinary expenses present in the later, in relation to the cancelation of the previous US-denominated debt (HY Bond). The comprehensive cost of financing was Ps. 577.6 million in 12M20, compared to Ps. 755.8 million reported in 12M19, in relation to the same charges present during 4Q19.

NET RESULT

Net Result was Ps. 44.8 million in 4Q20, in comparison with the Ps. 84.5 million net loss in 4Q19, associated to the cost efficiencies previously mentioned, as well as the absence of the extraordinary expenses compared to 4Q19, when the cancelation of USD-denominated debt (HY Bond) took place. Such efficiencies also contributed to the net income of Ps. 139.7 million in 12M20, compared to Ps. 8.5 million net income in 12M19. Earnings per share were Ps. 0.16 in 4Q20 and Ps. 0.50 in 12M20.

Comprehensive profit (loss), was Ps. 42.5 million in 4Q20 and Ps. 35.6 million in 12M20.

ASSETS / LIABILITIES

Cash, cash equivalents and restricted cash was of Ps. 805.9 million as of December 31, 2020.

WORKING CAPITAL

The working capital cycle was 320 days as of December 31, 2020, which has remained stable in such levels through the year and in comparison, to the same period of 2019. Additionally, such indicator remains below the one-year mark.

FREE CASH FLOW

Free cash flow (FCF) was of Ps. 107.9 million in 4Q20, compared to Ps. 87.9 million in 4Q19, mostly as a result to the increase in EBITDA. In 12M20, the FCF was Ps. 374.9 million in comparison to Ps. 73.9 million in 12M19, mainly due to the reduction of investments in inventories and the freezing of land reserves acquisitions, in a cash preservation strategy during the health emergency.

DEVELOPMENT PIPELINE

Home Starts decreased 18.8% in 4Q20, to 3,394 units, in comparison to the 4,181 units during 4Q19, as part of the volume decrease, which relate directly to home starts, as well as the closure of several projects.

Home Completions were reduced by 8.2% to 4,073 units in 4Q20, in comparison to 4,436 units in the 4Q19 period, mostly due to the effect in volume.

Finished Home Inventory was 1,300 units as of December 31, 2020, closely similar to the 1,264 units finished as of September 30, 2020.

LAND BANK

As of December 31, 2020, the Company's land bank reached 68,247 units, of which approximately 63.3% were acquired directly by the Company and 36.7% are held through land trusts.

DEBT AND DERIVATIVE POSITION

As of December 31, 2020, Javier continues to have access to Ps. 306.1 million in bridge credit facilities and Ps. 86.8 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.

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 December 31, 2020, 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 December 31, 2020, Total Debt / LTM EBITDA reached 3.20x, Net Debt to EBITDA was 2.40x and available cash flow for total debt service was 1.55x.

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

cordially invites you to its
Fourth Quarter 2020
Conference Call & Webcast Presentation in Spanish

Friday, February 5, 2021

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>

About Javer:

Servicios Corporativos Javer S.A.B. de C.V. 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 2020, the Company reported revenues of Ps. 7,294 million and a total of 14,302 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.

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