

FOURTH QUARTER RESULTS 2023



ConsorcioARA®

CONSORCIO ARA, S. A. B. DE C. V. (ARA*)

RESULTS FOR THE FOURTH QUARTER OF 2023 (4Q23)

(All figures in millions of pesos)

Mexico City, February 20, 2024 – Consorcio ARA, S.A.B. de C.V. ("ARA" – BMV: ARA*) reports its results for 4Q23.

I. Remarks by the Chief Executive Officer

Germán Ahumada Russek remarks: **In 2023, our company brought in revenues of P\$6.75 billion, 3% less than in 2022. Our housing revenues, which accounted for 95.5% of this total, amounted to P\$6.44 billion, a decline of 2.7%. These revenues came from the sale of 5,573 homes at an average price of P\$1,156,300, which was 9.8% higher than in 2022.**

At the close of 2023, we also had P\$132.3 million in homes titled through the "Build with Infonavit Credit", or Line Three, primarily in the Affordable Entry-Level segment. These revenues will be recognized as the homes are completed and delivered to customers, which should be within a maximum period of six months. As I mentioned in our previous report, with this type of loan, beneficiaries can build their home either on their own or through a developer in an authorized housing complex (comprehensive mode). It offers a number of benefits to the borrower, including a qualification score of just 880, which is lower than what they need for a traditional loan. During the construction period, the developer receives installments as the work progresses, under the supervision of a managing financial entity.

Operating income in 2023 totaled P\$729.0 million, 4.7% higher than in 2022; net income came to P\$669.3 million, up 3.6%, and EBITDA was P\$985.5 million, rising 4.2%.

As I had mentioned at various moments **in 2023, our profitability improved** due to the absence of non-recurring expenses that affected us in 2022. **Our operating margin was 10.8%, an advance of 80 basis points, the net margin was 9.9%, rising 60 basis points, and the EBITDA margin was 14.6%, a growth of 100 basis points.**

In the fourth quarter of 2023, we faced very significant challenges that brought us further away from the goal we had set. The first of these was hurricane Otis, a category 5 storm that made landfall on October 25, wreaking unprecedented destruction and widespread human tragedy in the city of Acapulco. **In the first nine months of 2023, this market accounted for 18% of our housing revenues**, which came from three developments: Punta Mar, serving the Middle-Income segment, Puerta al Sol, Middle-Income and Residential housing, and Dream Diamante, with Residential level homes.

ARA acted swiftly to extend support to both our employees and the community in our developments, delivering supplies, maintaining prompt and effective communication with our customers to provide information about the status of their homes, and immediately beginning cleanup efforts.

I wanted to reassure you that **the damage to our developments in Acapulco was not significant**; it was confined mainly to warehouses, certain common areas near the beachfront, and in some homes, with damage to window frames and broken windows. This is a clear **demonstration of the high quality we are known for, and which also set us apart in 2013, during hurricanes Manuel and Ingrid.** Furthermore, these developments are insured, and we have already begun the claims process to recover some of the losses.

I should also comment that **these three developments continue to operate**; that is, **we have kept up sales activities and construction at the pace they require.** To a large extent, the homes we offer in Acapulco are an excellent second home or weekend getaway option. Depending on the segment they serve, they feature pools, private beach clubs, extensive green areas, sports and recreational areas, among other amenities. We were pleased and heartened to see families back during the past holiday season.

Although sales have still not returned to where they were before hurricane Otis, we have seen a gradual recovery, and stronger than we had projected. Now more than ever, we must be supporting and investing in Acapulco, a place of such immense personal and professional significance to all of us.



Another challenge we faced was the delay in permits for two of ARA's most significant developments. These had been obtained by January of this year, so we are now in the process of titling the homes.

As a result, **in the fourth quarter of 2023, we generated revenues of P\$1.51 billion, which is 18.6% less than in the same quarter of 2022. Housing revenues, which accounted for 93.3% of total revenues, totaled P\$1.41 million, 19.7% lower, and came from the sale of 1,248 homes at an average price of P\$1,127,900, an increase of 5.2%.**

Looking at our **main leverage ratios at the close of 2023, cost-bearing debt to EBITDA was 2.5 times, and the net debt to EBITDA ratio was just 0.17 times.**

On November 29, 2023, ARA issued P\$1.2 billion in sustainable unsecured bond certificates with the ticker symbol "ARA 23X" with a term of three years and an annual gross interest rate of the 1.70% over the TIIE at up to 28 days. The proceeds of the bonds will go toward financing future or existing projects, with the requirement that they focus on and promote social and/or environmental development in the communities where ARA operates.

To keep our leverage ratios healthy, on the same day, November 29, we redeemed all of the outstanding "ARA 21X" bond certificates in advance, in the amount of P\$1 billion.

The issuance of the "ARA 23X" certificates and the redemption of the "ARA 21X" bonds significantly improved our maturity profile. At the end of 2023, short-term debt (within the next 15 months) made up only 10.2% of the total, and the remaining 89.8% was long-term.

We are very proud to mention that on December 11, **we received the 2022 National Housing Prize in the category of Dignified Housing Promotion**, for our Colinas de San José II development in Mexico State, a completed project with 424 apartments. The recognition came from SEDATU, in coordination with the national housing organizations, Infonavit, Fovissste, CONAVI and the SHF, as well as the National Sustainable Land Institute.

We expect 2024 to be a good year for ARA, and we are working tirelessly to ensure that it is. **We have 40 developments in operation, geographic diversification** that will allow us to mitigate the impact while the Acapulco market recovers, and we have **a portfolio to serve all three market segments: Affordable Entry-Level, Middle-Income, and Residential.** Likewise, **we have a large and high-quality land reserve, experience, financial strength**, and undoubtedly our greatest asset, **a great team of dedicated employees.** It is to them that we owe thanks for having recently celebrated 47 years of ARA's existence.

We made significant investments in our developments last year, so **in 2024, we will focus closely on generating the positive Free Cash Flow for the Firm we have always been known for, which should allow us to resume our dividend payment policy.** For 2023, in today's Board Meeting, our directors agreed not to bring a dividend payment proposal to the Shareholders' Meeting.

The prospects for Mexico's housing industry are good, both in the short and long term. We have a demographic bonus that will drive attractive housing demand, inflation has slowed from its levels in 2021 and 2022, interest rates have been steady for almost a year, and they are expected to decline in 2024. In 2023, housing production reached record lows, which represents a great opportunity for us. In addition, we have solid institutions providing mortgage financing such as Infonavit, Fovissste, and commercial banks.

For another year, I thank you for your confidence and trust.



II. Overview

4Q23 vs. 4Q22

- Revenues totaled P\$1.51 billion, a decline of 18.6%.
- A total of 1,248 homes were sold, and the average price was P\$1,127,900, a 5.2% increase.
- Operating income was P\$144.1 million, 35.9% lower, and the operating margin was 9.5%.
- EBITDA came to P\$203.5 million, a reduction of 20.8%, and the EBITDA margin was 13.5%.
- Net income was P\$144.0 million, 25.9% lower, and the net margin was 9.5%.
- Free Cash Flow to the Firm was negative by -P\$455.5 million.

Jan-Dec' 23 vs. Jan-Dec' 22

- Revenues totaled P\$6.75 billion, a decline of 3.0%.
- A total of 5,573 homes were sold, and the average price was P\$1,156,300, a 9.8% increase.
- Operating income was P\$729.0 million, 4.7% higher, and the operating margin was 10.8%.
- EBITDA came to P\$985.5 million, a growth of 4.2%, and the EBITDA margin was 14.6%.
- Net income was P\$669.3 million, an increase of 3.6%, and the net margin was 9.9%.
- Free Cash Flow to the Firm was negative by -P\$309.7 million.

Results

(Millions of pesos)

	4Q23	4Q22	Chge. %	12M23	12M22	Chge. %
Revenues	1,509.4	1,854.8	-18.6	6,749.3	6,955.6	-3.0
Sales (homes)	1,248	1,635	-23.7	5,573	6,293	-11.4
Average price (thousands of pesos)	1,127.9	1,071.6	5.2	1,156.3	1,052.7	9.8
Gross profit	405.0	487.4	-16.9	1,787.9	1,808.1	-1.1
Income from operations	144.1	224.7	-35.9	729.0	696.6	4.7
Net income	144.0	194.3	-25.9	669.3	646.0	3.6
EBITDA ⁽¹⁾	203.5	256.8	-20.8	985.5	945.5	4.2
Gross margin	26.8%	26.3%		26.5%	26.0%	
Operating margin	9.5%	12.1%		10.8%	10.0%	
Net margin	9.5%	10.5%		9.9%	9.3%	
EBITDA margin	13.5%	13.8%		14.6%	13.6%	
Free Cash Flow to the Firm	-455.5	-25.6		-309.7	129.4	

(1) EBITDA: Income from operations excluding depreciation, capitalized interest expense that was transferred to cost, and other income (expense) - net.



Financial Position

(Millions of pesos)

	As of Dec'23	As of Dec'22	Chge. %
Cash and cash equivalents	2,298.6	3,146.4	-26.9
Cost bearing liabilities	2,463.7	2,320.3	6.2
Net debt	165.1	-826.2	-120.0

(Times)

As of Dec'23 As of Dec'22 Change				
Cost bearing liabilities	/ Stockholders' equity	0.17	0.16	0.01
	/ Total assets	0.11	0.10	0.01
	/ EBITDA (12m)	2.50	2.45	0.05
Net debt / EBITDA (12m)		0.17	-0.87	1.04
Net debt / Stockholders' equity		0.01	-0.06	0.07

	LTM Dec'23	LTM Dec'22	Chge.
Interest coverage:			
EBITDA / Interest expense	3.15	4.36	-1.21
EBITDA / Interest expense less interest income	49.92	3,201.59	-3,151.67

Land Bank

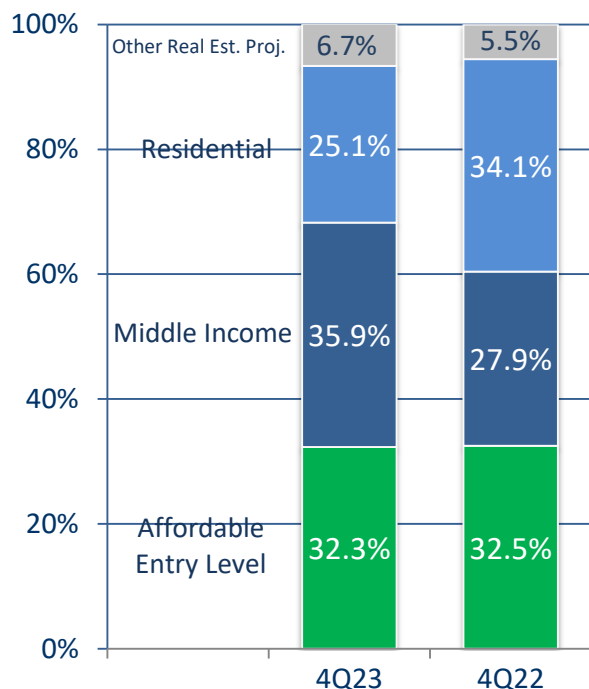
As of December 31, 2023, ARA's land bank had a book value of P\$4.29 billion and included 30.4 million m², enough to build 117,690 master-plan homes. This land bank includes 2 million m² set aside for non-housing development, such as the retail properties, tourist resorts and industrial zones.



III. Fourth Quarter Results 2023 / 2022 (4Q23 / 4Q22)

Revenues

Revenues 4Q23 / 4Q22



In 4Q23, revenues totaled P\$1.51 billion, which is 18.6% less than in the same quarter of last year. Housing revenues totaled P\$1.41 billion, 19.7% less than in 4Q22.

Revenues by segment broke down as follows:

	4Q23			4Q22			Chge. 4Q 23/22	
	Units	Mill. \$	Rev%	Units	Mill. \$	Rev%	Mill. \$	%
Affordable Entry Level	639	486.4	32.3	910	602.7	32.5	-116.3	-19.3
Middle Income	461	542.3	35.9	474	517.5	27.9	24.8	4.8
Residential	148	378.9	25.1	251	631.9	34.1	-253.0	-40.0
Total as Home Builder	1,248	1,407.6	93.3	1,635	1,752.1	94.5	-344.5	-19.7
Other Real Estate Projects		101.9	6.7		102.7	5.5	-0.8	-0.8
Total	1,248	1,509.4	100	1,635	1,854.8	100	-345.4	-18.6

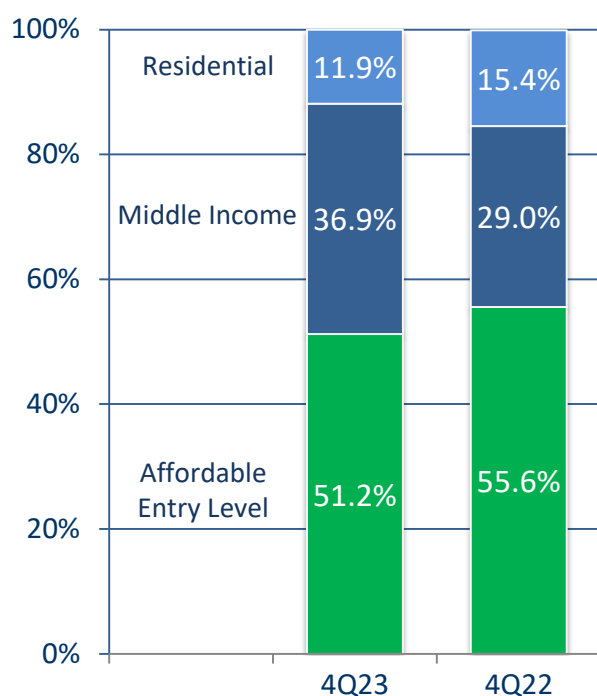
Revenues in the Middle-Income category grew by 4.8%, while revenues in the Affordable Entry Level and Residential segments declined by 19.3% and 40%, respectively compared to 4Q22. These reductions were attributable to lower sales in our developments in Acapulco, a city that suffered devastating effects from hurricane Otis. Other factors included delays in obtaining permits and the completion of some developments.

Our company sold a total of 1,248 homes in 4Q23, 23.7% fewer than in 4Q22. Sales of Affordable Entry Level, Middle Income and Residential units were down by 29.8%, 2.7% and 41.0%, respectively.

Meanwhile, homes in vertical developments accounted for 59.9% of the total number sold in 4Q23, and 61.7% in 4Q22.

Revenues from "Other Real-Estate Projects", primarily from the sale of commercial land and revenues from shopping center leases, accounted for 6.7% of total revenues in 4Q23, compared to 5.5% in 4Q22. In 4Q23, this line was practically stable compared to the same period of the previous year.

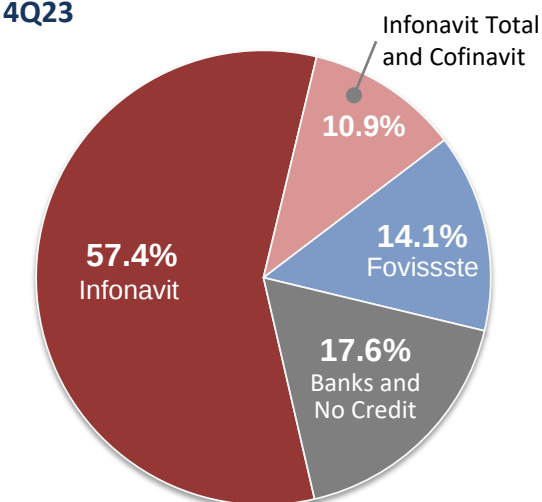
Units 4Q23 / 4Q22





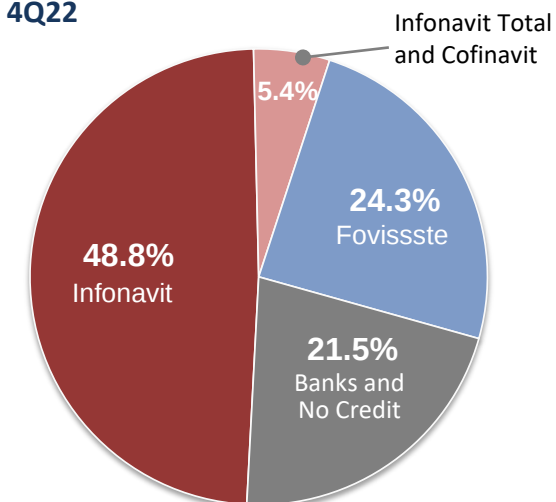
Percentage of titled homes by type of financing 4Q23 / 4Q22

4Q23



68.3% Total Infonavit

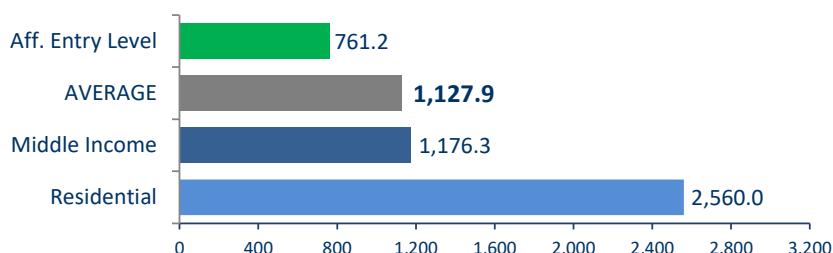
4Q22



54.2% Total Infonavit

Average sales prices by type of housing unit 4Q23

(Thousands of pesos)



The average price of the homes sold in 4Q23 was P\$1,127,900, an increase of 5.2% over the same quarter of last year. The average prices of Affordable Entry Level, Middle Income and Residential homes rose 14.9%, 7.7% and 1.7%, respectively.

Costs

In 4Q23, costs totaled P\$1.10 billion, which was 19.2% lower than the P\$1.37 billion reported in 4Q22. Costs in 4Q23 were equivalent to 73.2% of total revenues, 50bp lower than in 4Q22.

Gross Profit

At the close of 4Q23, gross profit totaled P\$405.0 million, a 16.9% reduction compared to the same period of last year, due largely to the reduction in revenues. The gross margin in 4Q23 was 26.8%, 50bp higher than in 4Q22.

General Expenses

In 3Q23, general expenses, which include wages and compensation for administrative and sales personnel as well as sales expense, came to P\$266.1 million, a 6.5% reduction from 4Q22, when we entered non-recurring expenses. In proportion to revenues, general expenses were 17.6% in 4Q23, 220pb higher than in 4Q22.

Operating Income

Operating income in 4Q23 was P\$144.1 million, 35.9% lower than in 4Q22. The operating margin in 4Q23 was 9.5%, 260pb below its 4Q22 level.



Financial Income – net

	4Q23	4Q22	Change	
	Mill \$	Mill \$	Mill \$	%
Net interest expense	31.3	22.5	8.8	39.4
Interest income	-67.9	-58.7	-9.2	15.6
Exchange Loss	2.3	1.6	0.7	47.0
Loss on derivatives	0.8	0.8	0.0	1.1
Financial income - net	-33.5	-33.9	0.4	-1.2

Interest income - net in 4Q23 was P\$33.5 million, primarily due to interest income.

We reported a foreign-exchange loss of P\$2.3 million in 4Q23, largely due to the valuation of our dollar investments (cash equivalents); as well as a loss of P\$0.8 million on our derivatives positions--corresponding to instruments acquired for the purpose of hedging certain loans (see the Debt section).

	4Q23	4Q22	Change	
	Mill \$	Mill \$	Mill \$	%
Interest expense	82.3	63.3	19.0	30.0
Capitalized interest expense	-51.0	-40.9	-10.2	24.9
Net interest expense	31.3	22.5	8.8	39.4

Capitalized interest expense is based on the weighted average acquisition of inventories (which includes land and work in process). The interest is capitalized into inventories and transferred to costs as revenues from the corresponding developments are entered.

In 4Q23 and 4Q22, capitalized interest expense included in inventories was P\$51.0 million and P\$40.9 million, respectively. At the same time, capitalized interest expense of P\$42.4 million was transferred from inventories to costs in 4Q23, compared to P\$33.9 million in 4Q22.

Income tax

ARA's income tax bill for 4Q23 totaled P\$58.3 million, corresponding to an income tax rate of 30% of net fiscal earnings and deferred taxes.

Net Income

Net income in 4Q23 was P\$144.0 million, a 25.9% decline from 4Q22, due largely to the reduction in revenues. The net margin was 9.5% in 4Q23, 100bp lower than in 4Q22.

EBITDA

Reconciliation of net income with EBITDA

	4Q23	4Q22	Change	
	Mill \$	Mill \$	Mill \$	%
Net income	144.0	194.3	-50.4	-25.9
Depreciation	22.2	20.2	2.0	9.9
Capitalized interest paid transferred to costs	42.4	33.9	8.4	24.8
Income taxes	58.3	97.1	-38.9	-40.0
Equity method in joint ventures	-24.6	-32.9	8.2	-25.0
Other income - net	-5.2	-22.0	16.9	-76.5
Financial income - net	-33.5	-33.9	0.4	-1.2
EBITDA	203.5	256.8	-53.3	-20.8

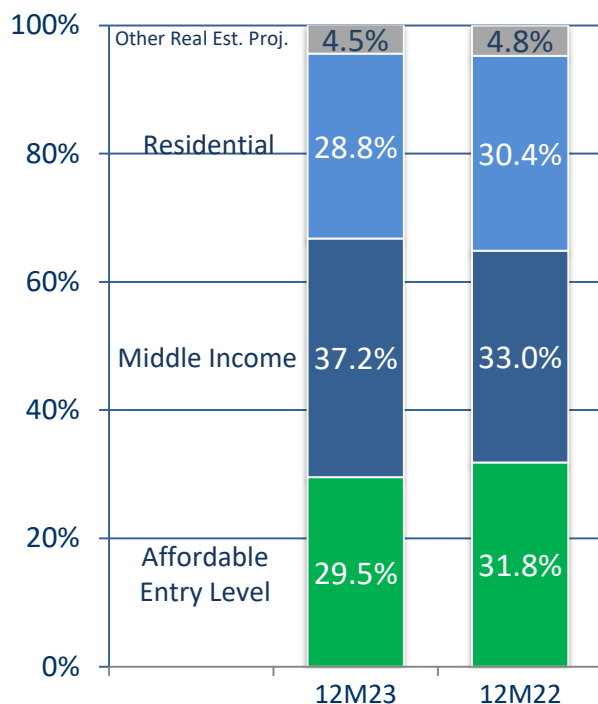
In 4Q23, ARA generated P\$203.5 million in EBITDA, a 20.8% reduction compared to the same period of the previous year. The EBITDA margin was 13.5%, 30bp lower.



IV. Results January-December 2023 / 2022 (12M23 / 12M22)

Revenues

Revenues 12M23 / 12M22



In Jan-Dec' 23, total revenues amounted to P\$6.75 billion, dropping by 3.0% from the same period of 2022. Housing revenues came to P\$6.44 billion, 2.7% lower.

Revenues by segment broke down as follows:

	Jan-Dec'23			Jan-Dec'22			Chge. 12M 23/22	
	Units	Mill. \$	Rev%	Units	Mill. \$	Rev%	Mill. \$	%
Affordable Entry Level	2,739	1,987.2	29.5	3,413	2,214.1	31.8	-226.9	-10.2
Middle Income	2,097	2,512.4	37.2	2,080	2,295.5	33.0	216.9	9.4
Residential	737	1,944.5	28.8	800	2,114.8	30.4	-170.3	-8.1
Total as Home Builder	5,573	6,444.1	95.5	6,293	6,624.4	95.2	-180.3	-2.7
Other Real Estate Projects		305.2	4.5		331.2	4.8	-26.0	-7.9
Total	5,573	6,749.3	100	6,293	6,955.6	100	-206.3	-3.0

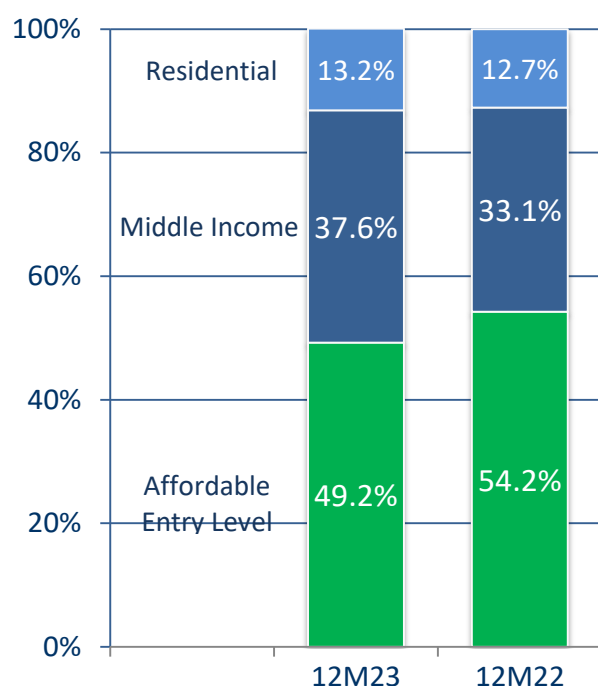
Revenues from Middle Income home sales from January to December 2023 grew by 9.4%. In the Affordable Entry Level and Residential segments, they declined by 10.2% and 8.1%, respectively, from Jan-Dec '22, chiefly due to lower sales in our developments in Acapulco, a city that suffered devastating effects from hurricane Otis, and other factors such as delays in obtaining permits and the completion of some developments.

In Jan-Dec '23 a total of 5,573 homes were sold, an 11.4% reduction from the same period of last year. Middle Income home sales were 0.8% higher in 2023, while sales of Affordable Entry Level and Residential homes fell by 19.7% and 7.9% year-to-year.

Homes in vertical developments accounted for 60.0% of the total number sold in Jan-Dec '23, and 55.2% in the same period of last year.

Revenues from "Other Real-estate Projects" in Jan-Dec' 23 and Jan-Dec'22 accounted for 4.5% and 4.8% of total revenues, respectively. This line declined by 7.9% from Jan-Dec' 23 to the same period of 2022, due to lower sales of commercial land.

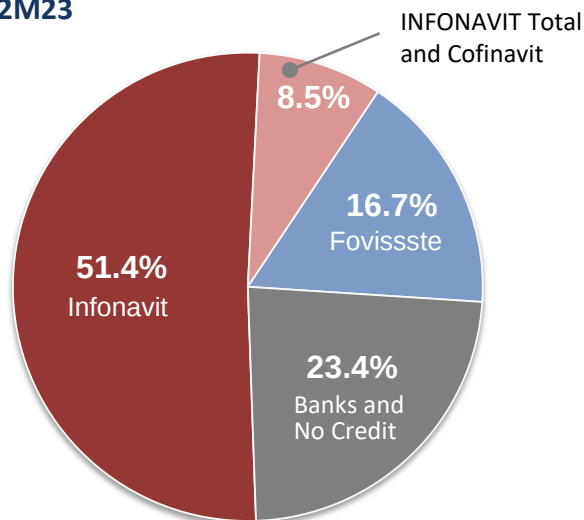
Units 12M23 / 12M22





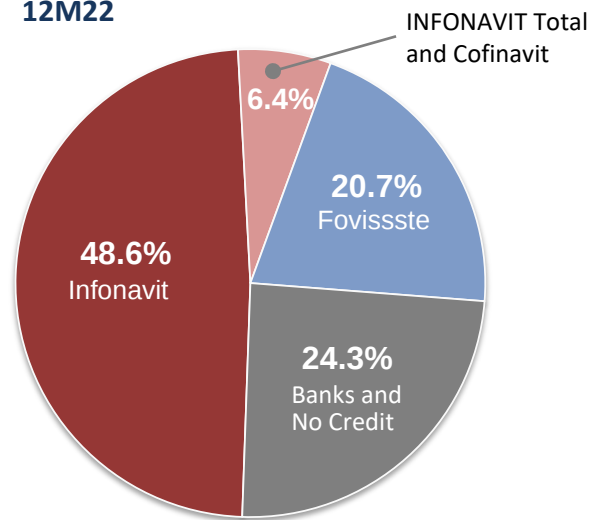
Percentage of titled homes by type of financing 12M23 / 12M22

12M23



59.9% Total INFONAVIT

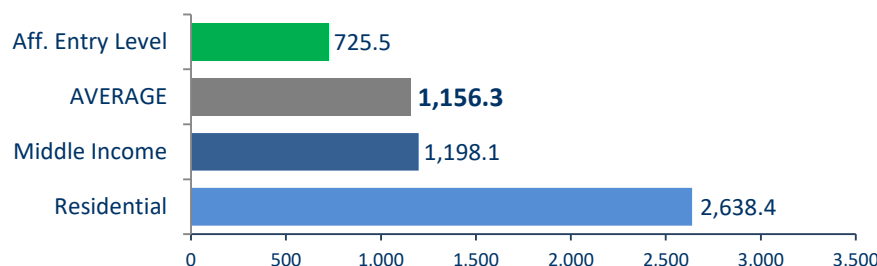
12M22



55.0% Total INFONAVIT

Average sale prices by type of housing unit 12M23

(Thousands of pesos)



The average price of the homes sold in Jan-Dec'23 was P\$1,156,300, an increase of 9.8% over the same period of last year. Average prices in the Affordable Entry-Level and Middle-Income segments rose by 11.8% and 8.6%, respectively, and the average price of Residential homes remained basically stable.

V. Financial position, liquidity and capital resources

Cash and cash equivalents

As of December 31, 2023, cash and cash equivalents totaled P\$2.30 billion, a 26.9% decline from the close of the year before, mainly due to investment in inventories of housing developments.

Accounts receivable

Accounts receivable showed a balance of P\$721.7 million at the close of 4Q23, a 9.4% increase against the close of last year, the result of a higher volume of titling in the last weeks of the quarter. However, accounts receivable turnover remained at a fairly healthy level of 1.3 months.

Inventories

As of December 31, 2023, total inventories amounted to P\$16.76 billion, which includes: i) P\$4.29 billion in land currently under development and for future development, and ii) P\$12.46 billion in works in progress (building, urbanization, infrastructure, equipment, licenses and capitalized interest expense), and construction materials in storage.

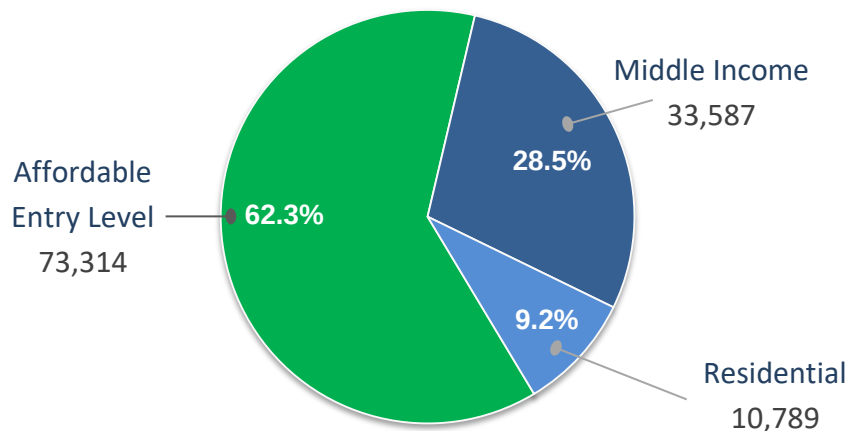


The table and map below show the geographic distribution of ARA's land bank:

State	Units	%
State of Mexico	33,895	28.8
Quintana Roo	32,392	27.5
Guanajuato	6,958	5.9
Guerrero	6,476	5.5
Jalisco	6,426	5.5
Nayarit	6,312	5.4
Veracruz	5,182	4.4
Puebla	4,919	4.2
Hidalgo	3,039	2.6
Baja California	2,174	1.8
Nuevo León	2,037	1.7
Baja California Sur	1,600	1.4
Morelos	858	0.7
Sonora	796	0.7
Subtotal	113,064	96.1
Various (4 states)	4,626	3.9
Total	117,690	100



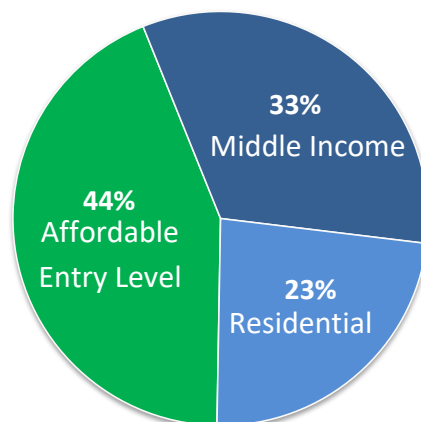
Land bank by type of housing unit as of December 31, 2023



117,690 master – plan
homes

Land Bank / Revenues by
housing type

Percentage obtained by multiplying
units per LTM average Price.





Total Debt and Net debt

As of December 31, 2023, cost-bearing debt (securities market debt, bank loans and lease liabilities) totaled P\$2.46 billion, a 6.2% increase compared to the close of the previous year.

On November 29, 2023, ARA issued P\$1.2 billion in sustainable unsecured bond certificates with the ticker symbol "ARA 23X" with a term of three years and an annual gross interest rate of 1.70% over the TIIE at up to 28 days. These bond certificates received a credit rating of "HR AA+" from HR Ratings, and "mxAA-" from S&P Global Ratings; they also have a sustainable impact rating of HR XB 1+ from HR Ratings. The proceeds of the bonds will go toward financing future or existing projects, with the requirement that they focus on and promote social and/or environmental development in the communities where ARA operates.

To keep our leverage ratios healthy, on the same day, November 29, we redeemed all of the outstanding "ARA 21X" bond certificates in advance, in the amount of P\$1 billion. The ARA21-2X issue, which was placed at seven years, remains outstanding, with a total of P\$500 million and a gross annual interest rate of 9.63%, referenced to the MBono rate at book closing date, which was 7.33%, plus a spread of 2.30 percentage points. This issue has an irrevocable and unconditional guarantee of prompt payment to bondholders from Sociedad Hipotecaria Federal, Sociedad Nacional de Crédito, Institución de Banca de Desarrollo. Currently, this issue has a rating of AA- from Fitch and HR AAA from HR Ratings.

The issuance of the "ARA 23X" certificates and the redemption of the "ARA 21X" bonds significantly improved our maturity profile. At the end of 2023, short-term debt (due within the next 15 months) made up only 10.2% of the total, and the remaining 89.8% was long-term.

The balance of our securities-market debt at the close of December 31, 2023 was P\$1.7 billion (P\$1.68 billion net of placement expenses pending accrual) and it accounted for 68.4% of our cost-bearing debt.

At the close of the year's fourth quarter, the balance of our simple unsecured bank loan was P\$200.0 million (P\$198.8 million net of commissions payable), and accounted for 8.0% of our cost-bearing debt. This loan was taken out in 4Q22 at an interest rate of 200bp over the TIIE, at a term of three years, with quarterly payments of principal and monthly interest payments.

As of December 31, 2023, the balance of the simple loans secured by real property, collection rights, partnership shares and stock in the two shopping malls that are 100% owned by ARA, was P\$401.8 million, and accounted for 16.2% of the cost-bearing debt. For these loans, we have hedged interest-rate risks through derivatives: six interest rate caps (three at 7%, two at 8% and one at 9%), all expiring in 2027, and one fixed-rate swap of 7.43% expiring in 2024. The fixed-rate swap at 8.035% expired in July 2023.

With regard to lease liabilities, primarily for corporate offices as well as the acquisition of machinery and equipment, the balance as of December 31, 2023 stood at P\$184.4 million, and accounted for 7.4% of cost-bearing debt.

Net debt at the close of last year was positive by P\$165.1 million.



		(Times)		
		As of Dec'23	As of Dec'22	Change
Cost bearing liabilities	/ Stockholders' equity	0.17	0.16	0.01
	/ Total assets	0.11	0.10	0.01
	/ EBITDA (12m)	2.50	2.45	0.05
Net debt / EBITDA (12m)		0.17	-0.87	1.04
Net debt / Stockholders' equity		0.01	-0.06	0.07
Total Liabilities / Total Assets		34.8%	34.7%	10 bp
Total Liabilities ^(a) / Total Assets		18.8%	19.2%	-40 bp
Total Liabilities / Stockholders' equity		53.5%	53.2%	30 bp

^(a) Deferred income tax not included.

For eighteen years in a row, ARA has maintained the highest credit ratings in the Mexican homebuilding sector, from Standard and Poor's "mxAA-" (CaVal National Scale). Starting in 2017, the Company also obtained a credit rating from HR Ratings, currently at "HR AA+", also the highest among Mexico's publicly traded housing developers. Also, in 2021, Fitch Ratings assigned ARA a long-term national-scale rating of "A+(mex)".

Other financial ratios

In addition to the debt ratios presented above, the following table contains further indicators of this firm's solid financial structure.

	As of Dec'23	As of Dec'22
Liabilities in Foreign Currency / Total Liabilities	0.3%	0.5%
Cash and Investments / Current Liabilities	111.9%	148.1%
Current Assets / Current Liabilities	7.49 times	7.12 times
Current Assets (-) Inventories / Current Liabilities	1.84 times	2.11 times

Deferred income tax

The deferred income tax liability is produced basically by the deductibility of land acquisitions. The balance as of December 31, 2023 was P\$3.66 billion, a 6.4% increase over the amount reported at the close of 2022.

Stockholders' equity

Consortio ARA's stockholders' equity totaled P\$14.88 billion as of December 31, 2023. Of this amount, 93.2% corresponded to accumulated earnings, which totaled P\$13.86 billion.

Earnings Per Share (EPS)

In 2023, EPS was P\$0.544, a 5.2% increase compared to the P\$0.517 reported for the 2022.



VI. Shopping malls

ARA has a unit devoted to developing, managing and marketing shopping malls. These shopping malls are strategically located in areas of high demographic growth potential, typically inside or close to ARA's housing developments, serving as a major source of added value for those developments. The following table shows the geographic location of the developments and their Gross Leasable Area (GLA), as of December 31, 2023:

Shopping center	State	GLA* (m	%
Centro Las Américas	State of Mexico	82,010	41.5%
Paseo Ventura	State of Mexico	26,100	13.2%
Centro San Miguel	State of Mexico	38,891	19.7%
Plaza Centella	State of Mexico	18,349	9.2%
Centro San Buenaventura	State of Mexico	11,474	5.8%
Plaza Carey	Veracruz	20,917	10.6%
Total		197,741	100%

* Gross Leasable Area

ARA has 7,578 m² in “uni” and “mini” shopping mall formats, bringing the full total of Gross Leasable Area to 205,318 m². The occupancy rate as of December 31, 2023 was 95%, a very competitive level.

In 4Q23, shopping-center revenues totaled P\$113.7 million, a 10.3% growth over the same period of last year; while Net Operating Income was P\$83.3 million, 15.7% higher. Revenues in Jan-Dec' 23 totaled P\$430.6 million, a growth of 7.8% over the same period of last year; NOI came to P\$302.5 million, rising 10.5%.

These results correspond to shopping centers that are 100% owned by ARA and are consolidated into our financial statements--Centro San Miguel, Plaza Centella, Centro San Buenaventura and Plaza Carey, “uni” and “mini” malls—as well as 50% of Centro las Américas and Paseo Ventura, according to our stake in those properties, which are entered under the equity method.

VII. Closing Remarks

• For the seventh year in a row, Consortio ARA received Great Place to Work certification

In November 2023, for the seventh year in a row, we received Great Place to Work certification. Our employees are a vital element in ARA's history, and thanks to them we celebrated 47 years of existence on January 27 of this year. We will continue to strive every day to provide them the best work environment possible.



Webcast Conference Call and Webcast

ARA will hold its conference call to discuss the Company's 4Q23 results on Wednesday, February 21, 2024 at 10:00 a.m. (Central Standard Time). In order to connect to the call, please dial up ten minutes before the conference is scheduled to begin, at one the following numbers:

United States	+1.800.981.3960
International	+1.917.672.7372
Identification code	4396

The Conference Call and presentation will also be transmitted live over the Internet. For access, go to: <https://consorcioara.transmision.com.mx/>

A recording of the full Conference Call will be available for replay beginning at 12:00p.m. on February 21, 2024 until February 28, 2024 at 10:59 p.m. To listen to the replay please dial one of the following numbers:

Mexico City	+52.55.4123.2122
Identification code	2938

Company Profile

Consortio ARA has 47 years of experience in designing, developing, building and marketing Affordable Entry Level, Middle Income and Residential housing. To date, Consortio ARA has sold more than 390,500 homes and at present approximately 1,562,000 people live in ARA homes. It currently has a presence in 15 states, with 40 developments in operation. Since 1996, when ARA became a publicly traded Company, it has been characterized by a diversified product offering and a long-term vision, with a solid financial structure that is reflected in the efficient use of our working capital, liquidity and a moderate level of debt.

Disclaimer

The information provided herein by Consortio ARA may contain forward-looking statements about future events and financial results. The reader should understand that the results obtained may differ from the projections contained in this document, because past results in no way offer any guarantee of future performance. For this reason, the Company assumes no responsibility for any indirect factors or elements beyond its control that might occur inside Mexico or abroad and which might affect the outcome of these projections.



VIII. Financial Statements

Statements of Comprehensive Income

	Fourth Quarter 2023 / 2022				Change 4Q23 / 4Q22		January-December 2023 / 2022				Change 12M23 / 12M22	
	4Q23	%	4Q22	%	\$	%	12M23	%	12M22	%	\$	%
Revenues	1,509.4	100	1,854.8	100	(345.4)	(18.6)	6,749.3	100	6,955.6	100	(206.3)	(3.0)
Costs	1,104.4	73.2	1,367.4	73.7	(263.0)	(19.2)	4,961.4	73.5	5,147.5	74.0	(186.1)	(3.6)
Gross profit	405.0	26.8	487.4	26.3	(82.4)	(16.9)	1,787.9	26.5	1,808.1	26.0	(20.2)	(1.1)
General expenses	266.1	17.6	284.7	15.4	(18.6)	(6.5)	1,050.3	15.6	1,110.5	16.0	(60.2)	(5.4)
Other income - net	5.2	0.3	22.0	1.2	(16.9)	(76.5)	(8.6)	-0.1	(1.0)	0.0	(7.6)	750
Income from operations	144.1	9.5	224.7	12.1	(80.6)	(35.9)	729.0	10.8	696.6	10.0	32.4	4.7
Financial income - net:												
Interest expense	82.3	5.5	63.3	3.4	19.0	30.0	313.2	4.6	216.8	3.1	96.4	44.4
Capitalized interest expense	(51.0)	-3.4	(40.9)	-2.2	(10.2)	24.9	(211.6)	-3.1	(145.1)	-2.1	(66.5)	45.9
Interest income	(67.9)	-4.5	(58.7)	-3.2	(9.2)	15.6	(293.5)	-4.3	(216.5)	-3.1	(76.9)	35.5
Exchange Loss	2.3	0.2	1.6	0.1	0.7	47.0	9.4	0.1	2.4	0.0	7.0	284.7
Loss on derivatives	0.8	0.1	0.8	0.0	0.0	1.1	4.5	0.1	(8.7)	-0.1	13.2	(151.2)
	(33.5)	-2.2	(33.9)	-1.8	0.4	(1.2)	(178.0)	-2.6	(151.0)	-2.2	(26.9)	17.8
Equity method in join ventures	24.6	1.6	32.9	1.8	(8.2)	(25.0)	68.6	1.0	108.1	1.6	(39.5)	(36.5)
Income before Income taxes	202.3	13.4	291.5	15.7	(89.2)	(30.6)	975.6	14.5	955.8	13.7	19.8	2.1
Taxes:												
ISR deferred	74.1	4.9	161.7	8.7	(87.6)	(54.2)	219.1	3.2	190.1	2.7	29.1	15.3
ISR current	(15.8)	-1.0	(64.5)	-3.5	48.7	(75.5)	87.2	1.3	119.7	1.7	(32.6)	(27.2)
	58.3	3.9	97.1	5.2	(38.9)	(40.0)	306.3	4.5	309.8	4.5	(3.5)	(1.1)
Net Income	144.0	9.5	194.3	10.5	(50.4)	(25.9)	669.3	9.9	646.0	9.3	23.3	3.6
Other comprehensive income	-	0.0	-	0.0	-	-	-	0.0	-	0.0	-	-
Comprehensive income	144.0	9.5	194.3	10.5	(50.4)	(25.9)	669.3	9.9	646.0	9.3	23.3	3.6
Depreciation	22.2	1.5	20.2	1.1	2.0	9.9	81.7	1.2	73.2	1.1	8.4	11.5
NCFR recognized in costs	42.4	2.8	33.9	1.8	8.4	24.8	166.2	2.5	174.7	2.5	(8.5)	(4.9)
EBITDA	203.5	13.5	256.8	13.8	(53.3)	(20.8)	985.5	14.6	945.5	13.6	40.0	4.2



Statements of financial position

	As of Dec'23	As of Dec'22	Change	
			Amount	%
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	2,298.6	3,146.4	-847.8	(26.9)
Accounts receivable	721.7	659.7	62.0	9.4
Land for development	1,203.3	1,373.6	-170.3	(12.4)
Real estate inventories and land for development	10,390.4	9,269.7	1,120.7	12.1
Total Inventories	11,593.7	10,643.3	950.4	8.9
Other current assets	767.8	684.8	83.0	12.1
	15,381.8	15,134.2	247.6	1.6
NON-CURRENT ASSETS:				
Golf Club memberships available for sale	173.5	173.8	-0.3	(0.2)
Investment properties	1,052.3	1,065.6	-13.3	(1.2)
Land for development	3,088.7	2,990.6	98.1	3.3
Long-term real estate inventories	2,073.7	1,923.2	150.5	7.8
Property, machinery and equipment – Net	202.6	151.4	51.2	33.8
Investments in joint venture	340.0	294.6	45.4	15.4
Deferred tax asset	253.1	253.3	-0.2	(0.1)
Derivative financial instrument	0.5	5.0	-4.5	(89.4)
Asset for use right	206.4	110.7	95.6	86.4
Other non-current assets	67.5	67.9	-0.4	(0.6)
	7,458.2	7,036.1	422.2	6.0
TOTAL ASSETS	22,840.0	22,170.2	669.8	3.0
CURRENT LIABILITIES:				
Bank Loans	174.9	167.3	7.6	4.5
Liability for leasing	76.4	42.8	33.6	78.6
Suppliers	663.4	791.2	-127.8	(16.1)
Other current liabilities	1,138.6	1,123.5	15.1	1.3
	2,053.3	2,124.8	-71.5	(3.4)
NON-CURRENT LIABILITIES:				
Bank Loans	425.8	566.2	-140.3	(24.8)
Unsecured Securities Certificate	1,678.6	1,482.2	196.5	13.3
Liability for leasing	107.9	61.9	46.1	74.5
Deferred income tax	3,659.1	3,440.2	218.9	6.4
Other Long Term Liabilities	34.4	19.4	15.0	77.5
	5,905.9	5,569.8	336.2	6.0
TOTAL LIABILITIES	7,959.2	7,694.5	264.7	3.4
STOCKHOLDERS' EQUITY	14,880.8	14,475.7	405.1	2.8
LIABILITIES AND STOCKHOLDERS' EQUITY	22,840.0	22,170.2	669.8	3.0



Statements of changes in stockholder's equity

	Common stock	Additional paid-in capital (A)	Reserve for acquisition of own stock	Retained earnings	Non- controlling interest	Total stockholders' equity
Balances as of January 1, 2022	629.5	351.5	17.3	13,164.6	33.5	14,196.4
Cancellation of repurchased shares	-7.4		52.2	-52.2		-7.4
Dividends				-290.0		-290.0
Net repurchase of own stock	-1.0		-81.9			-82.8
Other				15.0	-1.48	13.5
Net comprehensive income				644.5	1.5	646.0
Balances as of December 31, 2022	621.2	351.5	-12.4	13,481.8	33.5	14,475.7
Cancellation of repurchased shares			78.1	-78.1		0.0
Net repurchase of own stock	-4.9		-48.6			-53.5
Dividends				-200.0		-200.0
Others				-10.0	-0.80	-10.8
Net comprehensive income				667.7	1.6	669.3
Balances as of December 31, 2023	616.3	351.5	17.1	13,861.5	34.3	14,880.8

(A) Includes Premium on sale of repurchased stock.



Statements of cash flow

	Jan-Dec'23	Jan-Dec'22
Operating activities:		
Income before taxes	975.6	955.8
Items related to investing activities:		
Depreciation	81.7	73.2
Amortization of expenses for debt placement	-2.9	6.6
Equity in earnings of equity method investees	-68.6	-108.1
Other	4.5	-8.7
	14.6	-37.0
Items related to financing activities:		
Interest expense	101.6	71.8
	1,091.8	990.5
(Increase) decrease in:		
Trade accounts receivable - Net	-62.0	-7.4
Inventories	-976.6	-549.7
Other assets	-60.1	-121.6
Increase (decrease) in:		
Suppliers	-127.8	157.1
Other liabilities	30.4	90.3
Income taxes paid	-110.7	-324.7
Net cash provided by operating activities	-214.8	234.6
Investing activities:		
Purchasing of property, machinery and equipment	-88.6	-55.0
Dividends received from equity method investees	1.0	10.0
Investment property	-7.2	-60.3
Cash excess to apply to financing activities	-309.7	129.4
Proceeds from debt	0.0	390.0
Unsecured securities certificates	1,200.0	0.0
Payment for debt	-1,133.3	-160.8
Interest paid lease contract payments	-12.4	-2.8
Liability for leasing	-38.1	-21.2
Dividends	-200.0	-290.0
Interest paid	-300.8	-199.2
Repurchase of own stock - net	-53.5	-90.2
Financing activities	-538.1	-374.2
Net increase in cash and cash equivalents	-847.8	-244.8
Cash and cash equivalents at beginning of year	3,146.4	3,391.3
Cash and cash equivalents at end of the period	2,298.6	3,146.4