

## Hoteles City Express Announces Third Quarter 2023 Results

**Mexico City, October 18<sup>th</sup>, 2023 – Hoteles City Express S.A.B. de C.V. (BMV: HCITY) (“Hoteles City Express” or “The Company”),** releases its results for the third quarter of 2023 (“3Q23”). Accounting figures have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and are presented in Mexican Pesos (“\$”).

### Financial and Operating Highlights (3Q23)

- At the Chain level, the Average Daily Rate (“ADR”) increased 6.3% and the Revenue Per Available Room (“RevPAR”) increased 6.1%, compared to 3Q22, reaching \$1,205 and \$680 pesos, respectively. The occupancy rate was 56.5%.
- Total revenue reached \$886.3 million, a 4.8% increase compared to the same quarter of 2022.
- Operating income reached \$115.3 million in 3Q23, compared to a \$142.2 million profit in the same quarter of last year.
- EBITDA and Adjusted EBITDA were \$219.5 million and \$219.6 million, respectively, in comparison to \$270.1 million and \$270.7 million in 3Q22. Adjusted EBITDA decreased 18.9% from the previous year with a margin of 24.8% for the quarter. This was mainly due to the decrease in revenues related to the sale of the brands to Marriott and the integration and stabilization process with Marriott’s platforms.
- Net Income for the period registered a loss of \$38.6 million compared to a loss of \$16.2 million in the same quarter of 2022.
- At the end of the quarter, the Chain operated 151 hotels, one hotel less with respect to the same quarter of the previous year. There were 17,366 rooms in operation during 3Q23, which was 10 more than the 17,356 rooms in operation at the end of 3Q22.



HCITY



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Operating and Financial Highlights	3Q23	3Q22	3Q23 vs 3Q22	9M23	9M22	9M23 vs 9M22
			% Change			% Change
<b>Operating Statistics for the Chain</b>						
Number of Hotels at the End of the Period	151	152	(0.7%)	151	152	(0.7%)
Number of Rooms at the End of the Period	17,366	17,356	0.1%	17,366	17,356	0.1%
Number of Installed Room Nights	1,596,948	1,599,423	(0.2%)	4,748,622	4,739,572	0.2%
Number of Occupied Room Nights	901,781	905,157	(0.4%)	2,626,668	2,449,571	7.2%
Average Occupancy Rate (%)	56.5%	56.6%	(0.1 pps)	55.3%	51.7%	3.6 pps
ADR(\$)	1,205	1,133	6.3%	1,201	1,112	8.0%
RevPAR(\$)	680	641	6.1%	664	575	15.6%
<b>Consolidated Financial Information (Thousands of Pesos)</b>						
Total Revenues	886,251	845,648	4.8%	2,601,568	2,250,382	15.6%
Operating Income	115,293	142,164	(18.9%)	401,680	249,730	60.8%
Operating Income Margin	13.0%	16.8%	(3.8 pps)	15.4%	11.1%	4.3 pps
Adjusted EBITDA	219,568	270,708	(18.9%)	716,387	631,225	13.5%
Adjusted EBITDA Margin (%)	24.8%	32.0%	(7.2 pps)	27.5%	28.0%	(0.5 pps)
EBITDA	219,463	270,106	(18.7%)	713,913	630,202	13.3%
EBITDA Margin (%)	24.8%	31.9%	(7.1 pps)	27.4%	28.0%	(0.6 pps)
Net Income	(38,582)	(16,215)	137.9%	1,047,970	(92,456)	NM
Net Income Margin (%)	(4.4%)	(1.9%)	(2.3 pps)	40.3%	(4.1%)	NM

Adjusted EBITDA = operating profit + depreciation + amortization + non-recurring expenses (pre-opening expenses for new hotels).

**Comments from Mr. Luis Barrios, CEO of Hoteles City Express:**

“During the third quarter, we proceeded with the integration process with Marriott International. Our teams focused on connecting, merging, and unifying the technology platforms, transferring City Premios’ frequent customers to Bonvoy, managing the domains, and migrating specific Hoteles City applications to Marriott’s systems. We estimate that this process combined with an increase in room rates contributed to a reduction of chain-level occupancy by approximately 3.0 to 3.5 percentage points during the quarter.

Following this, I am pleased to announce that, starting in August, we concluded the integration phase to pave the way for us to “go-live” with our strategic alliance with Marriott International. We are confident that, going forward, Hoteles City will have new opportunities to increase its revenue, through both access to international markets and cost savings resulting from synergies.

While we observed a 66.8% year-over-year decrease in the operator’s revenue this quarter, impacting our results since the second quarter of 2023, we expect to recover in the medium term as the integration benefits materialize.

Throughout this process, we’ve focused on training our staff to meet new requirements and adapt to the ongoing changes. The goal is to optimize the business swiftly and efficiently, while simultaneously strengthening communication and marketing channels in our hotels to capitalize on Marriott’s international reach. Starting in the second half of September and into October, we observed a significant improvement in bookings and digital channel engagement, thus we expect that occupancy rates will improve for the remainder of the year. Furthermore, as of August we began to see the benefits of access to new customers, as the mix of international travelers increased by 11.0 percentage points, rising from 31.0% to 41.0% of the total.

In terms of profitability, we continue to strengthen our cost and expense management systems, while also bolstering our centralized asset management services, aiming to achieve a 12.0% return on investment (ROIC). To achieve this, we’ve individually assessed each hotel and plaza to identify areas for potential improvement. As a result of this analysis, we’ve implemented substantial upgrades in our food and beverage sector, while also reinforcing our maintenance, quality, and service programs.

Regarding regional performance, hotels in the Southeastern corridor of the country have maintained a positive trend, registering an occupancy rate of 63.7% during the quarter. This was primarily driven by the energy producing regions, with some contribution from leisure tourism. Likewise, the border states continue to perform well, benefiting from increased exports and nearshoring activity. However, during the quarter, hotels in the Central Western corridor faced challenges, including a slow recovery in the automotive sector, security concerns in certain areas, and the cyclical nature of the business.

During the quarter we successfully concluded the refinancing of our syndicated loan, totaling \$3,050,000,000.00 pesos (three billion and fifty million pesos 00/100 M.N.). This credit line is a five-year committed facility, extendable for an additional two years, resulting in a total term of seven years. The financial terms and conditions are competitive, featuring an interest rate of up to TIE plus 225 basis points. This transaction signifies the Company's strengthened financial structure, underlining the confidence of banking institutions in Hoteles City, while reducing financial expenses and providing increased cash flow flexibility.

We continue to explore alternatives and opportunities for divesting non-strategic assets, which could reduce our bank debt and open doors for investments in high-potential markets. Additionally, we've been working on reducing our non-productive asset balance by completing the construction of hotels in development, including City Express Plus Mexicali, City Express Plus Guadalajara Providencia, and soon City Express Cancún Aeropuerto. By the end of the third quarter, our non-productive assets decreased by 11.9% year-over-year.

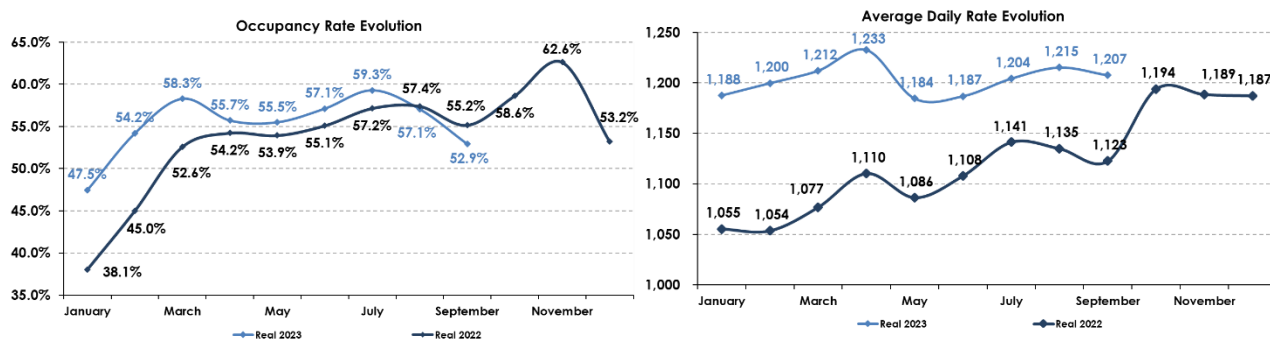
Finally, I want to express my gratitude to all the teams at Hoteles City and Marriott International for their dedication and work during the system and distribution platform migration. I am convinced that this new phase will open new horizons and provide fresh opportunities for the Company's growth."

**Operating Statistics: Hotel Chain**

During the quarter, we observed an improvement in the South, and Southeast regions of the country. While overall occupancy rates declined, we expect them to stabilize at the end of the integration period with Marriott's platforms, which formally began in August and have progressed throughout the quarter.

During the quarter, ADR increased 6.3% year-over-year to \$1,205 pesos. As a result, RevPAR totaled \$680 pesos at the Chain level.

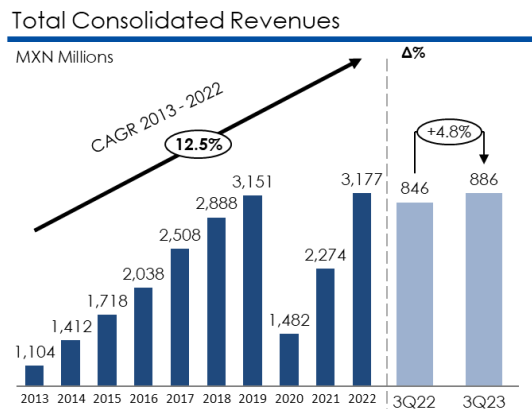
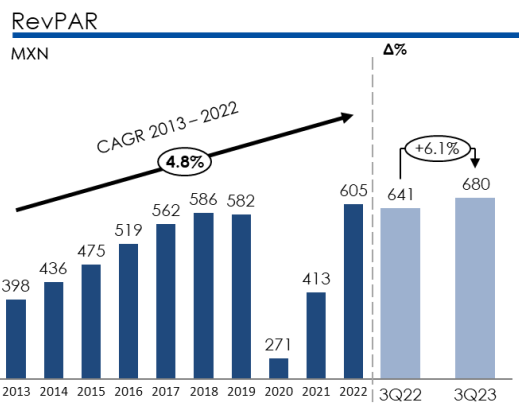
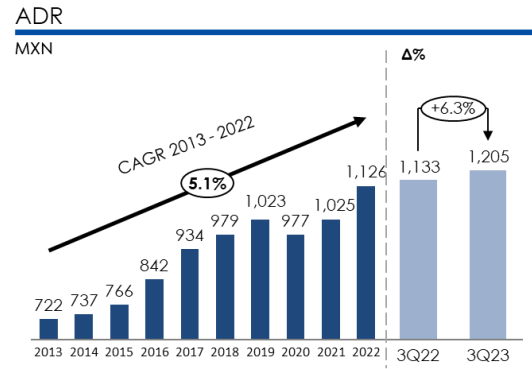
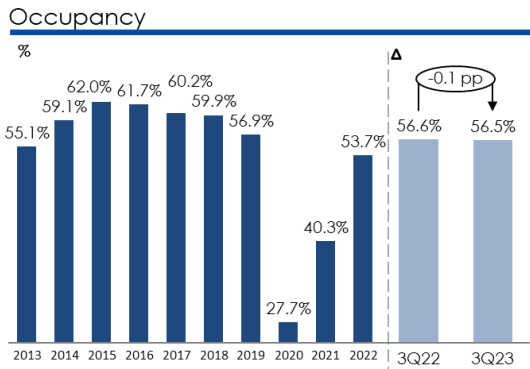
**Monthly Indicators and Occupancy and Rate Recovery**



\*Occupancy rates are based on the total number of hotels open at the end of each period.

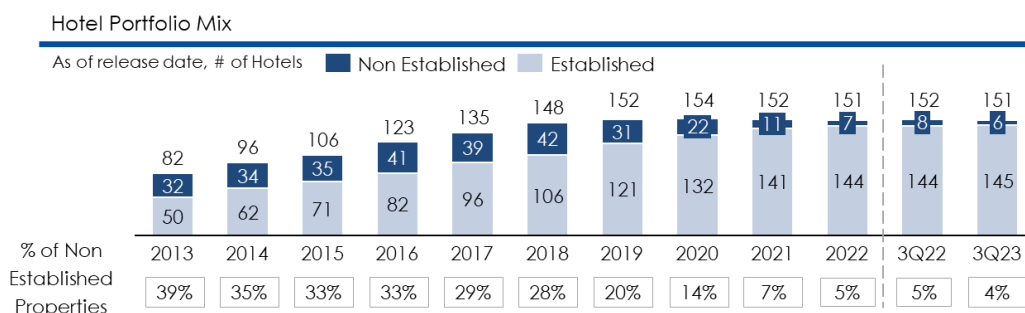
During the quarter, we continued our strategy of identifying improvement areas and keeping the average daily rate above inflation. As a result, the average daily rate grew by 5.5% in July, 7.1% in August, and 7.6% in September, which led to an average RevPAR growth above 6.0% for the quarter when compared to the same quarter of the previous year.

Comparative Operating Statistics



Operating Statistics: Established Hotels

To accurately compare operating data of its hotels with similar maturity periods, Hoteles City Express defines “Established Hotels” as hotels that, on a given date, have been in operation for a period of at least 36 months. Once hotels have reached the third anniversary of their opening date, they have usually stabilized. However, this does not mean that these hotels cannot reach higher levels of occupancy and ADR thereafter. Similarly, hotels classified as “Non-established” are those that have been in operation for less than 36 months and, consequently, are in the market penetration phase, with greater potential for gains in RevPAR.



At the end of 3Q23, the Chain had 145 Established Hotels and 6 Non-Established Hotels.

Established Hotels	3Q23	3Q22	Change 3Q23 vs 3Q22	9M23	9M22	Change 9M23 vs 9M22
Hotels	145	144	0.7%	145	144	0.7%
Rooms	16,578	16,394	1.1%	16,578	16,394	1.1%
Occupancy	57.4%	57.8%	(0.4 pps)	56.3%	52.8%	3.5 pps
ADR (\$)	1,199	1,133	5.8%	1,197	1,113	7.6%
RevPAR (\$)	689	655	5.2%	674	587	14.8%

The occupancy of this portfolio closed at 57.4%, approximately 0.9 percentage points above the Chain's portfolio and 0.4 percentage points below last year. As mentioned before, we expect the Chain's occupancy to stabilize once we conclude the integration process to Marriott's platforms.

### Results by Business Segment (Non-IFRS figures)

Hoteles City Express reports under IFRS. Certain revenues and inter-company expenses are therefore eliminated during the consolidation process, primarily management fees and franchise royalties of hotels that are owned, co-owned, and leased.

Revenues by Segment (Thousands of Pesos)	3Q23	3Q22	3Q23 vs 3Q22	9M23	9M22	9M23 vs 9M22
			% Change			% Change
Hotel Operation	867,760	789,970	9.8%	2,503,148	1,383,021	81.0%
Hotel Management	130,276	222,561	(41.5%)	526,668	382,933	37.5%
<b>Total</b>	<b>998,036</b>	<b>1,012,531</b>	<b>(1.4%)</b>	<b>3,029,816</b>	<b>1,765,954</b>	<b>71.6%</b>

During the quarter, the Hotel Operations segment revenue increased 9.8%, from \$790.0 million in 3Q22 to \$867.8 million in 3Q23.

Hotel Management revenues decreased 41.5% year-on-year, falling from \$222.6 million in 3Q22 to \$130.3 million in 3Q23. This was due to the Company no longer receiving certain franchise revenues following the strategic alliance with Marriott for the sale of the five brands.

Total Combined Segment Revenue decreased 1.4%, from \$1,012.5 million in 3Q22 to \$998.0 million in 3Q23.

To demonstrate the potential of the Company's hotel inventory, Hoteles City Express publishes the results of the "FSTAY Portfolio" which include 42 hotels that are 100% owned by the Company and which began operations before December 31<sup>st</sup>, 2015. These hotels perform similarly to what would be expected from a portfolio after the ramp-up phase.

Below is a breakdown of the Non-IFRS results by portfolio type and business segment:

Summary of Non IFRS Financial Metrics 3Q23	FSTAY Portfolio	Non FSTAY Portfolio	Total Hotel Operation	Hotel Management	Non IFRS Total	IFRS Eliminations	Total IFRS
Hotels	42	70	112	151	151		151
Rooms	4,980	8,023	13,003	17,366	17,366		17,366
Occupancy	59.5%	54.1%	56.2%	56.5%	56.5%		56.5%
ADR	1,219	1,195	1,205	1,205	1,205		1,205
RevPAR	725	647	677	680	680		680
Total Revenues	345,234	522,526	867,760	130,276	998,036	(111,785)	886,251
General Costs and Expenses	(246,727)	(375,400)	(622,128)	(156,340)	(778,468)	111,785	(666,683)
<b>Adjusted EBITDA</b>	<b>98,507</b>	<b>147,126</b>	<b>245,633</b>	<b>(26,064)</b>	<b>219,568</b>	<b>0</b>	<b>219,568</b>
Margin	28.5%	28.2%	28.3%	(20.0%)	22.0%		24.8%
Other non recurrent expenses	0	(105)	(105)	0	(105)	0	(105)
<b>EBITDA</b>	<b>98,507</b>	<b>147,021</b>	<b>245,528</b>	<b>(26,064)</b>	<b>219,463</b>	<b>0</b>	<b>219,463</b>
Margin	28.5%	28.1%	28.3%	(20.0%)	22.0%		24.8%
Depreciation	(42,725)	(61,445)	(104,170)	0	(104,170)	0	(104,170)
<b>Operating Income</b>	<b>55,782</b>	<b>85,576</b>	<b>141,357</b>	<b>(26,064)</b>	<b>115,292</b>	<b>0</b>	<b>115,292</b>
Margin	16.2%	16.4%	16.3%	(20.0%)	11.6%		13.0%

The FSTAY Portfolio occupancy was 59.5%, compared to 54.1% for the Non-FSTAY Portfolio, 5.4 percentage points higher. The ADR for the FSTAY Portfolio was 2.0% higher than the \$1,195 for the Non-FSTAY Portfolio, while RevPAR varied by 12.1% in favor of the FSTAY Portfolio.

The Adjusted EBITDA margin of the FSTAY Portfolio was 0.3 percentage points higher compared to the Non-FSTAY Portfolio.



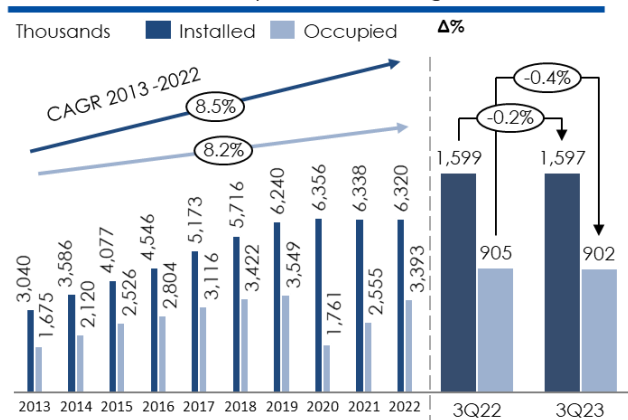
Consolidated Financial Results (IFRS Figures)

Income Statement Highlights (Thousands of Pesos)	3Q23	3Q22	3Q23 vs 3Q22	9M23	9M22	9M23 vs 9M22
			% Change			% Change
Rooms in Operation	17,366	17,356	0.1%	17,366	17,356	0.1%
Revenues from Hotel Operation	867,760	789,970	9.8%	2,503,148	2,116,036	18.3%
Revenues from Hotel Management	18,491	55,678	(66.8%)	98,420	134,346	(26.7%)
<b>Total Revenues</b>	<b>886,251</b>	<b>845,648</b>	<b>4.8%</b>	<b>2,601,568</b>	<b>2,250,382</b>	<b>15.6%</b>
Operating Income	115,293	142,164	(18.9%)	401,680	249,730	60.8%
Operating Income Margin	13.0%	16.8%	(3.8 pps)	15.4%	11.1%	4.3 pps
Adjusted EBITDA	219,568	270,708	(18.9%)	716,387	631,225	13.5%
Adjusted EBITDA Margin	24.8%	32.0%	(7.2 pps)	27.5%	28.0%	(0.5 pps)
EBITDA	219,463	270,106	(18.7%)	713,913	630,202	13.3%
EBITDA Margin	24.8%	31.9%	(7.1 pps)	27.4%	28.0%	(0.6 pps)
Net Income	(38,582)	(16,215)	137.9%	1,047,970	(92,456)	NM
Net Margin	(4.4%)	(1.9%)	(2.3 pps)	40.3%	(4.1%)	NM

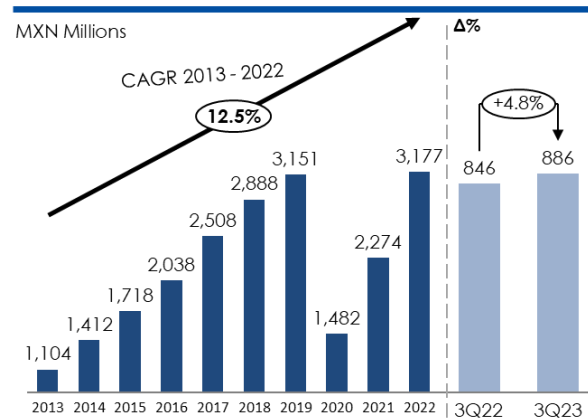
Revenues

During 3Q23, total revenues increased 4.8%, from \$845.7 million in 3Q22 to \$886.3 million in 3Q23. This increase is the result of improved rates when compared to the same period of the previous year, even after the impact of the discontinuation of revenues related to the five brands and franchises. The performance of the South and Southeast regions stood out, presenting the best statistics during 3Q23.

Installed and Occupied Room Nights



Total Consolidated Revenues



**Costs and Expenses**

Total costs and expenses increased 9.7% year-on-year, from \$702.9 million in 3Q22 to \$770.9 million in 3Q23. This increase is directly related to the rise in sales, while costs per occupied room night and supplies expenses also increased.

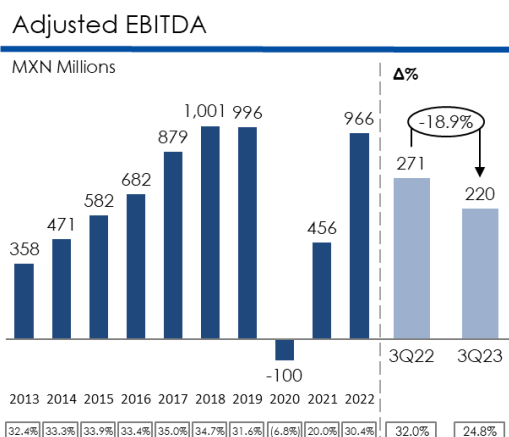
Selling and Administrative Expenses decreased 1.7% compared to the same period of the previous year to \$122.4 million.

**Operating Income**

Operating income for the third quarter of 2023 was \$115.3 million, compared to the \$142.2 million in income reported in 3Q22. This was mainly due to being the first quarter in which the Company stopped receiving some of the franchise revenues it used to perceive.

**EBITDA and Adjusted EBITDA**

EBITDA reached \$219.5 million, while Adjusted EBITDA was \$219.6 million in 3Q23. This resulted in year-on-year EBITDA and Adjusted EBITDA decreases of 18.7% and 18.9%, respectively, compared to the same quarter of 2022, and a 7.2 percentage point decrease in the Adjusted EBITDA margin. The third quarter of 2023 marked the first full quarter without franchise revenues from the brands. We anticipate that, once we finalize the migration process from our platforms to Marriott's, occupancy will stabilize, and we will leverage the synergies of the strategic relationship to offset the declines in royalty revenues. New hotel opening expenses decreased to \$0.1 million in the quarter as there have been no new openings.



Since adopting the IFRS 16 accounting rules in 1Q19, the Company's EBITDA and Adjusted EBITDA recognize the effect of capitalizing a portion of income as a cost benefit and its corresponding depreciation increase. These effects are consolidated in the Hotel Operating Costs and Expense lines, and the Depreciation line, respectively.

Hoteles City Express calculates Adjusted EBITDA by adding depreciation expenses and non-recurring expenses related to hotel openings to Operating Income. Adjusted EBITDA is a useful measure that Hoteles City Express uses to compare its performance against other companies. This facilitates an analysis of its consolidated performance during different periods by eliminating the impact of specific non-recurring expenses related to hotel openings, from its operating results.

### **Comprehensive Financing Result**

The Comprehensive Financing Result decreased to \$136.5 million in 3Q23, as a result of reduction of interest payments on our bank obligations for the \$800.0 million prepayment made during the previous quarter, as well as the refinancing of the syndicated loan that was signed during August and brought with it improved terms and conditions in its structure. The net cost of financing<sup>1</sup> decreased from \$149.5 million in 3Q22 to \$136.6 million in 3Q23, which represents a reduction of 8.6%.

The net foreign exchange result for 3Q23 represented a loss of \$4.8 million, due to the valuation of the equity positions in our Chilean and Colombian subsidiaries, mainly due to the appreciation of foreign currencies. This did not result any cash outflow from the Company.

The Company has signed financial derivative instruments to protect itself against changes in the interest rates. As of September 30th, 2023, it has ten instruments with different banks that hedge a total of \$3,181.3 million pesos, which represents 72.3% of the total debt. With these hedges, the Company has capped a 9.0% rate considering an average spread of 2.2% for hotels in Mexico.

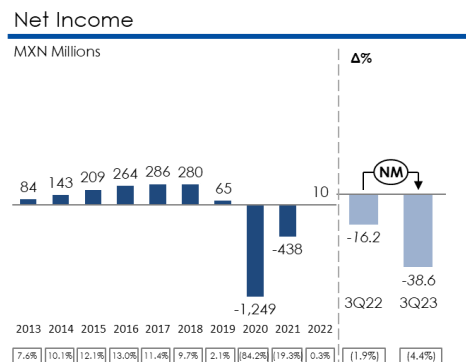
Since 1Q19, and due to the adoption of accounting rules under IFRS 16, Comprehensive Financing Costs recognize the proportional effect of capitalizing revenues as an incremental cost in interest paid. This effect is recognized on the Interest Paid line of the income statement.

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<sup>1</sup> Net financing cost is calculated as interest paid less interest earned.

**Net Income**

Net Loss for 3Q23 was \$38.6 million, compared to a loss of \$16.2 million reported for the same period of the previous year. Majority Net Income registered a loss of \$38.6 million.



**Financial Position and Leverage**

Balance Sheet Highlights <i>(Thousands of Pesos)</i>	As of September 30, 2023	As of December 31, 2022	As of September 30, 2023 vs As of December 31, 2022 % Change
Cash and Equivalents	1,292,460	916,831	41.0%
Financial Debt <sup>(1)</sup>	4,312,898	5,367,667	(19.7%)
<b>Net Debt</b>	<b>3,020,438</b>	<b>4,450,836</b>	<b>(32.1%)</b>

1. Does not include payable interest for \$30.0 million as of September 30th, 2023, and for \$31.0 million as of December 31st, 2022.

At the end of 3Q23, the Company held \$1,292.5 million in Cash and Cash Equivalents, a 41.0% increase compared to December 31<sup>st</sup>, 2022. During the quarter, we repurchased around \$136.9 thousand pesos of the Company's shares.

Debt with financial institutions net of interest payable decreased 19.7% compared to the end of December 2022, closing the quarter at \$4,312.9 million. Of this amount, \$191.2 million is due in the next 12 months and \$110.6 million is denominated in Foreign Currency. During 3Q23, the Company made amortization payments of \$34.2 million.

Net debt decreased by 32.1%, from \$4,450.8 as of December 31<sup>st</sup>, 2022, to \$3,020.4 million as of September 30<sup>th</sup>, 2023. During the quarter, net debt decreased due to the inflow of the \$800.0 million prepayment of the syndicated loan, and its refinancing.

As of September 30<sup>th</sup>, 2023, Hoteles City reported a Total Financial Debt to Total Assets ratio of 30.5%. Likewise, the Company is in compliance with all its financial obligations.

Additionally, Hoteles City Express agreed with its bank lenders in 4Q22 to approve waivers related to the non-compliance of financial covenants, which were granted until 4Q23. This reflects the solid relationship we have built with our creditors over time and reiterates the confidence that financial institutions have in Hoteles City Express.

**Breakdown of Productive Fixed Assets**

To outline its planning and growth process for the upcoming years, the Company provides a breakdown of its Total Assets into several asset lines.

At the end of the quarter, the Company had a land reserve booked at a historical cost of approximately \$494.7 million, as well as work in progress, renovations, and land assigned to such work of \$1,280.5 million. We continue to work diligently in land development as an additional capital recycling measure.

The productive assets or gross fixed assets corresponding to hotels in operation amounted to approximately \$12,519.0 million. The productive assets portfolio at the end of 3Q23 consisted of 96.1% Established Hotels and 3.9% Non-Established Hotels.

**Cash Flow Generation and the Share Repurchase Program**

In 3Q23, Hoteles City Express registered \$239.4 million in Positive Net Cash Flow from operating activities. The Company invested \$149.5 million in the acquisition of property, furnishing, equipment, and leasehold improvements, among other items, compared to \$103.0 million it invested in the same category in 3Q22. This was due to the Company's current investment in the construction of the Ce Cancún Aeropuerto hotel and the CP Monterrey Centro hotel. Lastly, the Company's Negative Net Cash Flow from financing activities was \$213.9 million, compared to negative \$286.0 million, in 3Q22, due to the prepayment of \$800.0 million towards the syndicated loan, and its refinancing with better conditions.

During 3Q23, the Company used its share repurchase fund, and acquired 20,000 shares, representing approximately \$136.9 thousand pesos.

Shares acquired through the Company's share repurchase program are recorded under Stockholders' Equity, and therefore continue to be part of total outstanding shares. The number of outstanding shares has not undergone any reduction or modification since the cancellation of shares at the last Annual Shareholders' Meeting for 144,497,023 subscribed and unpaid shares. In addition, due to the method used to record these shares, the Company is able to sell the shares on the market without any restrictions and at a price determined by the market on each trading day.

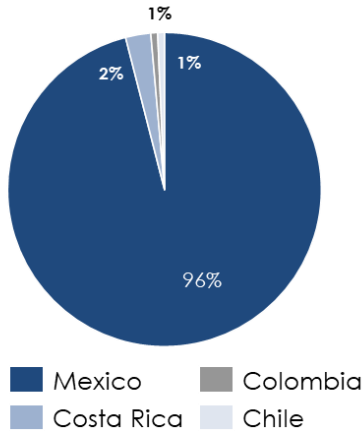
**Portfolio of Hotel Assets**

As of today, Hoteles City Express has an inventory of 151 hotels with a presence in 30 states and over 68 cities in Mexico, as well as four hotels in Colombia, one in Costa Rica, and one in Chile. The composition of the hotel portfolio is presented below:

**Hotel Portfolio by Geographic Location**

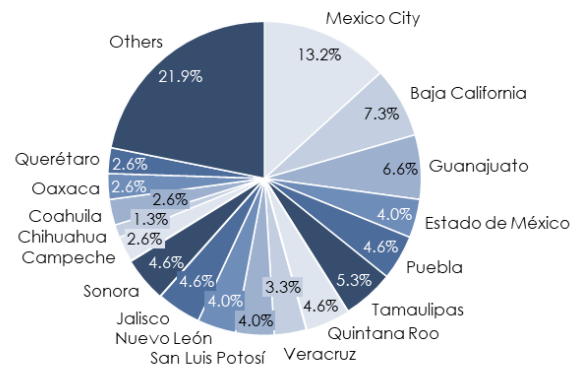
**By Country**

As of release date



**Mexico**

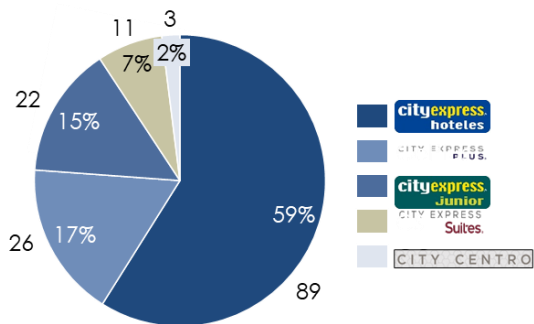
As of release date



(1) Others: Sinaloa, Michoacán, Tabasco, Baja California Sur, Chiapas, Yucatan, Aguascalientes, Colima, Zacatecas, Hidalgo, Durango, Nayarit and Tlaxcala

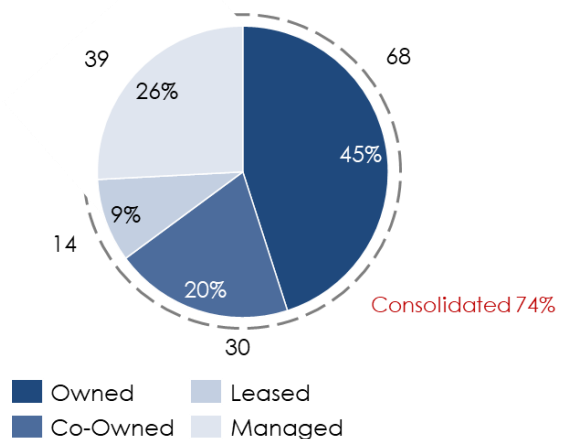
**Hotel Portfolio by Brand**

As of release date, # of Hotels and % of Total Portfolio



**Hotel Portfolio by Ownership**

As of release date, # of Hotels and % of Total Portfolio



**Hotel Development**

Using the proceeds from the sale of the brands to Marriott International, the Company has resumed investments in maintenance CapEx and renovations in distinct hotels according to each property's necessities in order to enhance individual returns. Furthermore, some of the projects that were paused during the COVID-19 pandemic have been resumed to strengthen our presence and capitalize on the demand of certain strategic locations for the Company. This will result in an increase in the installed asset base and therefore over time an expected increase in EBITDA.

Hoteles City Express has laid out a development plan focused on regions with attractive market dynamics and solid demand generation. The Company's Development Plan is described below:

Hotel Number	Development Pipeline	Hotel	Brand	Investment Scheme	Opening	Rooms	Location	Development Stage
<b>2023 Development Plan</b>								
145	1	Ce Hermosillo Expo	City Express Plus	Managed	3Q20	124	Sonora	Open
146	2	Ce Cabarca	City Express	Managed	4Q20	101	Sonora	Open
147	3	CP San Luis Potosí	City Express Plus	Co-Owned	2Q21	139	San Luis Potosí	Open
148	4	Ce Lagos de Moreno	City Express	Managed	3Q21	121	Jalisco	Open
149	5	Ce Monterrey Universidad	City Express	Owned	2Q22	147	Monterrey	Open
150	6	CP Guadalajara Providencia	City Express Plus	Owned	1Q23	150	Jalisco	Open
151	7	CP Mazatlán	City Express Plus	Managed	1Q23	130	Sinaloa	Open
152	8	CP Mérida Siglo XXI	City Express Plus	Co-Owned	1Q24	136	Yucatán	Deferred
153	9	Ce Cancún Aeropuerto	City Express	Co-Owned	4Q23	137	Quintana Roo	Under Construction
154	10	CP Monterrey Centro	City Express Plus	Co-Owned	1Q24	136	Monterrey	Under Construction
155	11	Ce CDMX Anzures	City Express	Owned	-	112	Ciudad de México	Deferred
156	12	Ce Guadalajara Chapalita	City Express	Co-Owned	-	148	Jalisco	Deferred
157	13	CP Guadalajara La Minerva	City Express Plus	Owned	-	162	Jalisco	Deferred
158	14	Ce Guadalajara Centro	City Express	Owned	-	113	Jalisco	Deferred
159	15	CC Puebla	City Centro	Owned	-	57	Puebla	Deferred
160	16	Ce Tijuana El Florido	City Express	Co-Owned	-	123	Baja California	Deferred
<b>Total</b>						<b>2,036</b>		

### Environmental, Social, and Economic Sustainability

Hoteles City Express has the following Sustainability Policy:

*"To be a catalyst for positive economic, social, and environmental impacts in each of the communities where we operate, incorporating innovation and comprehensive development through long-term value creation."*

All Hoteles City Express' hotels have been built and managed using environmental, social welfare, and occupational security standards at a local and international level. The following are some of the most important sustainability and social responsibility certifications that have been awarded to Hoteles City Express:

- Safehotels Covid Clean: Independent certification based on World Health Organization guidelines that support the trust and excellence of the biosafety protocols implemented at each of the properties. This allows Hoteles City Express to position itself as the first hotel chain worldwide to receive this distinction, in addition to obtaining the SafeTravels certification seal, granted by the World Travel and Tourism Council (WTTC).
- LEED-EB-O&M Certification: granted by the United States Green Building Council (USGBC). To date, the following hotels currently have this certification: LEED Gold for the City Express hotels in Reynosa, Saltillo, and León; LEED Silver for the City Express hotels in San Luis Potosí, Puebla Centro, Monterrey Santa Catarina, Playa del Carmen, Puebla Angelópolis, Los Mochis, and Cd. Juárez; and LEED Certification for City Express hotels in Guadalajara, Irapuato, and Querétaro.
- EDGE (Excellence in Design for Greater Efficiencies): a certification system created by the World Bank International Financial Corporation (IFC). Hoteles City Express was the first company in the world to receive a green building EDGE certification for its City Express Hotel in Villahermosa. This certification was also awarded to the City Express Plus hotels in Santa Fe, Durango, Querétaro Jurica, Costa Rica, and City Express Suites Santa Fe. In January 2015, the Company obtained three additional certifications for the City Express Junior Ciudad del Carmen, City Express Junior Irapuato Norte, and City Express Puebla Autopista hotels, with estimated savings of 50% in energy, 45% in water use, and 36% in efficient construction materials, when compared to equivalent properties.



- Sustainable Water Hotel Award: granted by members of the Alliance for Water Sustainability in Tourism, encouraging better environmental practices in water use and care. Hoteles City Express has won this award for the renovation of five of its hotels: City Express Plus EBC Reforma, City Express Buenavista, City Express Mérida, City Express Villahermosa, and City Express Paraíso Tabasco.
- Distinctive “S” Sustainability Guarantee: The Ministry of Tourism, in collaboration with EarthCheck and the Rainforest Alliance, recognizes Hoteles City Express for good sustainable practices in line with sustainability criteria outlined by the World Tourism Organization (WTO). Eight hotels have won this distinction: City Express Mérida, City Express Suites Puebla Autopista, City Express San Luis Potosí Universitaria, City Express Irapuato, City Express Suites Anzures, City Express Manzanillo, City Express Cananea, and City Express Zacatecas.
- Socially Responsible Company Award: an award granted by the Mexican Center for Philanthropy, ranked Hoteles City Express as one of the best companies for corporate governance, quality of work life, environmental commitment, and social engagement in Mexico.
- Adherence to the UN Global Compact: by complying with the UN Global Compact, the Company has become part of a global commitment to ten universally accepted principles relating to human rights, labor standards, environmental conservation, and anti-corruption.
- Adherence to the National Code of Conduct for the Protection of Children and Adolescents in the Travel and Tourism Sector: currently, Hoteles City Express has 121 properties that have signed and implemented this code of conduct, committing to measures that prevent sexual and labor exploitation of children and adolescents within the tourism sector.
- Hoteles City Express continues to be part of the “Super Company Ranking”, published by the Expansión magazine. This distinction recognizes the Company as an organization where people want to work and where there is a continuous effort to strengthen the company’s culture and organizational environment. Additionally, it is recognized as a “Super Company for Women” by encouraging gender equality.
- The Company participates in the CDP (Carbon Disclosure Project) – Climate Change questionnaire, achieving a “C” level, resuming its management and awareness-raising process on climate change impacts.
- In addition, Hoteles City Express is a part of a group of pioneering Mexican companies to sign the Glasgow Declaration on Climate Action in Tourism, an initiative that has a global commitment to halve emissions by 2030 and achieve a net zero emissions by 2050.

Impacto City is the platform that houses the sustainable programs and actions that the Company carries out to care for the environment, generate value for society and increase the economic well-being of the communities where it is present.

Regarding Corporate Social Responsibility, Hoteles City Express focuses on high-impact projects that generate value for society and increase social and economic well-being within the communities in which it operates. The Company therefore focuses on initiatives related to both entrepreneurship and social cohesion that generate sustainable long-term benefits. One initiative on this front is a work inclusion program that incorporates hiring people with hearing disabilities that began in the northern part of the country, which has extended into sixty-two hotels in the Chain.

In 2023, the Company made an in-kind social investment of 3,134 room nights, equivalent to \$4.5 million pesos. With this investment, we put into action various initiatives that contribute significantly to the 17 Sustainable Development Objectives of the 2030 Agenda, creating alliances with high-impact organizations that benefit different communities and that join a global initiative to end poverty, protect the planet, and guarantee that all individuals have peace and prosperity.

During 1Q23, Hoteles City received the "Éntrale 2023" distinction from the Alliance for Work Inclusion of People with Disabilities as a result of its work and commitment in 2022 to promote the inclusion of people with disabilities in the Company. Additionally, Hoteles City Express received the HRC EquidadMX 2023 certificate from the Human Rights Campaign Foundation, for adopting anti-discrimination actions, implementing strategies in LGBTQ+ training, and creating a more inclusive work environment.

In 2Q23, in conjunction with World Environment Day, Hoteles City launched its 2022 sustainability report. This report highlights the main achievements through strategic alliances with over twenty organizations and institutions dedicated to promoting environment and societal well-being, achieving an impact on more than 73,800 individuals across various locations where Hoteles City operates.

During 3Q23, Hoteles City strengthened its environmental commitment by adding to its portfolio an initiative that will help offset up to 40% of the emissions generated by the Company in 2022. This will be achieved through the conservation and restoration of ecosystems located in the Selva Maya corridor in the Quintana Roo area.

For more information on Hoteles City Express initiatives, please visit:

<https://norte19.com/en/investors/sustainability>

**Conference Call Details:**

Hoteles City Express will host a conference call to further discuss these results:

**Date:** Thursday, October 19<sup>th</sup>, 2023  
**Time:** 12:00 am EST / 10:00 am Mexico City time  
**Dial-In:** 1-312-626 6799 (Chicago) / 1-346-248-7799 (Houston) /  
1-646-558-8656 (Houston)  
+52 558 659 6002 (Mexico) / +52 554 161 4288 (Mexico)  
+52 554 169 6929 (Mexico)

**To join the webinar by phone:**

1. Dial one of the domestic or international numbers listed above.
2. Enter the webinar ID **(898 9534 5971)**, followed by #.
3. If the meeting has not yet started, press # to wait.
4. You will be asked to enter your unique participant ID. Press # to skip.

**To join online, please register in advance for this webinar:**

**Webinar:** [https://us02web.zoom.us/webinar/register/WN\\_0wWNwSibTIGSTFpZyA\\_YtQ\\_-\\_/registration](https://us02web.zoom.us/webinar/register/WN_0wWNwSibTIGSTFpZyA_YtQ_-_/registration)

**About Hoteles City Express:**

Hoteles City Express is the leading and fastest-growing limited-service hotel chain in Mexico, in terms of number of hotels, number of rooms, geographic presence, market share and revenues. Founded in 2002, Hoteles City Express specializes in offering high-quality, comfortable and safe lodging at affordable prices via a limited-service hotel chain geared mainly towards domestic business travelers. With 151 hotels located in Mexico, Costa Rica, Colombia and Chile, Hoteles City Express operates five distinct brands: City Express, City Express Plus, City Express Suites, City Express Junior and City Centro, to serve different segments of its target market. In June 2013, Hoteles City Express completed its IPO and began trading on the Mexican Stock Exchange under the ticker symbol "HCITY" furthermore, on October 8, 2014, Hoteles City Express completed a follow on with the aim of accelerating its growth in new hotels over the next few years. During 2021, the Company commenced a capital increase process with the emission of ordinary shares.

HCITY has formal coverage, notes and analytical assessments by the following financial institutions and analysts: Actinver (Valentín Mendoza), Bank of America Merrill Lynch (Carlos Peyrelongue), J.P. Morgan (Adrian Huerta), Morgan Stanley (Nikolaj Lippman), Signum Research (Armando Rodríguez) and Monex (Brian Rodríguez).

For further information, please visit our website: <https://norte19.com/en/investors>

**Disclaimer**

The information presented in this report contains certain forward-looking statements and information regarding Hoteles City Express, S.A.B. de C.V. and its subsidiaries (jointly, "the Company"), which are based on the understanding of its management, as well as assumptions and information currently available to the Company. These statements reflect the Company's current vision regarding future events and are subject to certain risks, factors of uncertainty and assumptions. Many factors may cause the results, performance or current achievements of the Company to be materially different with respect to any future result, performance or accomplishment of the Company that might be included, expressly or implicitly, within such forward-looking statements, including, among other things: changes in general economic and/or political conditions, governmental and commercial changes at the global level and in the countries in which the Company does business, changes in interest rates and inflation, exchange rate volatility, changes in business strategy and various other factors. If one or more of these risks or uncertainty factors should materialize, or if the assumptions used prove to be incorrect, actual results could differ materially from those described herein as anticipated, estimated or expected. The Company does not intend to assume and does not assume any obligation whatsoever to update these forward-looking statements.

**-Financial Tables Below-**  
**Consolidated Income Statement**

Consolidated Income Statement (Thousands of Pesos)	3Q23	3Q22	3Q23 vs 3Q22	9M23	9M22	9M23 vs 9M22
			% Change			% Change
Total Revenues						
Revenues from Hotel Operation	867,760	789,970	9.8%	2,503,148	2,116,036	18.3%
Revenues from Hotel Management	18,491	55,678	(66.8%)	98,420	134,346	(26.7%)
<b>Total Revenues</b>	<b>886,251</b>	<b>845,648</b>	<b>4.8%</b>	<b>2,601,568</b>	<b>2,250,382</b>	<b>15.6%</b>
Costs and expenses						
Hotel operating costs and expenses <sup>(1)</sup>	544,238	450,390	20.8%	1,495,116	1,259,872	18.7%
Selling and administrative expenses	122,445	124,549	(1.7%)	390,065	359,285	8.6%
Depreciation and amortization <sup>(2)</sup>	104,170	127,943	(18.6%)	312,233	380,472	(17.9%)
<b>Total Costs and Expenses</b>	<b>770,853</b>	<b>702,882</b>	<b>9.7%</b>	<b>2,197,414</b>	<b>1,999,629</b>	<b>9.9%</b>
Expenses assoc. with new hotel openings	105	602	(82.5%)	2,474	1,023	141.8%
<b>Total</b>	<b>105</b>	<b>602</b>	<b>(82.5%)</b>	<b>2,474</b>	<b>1,023</b>	<b>141.8%</b>
<b>Operating Income</b>	<b>115,293</b>	<b>142,164</b>	<b>(18.9%)</b>	<b>401,680</b>	<b>249,730</b>	<b>60.8%</b>
Operating Income Margin (%)	13.0%	16.8%	(3.8 pps)	15.4%	11.1%	4.3 pps
<b>Adjusted EBITDA</b>	<b>219,568</b>	<b>270,708</b>	<b>(18.9%)</b>	<b>716,387</b>	<b>631,225</b>	<b>13.5%</b>
Adjusted EBITDA Margin (%)	24.8%	32.0%	(7.2 pps)	27.5%	28.0%	(0.5 pps)
<b>EBITDA</b>	<b>219,463</b>	<b>270,106</b>	<b>(18.7%)</b>	<b>713,913</b>	<b>630,202</b>	<b>13.3%</b>
EBITDA Margin (%)	24.8%	31.9%	(7.1 pps)	27.4%	28.0%	(0.6 pps)
Finance income	(25,646)	(17,827)	43.9%	(80,016)	(45,241)	76.9%
Finance costs <sup>(3)</sup>	162,213	167,335	(3.1%)	567,209	483,208	17.4%
Effects of valuation of financial instruments	4,740	(3,575)	NM	26,461	(46,192)	NM
Exchange result, net	(4,781)	11,108	NM	26,974	30,297	(11.0%)
<b>Comprehensive Financing Result</b>	<b>136,525</b>	<b>157,041</b>	<b>(13.1%)</b>	<b>540,628</b>	<b>422,073</b>	<b>28.1%</b>
Profit before income tax	(21,232)	(14,877)	42.7%	(138,948)	(172,343)	(19.4%)
Income tax expense	4,246	1,338	217.4%	27,789	4,503	517.1%
Net income from discontinued operations	(13,103)	0	NM	1,214,707	84,390	1,339.4%
<b>Net Income for the Period</b>	<b>(38,582)</b>	<b>(16,215)</b>	<b>137.9%</b>	<b>1,047,970</b>	<b>(92,456)</b>	<b>NM</b>
Net Majority Income	(38,640)	(751)	5,042.3%	1,072,220	(42,460)	NM

- (1) Includes a benefit of \$20.7 million for 3Q23 and \$62.0 million for 2023 for lease capitalization due to the adoption of IFRS.
- (2) Includes incremental depreciation of \$11.3 million for 3Q23 and \$33.8 million for 2023 for lease capitalization due to the adoption of IFRS 16.
- (3) Includes the incremental financial cost of \$7.2 million for 3Q23 and \$21.5 million for 2023 for lease capitalization derived from the adoption of IFRS 16.

Consolidated Balance Sheet

Estado de Posición Financiera Consolidado (Miles de Pesos)	Al 30 de Septiembre del 2023	Al 31 de Diciembre de 2022	Al 30 de Septiembre del 2023 vs Al 31 de Diciembre de 2022 % Variación
<b>Efectivo y equivalentes en efectivo</b>	1,292,460	916,831	41.0%
Cuentas por cobrar, neto	185,702	154,730	20.0%
Impuestos por recuperar	262,098	282,410	(7.2%)
Pagos anticipados	134,320	99,315	35.2%
Instrumentos Financieros Derivados	6,887	4,708	46.3%
<b>Total Activos Circulantes</b>	<b>1,881,467</b>	<b>1,457,994</b>	<b>29.0%</b>
Propiedad, planta y equipo Neto	11,538,551	11,573,050	(0.3%)
Derecho de Uso (neto de amortización)	236,869	270,625	(12.5%)
Inversiones en Fideicomiso	36,603	36,603	0.0%
Depósitos en garantía	2,898	2,898	0.0%
Otros activos	72,481	72,186	0.4%
Instrumentos financieros derivados	43,458	66,160	(34.3%)
Impuestos a la Utilidad Diferidos	314,201	333,494	(5.8%)
<b>Total Activos no Circulantes</b>	<b>12,245,061</b>	<b>12,355,016</b>	<b>(0.9%)</b>
<b>Total Activo</b>	<b>14,126,528</b>	<b>13,813,010</b>	<b>2.3%</b>
<b>Pasivos y capital contable</b>			
Pasivo circulante:			
Préstamos e instituciones financieras e intereses por pagar	221,171	649,954	(66.0%)
Proveedores	152,405	111,075	37.2%
Otros Impuestos y Gastos Acumulados	480,637	244,923	96.2%
Impuestos a la utilidad por pagar	298,584	28,504	947.5%
Beneficios a los empleados	46,322	38,016	21.8%
Pasivo de Arrendamiento Capitalizables CP	53,980	53,980	0.0%
<b>Total Pasivos Circulantes</b>	<b>1,253,098</b>	<b>1,126,452</b>	<b>11.2%</b>
Préstamos de instituciones financieras	4,121,747	4,748,712	(13.2%)
Ingresos diferidos	34,816	31,452	10.7%
Otros Pasivos	299,332	381,804	(21.6%)
Beneficios a los empleados	3,482	5,268	(33.9%)
Impuestos diferidos	88,950	44,268	100.9%
Pasivo de Arrendamiento Capitalizables	257,147	297,633	(13.6%)
<b>Total Pasivos no Circulantes</b>	<b>4,805,474</b>	<b>5,509,137</b>	<b>(12.8%)</b>
<b>Total Pasivo</b>	<b>6,058,572</b>	<b>6,635,589</b>	<b>(8.7%)</b>
<b>Capital contable</b>			
<b>Participación Controladora</b>			
Capital social	5,972,958	6,068,347	(1.6%)
Resultado de ejercicios anteriores	1,364,475	398,625	242.3%
Otros Resultados Integrales	(407,436)	(404,656)	0.7%
<b>Total de la Participación Controladora</b>	<b>6,929,996</b>	<b>6,062,316</b>	<b>14.3%</b>
Participación no controladora	1,137,960	1,115,105	2.0%
<b>Total del Capital Contable</b>	<b>8,067,956</b>	<b>7,177,421</b>	<b>12.4%</b>
<b>Total Pasivo + Capital</b>	<b>14,126,528</b>	<b>13,813,010</b>	<b>2.3%</b>

Consolidated Cash Flow Statement

Consolidated Cash Flow Statement (Thousands of Pesos)	3Q23	3Q22	9M23	9M22
Profit before income tax	(21,232)	(14,876)	(138,948)	(172,342)
<b>Operating Activities</b>				
Discontinued Operations	0	0	0	(47,700)
Depreciation	104,171	127,942	312,233	380,471
Loss on disposal of equipment	4,388	32,587	16,698	33,338
Finance income	(25,647)	(17,827)	(80,016)	(45,241)
Finance costs	162,212	167,335	567,208	483,208
(Gain) Loss on Valuation of Financial Instruments	5,021	1,174	25,111	(45,248)
Expenses Related to Payments Based on Stocks	0	5,142	(7,714)	13,954
Unrealized foreign currency fluctuations	(35,636)	7,815	(24,718)	3,168
	<b>193,277</b>	<b>309,292</b>	<b>669,854</b>	<b>603,608</b>
<b>Changes in Working Capital:</b>				
Trade receivables	5,238	66,883	(30,973)	52,096
Recoverable taxes	(13,338)	41,300	20,312	104,167
Prepaid expenses, net	(3,706)	9,538	(35,005)	(8,166)
Trade and other payables	8,624	23,708	41,330	(13,297)
Accrued Expenses, others and taxes to be paid	68,898	42,194	72,151	106,269
Employee benefits	(3,502)	(4,217)	6,520	(18,625)
Income tax and business flat tax paid	(16,100)	(22,487)	(96,499)	(56,450)
<b>Net Cash Flows from Operating Activities</b>	<b>239,391</b>	<b>466,211</b>	<b>647,690</b>	<b>769,602</b>
<b>Investing Activities:</b>				
Payments for property, equipment and leasehold	(149,466)	(102,923)	(333,342)	(147,974)
Income from sale of land	0	33,950	0	0
Income from sale of brands	(23,103)	0	1,652,718	0
Sale of participation in subsidiary	0	0	69,855	292,166
Other assets	33	(2,813)	(295)	(574)
Finance income received	25,646	17,827	80,016	45,241
<b>Net Cash Flows used in Investing Activities</b>	<b>(146,890)</b>	<b>(53,959)</b>	<b>1,468,952</b>	<b>188,859</b>
<b>Financing Activities:</b>				
Proceeds from the issuance of equity instruments	3,586	3,857	6,741	13,954
Proceeds from contributions rec. from non-controlling interests	6,848	24,406	73,135	55,527
Repurchase of shares	(137)	0	(102,130)	0
Finance cost paid	(156,971)	(170,380)	(544,719)	(481,349)
Bank fees	(33,001)	0	(33,001)	0
Proceeds from short- and long-term borrowings	0	0	95,000	288,000
Repayment of borrowings	(34,181)	(143,838)	(1,125,052)	(757,045)
Payments to acquire non-controlling interests	0	0	(94,901)	0
<b>Net Cash Flows used in Financing Activities</b>	<b>(213,855)</b>	<b>(285,955)</b>	<b>(1,724,927)</b>	<b>(880,913)</b>
Net increase (decrease) in cash and equivalents	(121,354)	126,297	391,715	77,548
Cash at the beginning of the period	1,372,108	956,361	916,831	989,951
Effects of exchange rate changes on the balance of cash held in foreign currencies and effects of balances of foreign	41,706	11,321	(16,086)	26,480
<b>Cash at the End of the Period</b>	<b>1,292,460</b>	<b>1,093,979</b>	<b>1,292,460</b>	<b>1,093,979</b>

Hotel Inventory

Number	Hotel	Brand	Investment Scheme	Opening	Rooms	Location
1	Saltillo	City Express	Owned	May-03	120	Coahuila
2	San Luis	City Express	Owned	Jul-03	120	San Luis Potosí
3	Monterrey Santa Catarina	City Express	Owned	Oct-03	105	Nuevo León
4	Querétaro	City Express	Owned	Nov-03	121	Querétaro
5	León	City Express	Owned	Dec-03	120	Guanajuato
2003					586	
6	Anzures	City Express Suites	Leased	Apr-04	26	Ciudad de México
7	Puebla	City Express	Owned	May-04	124	Puebla
8	Nuevo Laredo	City Express	Managed	Aug-04	107	Tamaulipas
9	Ciudad Juárez	City Express	Owned	Oct-04	114	Chihuahua
10	Irapuato	City Express	Owned	Nov-04	104	Guanajuato
2004					1,061	
11	Reynosa	City Express	Owned	Feb-05	104	Tamaulipas
12	Cancun	City Express	Leased	Mar-05	128	Quintana Roo
13	Tuxtla Gutiérrez	City Express	Managed	Dec-05	124	Chiapas
14	Querétaro	City Express Suites	Owned	Dec-05	45	Querétaro
2005					1,462	
15	Chihuahua	City Express	Managed	Mar-06	104	Chihuahua
16	Guadalajara	City Express Plus	Owned	Jul-06	145	Jalisco
17	Tampico	City Express	Co-Owned	Nov-06	124	Tamaulipas
18	Mexicali	City Express	Owned	Dec-06	117	Baja California
19	Toluca	City Express	Owned	Dec-06	141	Estado de México
2006					2,093	
20	EBC Reforma	City Express	Owned	Jan-07	70	Ciudad de México
21	Hermosillo	City Express	Co-Owned	Apr-07	120	Sonora
22	Celaya	City Express	Leased	May-07	104	Guanajuato
23	Insurgentes Sur	City Express Plus	Owned	Jul-07	159	Ciudad de México
24	Tepozotlán	City Express	Leased	Dec-07	109	Estado de México
2007					2,655	
25	Toluca	City Express Junior	Leased	Feb-08	106	Estado de México
26	Mazatlán	City Express	Managed	Jun-08	110	Sinaloa
27	Lázaro Cárdenas	City Express	Owned	Nov-08	119	Michoacán
28	Puebla Angelópolis	City Express	Owned	Nov-08	117	Puebla
29	Tijuana Río	City Express	Managed	Dec-08	131	Baja California
30	Silao	City Express	Owned	Dec-08	121	Guanajuato
31	Toluca	City Express Suites	Owned	Dec-08	91	Estado de México
32	Monterrey Aeropuerto	City Express	Owned	Dec-08	166	Nuevo León
2008					3,616	
33	El Angel	City Express Plus	Owned	Jan-09	137	Ciudad de México
34	Mexicali	City Express Junior	Owned	Feb-09	104	Baja California
35	Tula	City Express	Managed	Mar-09	103	Hidalgo
36	Los Mochis	City Express	Owned	Jun-09	124	Sinaloa
37	Zacatecas	City Express	Managed	Jun-09	109	Zacatecas
38	Tijuana Otay	City Express Junior	Managed	Jun-09	134	Baja California
39	Veracruz	City Express	Leased	Sep-09	124	Veracruz
40	Saltillo Sur	City Express	Owned	Dec-09	107	Coahuila
41	Cancun	City Express Junior	Leased	Nov-09	106	Quintana Roo
2009					4,664	
42	Guadalajara Periférico Sur	City Express Junior	Leased	Feb-10	107	Jalisco
43	Ciudad Juárez	City Express Junior	Owned	Mar-10	128	Chihuahua
44	Nogales	City Express	Owned	Nov-10	109	Sonora
45	San Luis Univ.	City Express	Co-Owned	Dec-10	109	San Luis Potosí
2010					5,117	

Number	Hotel	Brand	Investment Scheme	Opening	Rooms	Location
46	Minatitlán	City Express	Co-Owned	Mar-11	109	Veracruz
47	Mérida	City Express	Co-Owned	Apr-11	124	Yucatán
48	Torreón	City Express	Managed	May-11	115	Coahuila
49	Culiacan	City Express	Co-Owned	Jun-11	133	Sinaloa
50	Veracruz	City Express Junior	Leased	Jul-11	104	Veracruz
51	Aguascalientes	City Express	Owned	Aug-11	123	Aguascalientes
52	Playa del Carmen	City Express	Owned	Sep-11	135	Quintana Roo
53	Puebla Autopista	City Express	Co-Owned	Oct-11	108	Puebla
54	Tuxtla Gutierrez	City Express Junior	Leased	Oct-11	106	Chiapas
55	Manzanillo	City Express	Owned	Nov-11	116	Colima
56	Ciudad del Carmen	City Express	Co-Owned	Dec-11	129	Campeche
2011					6,419	
57	Ciudad Obregon	City Express	Owned	Jan-12	120	Sonora
58	Campeche	City Express	Owned	Apr-12	110	Campeche
59	Villahermosa	City Express	Owned	Jul-12	155	Tabasco
60	Queretaro Jurica	City Express	Co-Owned	Sep-12	135	Querétaro
61	Durango	City Express	Co-Owned	Oct-12	120	Durango
62	San José	City Express	Owned	Nov-12	134	Costa Rica
63	Xalapa	City Express	Managed	Dec-12	126	Veracruz
64	Tijuana Insurgentes	City Express	Owned	Dec-12	127	Baja California
2012					7,446	
65	Chetumal	City Express	Leased	Mar-13	109	Quintana Roo
66	Santa fe	City Express Plus	Co-Owned	Jun-13	159	Ciudad de México
67	Santa fe	City Express Suites	Co-Owned	Aug-13	39	Ciudad de México
68	Oaxaca	City Express	Managed	Oct-13	103	Oaxaca
69	Salina Cruz	City Express	Managed	Oct-13	116	Oaxaca
70	Patio Universidad	City Express Plus	Owned	Dec-13	124	Ciudad de México
71	La Paz	City Express	Owned	Dec-13	124	Baja California Sur
72	Puebla Autopista	City Express Junior	Co-Owned	Dec-13	113	Puebla
73	Cali	City Express Plus	Owned	Dec-13	127	Colombia
74	Cananea	City Express	Co-Owned	Dec-13	98	Sonora
75	Irapuato Norte	City Express	Co-Owned	Dec-13	122	Guanajuato
2013					8,680	
76	Cd. Del Carmen Isla de Tris	City Express Junior	Managed	Feb-14	109	Campeche
77	Cd. Del Carmen Aeropuerto	City Express Junior	Co-Owned	Feb-14	124	Campeche
78	Tehuacan	City Express	Managed	Mar-14	108	Puebla
79	Paraíso	City Express	Co-Owned	May-14	108	Tabasco
80	Monterrey Norte	City Express	Managed	Aug-14	115	Nuevo León
81	Plaza Central	City Express	Leased	Sep-14	135	Ciudad de México
82	Puebla Autopista	City Express Suites	Owned	Sep-14	72	Puebla
83	Apizaco	City Express	Managed	Sep-14	104	Tlaxcala
84	Cd Victoria	City Express	Managed	Oct-14	108	Tamaulipas
85	Monterrey Nuevo Sur	City Express Plus	Owned	Dec-14	138	Nuevo León
86	Matamoros	City Express	Owned	Dec-14	113	Tamaulipas
87	Salamanca	City Express	Owned	Dec-14	113	Guanajuato
88	Villahermosa	City Express Junior	Owned	Dec-14	136	Tabasco
2014					10,163	
89	Los Cabos	City Express Plus	Owned	Apr-15	135	Baja California Sur
90	Los Cabos	City Express Suites	Owned	Apr-15	28	Baja California Sur
91	Tuxpan	City Express	Managed	Jul-15	108	Veracruz
92	Guadalajara Palomar	City Express Plus	Owned	Jul-15	113	Jalisco
93	Guadalajara Aeropuerto	City Express	Managed	Nov-15	118	Jalisco
94	Piedras Negras	City Express	Owned	Dec-15	113	Coahuila
95	Periférico Sur Tlalpan	City Express Plus	Owned	Dec-15	137	Ciudad de México
96	Monterrey San Jerónimo	City Express Plus	Owned	Dec-15	149	Nuevo León
97	Playa del Carmen	City Express Suites	Owned	Dec-15	56	Quintana Roo
98	Silao	City Express Suites	Owned	Dec-15	58	Guanajuato
2015					11,178	



Number	Hotel	Brand	Investment Scheme	Opening	Rooms	Location
99	Aguascalientes Centro	City Express Junior	Managed	Apr-16	66	Aguascalientes
100	CD MX Aeropuerto	City Express	Managed	Apr-16	98	Ciudad de México
101	San Luis Potosí Centro	City Express Junior	Owned	Apr-16	128	San Luis Potosí
102	CDMX Alameda	City Express	Managed	Jul-16	112	Ciudad de México
103	Reynosa Aeropuerto	City Express	Owned	Jul-16	113	Tamaulipas
104	Tijuana	City Express Suites	Managed	Jul-16	79	Baja California
105	Santiago Aeropuerto	City Express	Co-Owned	Aug-16	142	Santiago, Chile
106	Toluca Zona Industrial	City Express Junior	Managed	Sep-16	92	Estado de México
107	Rosarito	City Express	Owned	Sep-16	113	Baja California
108	Mundo E	City Express Plus	Leased	Dec-16	144	Estado de México
109	Bogotá Aeropuerto	City Express Plus	Owned	Dec-16	120	Bogotá, Colombia
110	Bogotá Aeropuerto	City Express Junior	Owned	Dec-16	116	Bogotá, Colombia
111	CDMX La Raza	City Express	Owned	Dec-16	127	Ciudad de México
112	Mérida Altabrisa	City Express Junior	Co-Owned	Dec-16	106	Yucatán
113	Querétaro Torre II	City Express Suites	Owned	Dec-16	44	Querétaro
114	CDMX	City Centro	Leased	Dec-16	44	Ciudad de México
					12,822	
115	Celaya Galerías	City Express	Managed	Jan-17	127	Guanajuato
116	San Luis Potosí Zona Industrial	City Express Junior	Managed	May-17	122	San Luis Potosí
117	Puebla Angelópolis	City Express junior	Owned	Jul-17	122	Puebla
118	Altamira	City Express	Co-Owned	Jul-17	127	Tamaulipas
	Mérida (Ampliación)	City Express	Co-Owned	Jul-17	42	Yucatán
119	Puerto Vallarta	City Express Plus	Owned	Jul-17	126	Jalisco
120	Medellín	City Express Plus	Owned	Sep-17	141	Medellín, Colombia
121	Tuxtepec	City Express junior	Managed	Sep-17	105	Oaxaca
122	Tijuana Otay	City Express	Managed	Dec-17	120	Baja California
123	León Centro de Convenciones	City Express junior	Co-Owned	Dec-17	137	Guanajuato
124	Monterrey Lindavista	City Express	Managed	Dec-17	130	Nuevo León
125	Oaxaca	City Centro	Co-Owned	Dec-17	103	Oaxaca
126	León Centro de Convenciones	City Express Plus	Co-Owned	Dec-17	132	Guanajuato
					14,356	
127	Tepic	City Express	Managed	Jan-18	125	Nayarit
128	Comitán	City Express	Managed	Apr-18	105	Chiapas
129	Gustavo Baz	City Express	Managed	Jun-18	125	Ciudad de México
130	Cancun Aeropuerto	City Express Plus	Co-Owned	Oct-18	120	Quintana Roo
131	Cancun Aeropuerto	City Express Suites	Co-Owned	Oct-18	63	Quintana Roo
132	Interlomas	City Express Plus	Owned	Nov-18	141	Estado de México
133	Tampico	City Express Plus	Co-Owned	Nov-18	122	Tamaulipas
134	CDMX Sullivan	City Express Junior	Owned	Dec-18	96	CDMX
135	Mérida	City Express Plus	Co-Owned	Dec-18	135	Yucatán
136	Ensenada	City Express	Managed	Dec-18	127	Baja California
137	Ensenada	City Express Plus	Co-Owned	Dec-18	134	Baja California
138	Tijuana	City Express Plus	Owned	Dec-18	156	Baja California
					15,805	
139	CDMX Tlalpan	City Express	Managed	Feb-19	96	CDMX
140	Tapachula	City Express	Owned	Mar-19	117	Chiapas
141	CDMX La Villa	City Express	Managed	Apr-19	106	CDMX
142	San Luis Potosí	City Centro	Owned	Nov-19	70	San Luis Potosí
					16,194	
143	Ce Guaymas	City Express	Owned	Jan-20	114	Sonora
144	Mexicali	City Express Plus	Owned	Feb-20	146	Baja California
145	Hermosillo Expo	City Express	Managed	Aug-20	124	Sonora
146	Caborca	City Express	Managed	Dec-20	101	Sonora
					16,679	
147	San Luis Potosí	City Express Plus	Co-Owned	May-21	139	San Luis Potosí
148	Lagos de Moreno	City Express	Managed	Jul-21	121	Jalisco
					16,939	
149	Monterrey Universidad	City Express	Owned	May-22	147	Nuevo León
					17,086	
150	Guadalajara Providencia	City Express Plus	Owned	Feb-23	150	Jalisco
151	Mazatlán	City Express Plus	Managed	Feb-23	130	Sinaloa
					17,366	

**-Proforma Financial Statements-**

**Proforma Consolidated Income Statement**

For more information relating to the elaboration methods of the financial statements and the transaction's description, please refer to the proforma audited consolidated financial statements for the nine-month period ending September 30<sup>th</sup>, 2023 and 2022, as well as the independent public accountant's assurance report of October 14, 2022 available on the websites of the BMV, CNBV, and the Company in the following links: [www.bmv.com.mx](http://www.bmv.com.mx), [www.gob.mx/cnbv](http://www.gob.mx/cnbv), <https://norte19.com/en/investors>

Consolidated Income Statement (Thousands of Pesos)	9M23	9M23 Proforma	Proforma Adjustments	9M22	9M22 Proforma	Proforma Adjustments
<b>Total Revenues</b>						
Revenues from Hotel Operation	2,503,149	2,506,451	3,302	2,116,036	2,123,803	7,767
Revenues from Hotel Management	98,419	54,716	(43,703)	134,346	49,415	(84,931)
<b>Total Revenues</b>	<b>2,601,568</b>	<b>2,561,166</b>	<b>(40,401)</b>	<b>2,250,382</b>	<b>2,173,218</b>	<b>(77,164)</b>
<b>Costs and expenses</b>						
Hotel operating costs and expenses <sup>(1)</sup>	1,495,116	1,562,017	66,902	1,259,872	1,396,253	136,381
Selling and administrative expenses	390,065	361,710	(28,354)	359,285	340,825	(18,461)
Depreciation and amortization <sup>(2)</sup>	312,233	312,233	0	380,471	380,471	0
<b>Total Costs and Expenses</b>	<b>2,197,413</b>	<b>2,235,960</b>	<b>38,547</b>	<b>1,999,628</b>	<b>2,117,549</b>	<b>117,920</b>
Expenses assoc. with new hotel openings	2,474	2,474	0	1,023	1,023	0
Utility from sale of intangible Asset	0	0	0	0	1,867,600	1,867,600
<b>Total</b>	<b>2,474</b>	<b>2,474</b>	<b>0</b>	<b>1,023</b>	<b>(1,866,577)</b>	<b>(1,866,600)</b>
<b>Operating Income</b>	<b>401,680</b>	<b>322,732</b>	<b>(78,948)</b>	<b>249,730</b>	<b>1,922,246</b>	<b>1,672,516</b>
Operating Income Margin (%)	15.4%	12.6%	(2.8%)	11.1%	88.5%	77.4%
<b>Adjusted EBITDA</b>	<b>716,387</b>	<b>637,439</b>	<b>(78,948)</b>	<b>631,225</b>	<b>2,303,741</b>	<b>1,672,516</b>
Adjusted EBITDA Margin (%)	27.5%	24.9%	(2.6%)	28.0%	106.0%	78.0%
<b>EBITDA</b>	<b>713,913</b>	<b>634,965</b>	<b>(78,948)</b>	<b>630,202</b>	<b>2,302,718</b>	<b>1,672,516</b>
EBITDA Margin (%)	27.4%	24.8%	(2.6%)	28.0%	106.0%	78.0%
Finance income	(80,016)	(90,595)	(10,579)	(45,241)	(113,416)	(68,174)
Finance costs <sup>(3)</sup>	567,209	540,643	(26,566)	483,208	423,107	(60,101)
Effects of valuation of financial instruments	26,461	26,461	0	(46,191)	(46,191)	0
Exchange result, net	26,974	26,974	0	30,297	30,297	0
<b>Financial Expenses</b>	<b>540,628</b>	<b>503,483</b>	<b>(37,145)</b>	<b>422,072</b>	<b>293,797</b>	<b>(128,275)</b>
Profit before income tax	(138,947)	(180,751)	(41,803)	(172,342)	1,628,449	1,800,791
Income tax expense	27,789	27,789	0	4,503	338,480	333,977
Net income from discontinued operations	1,227,810	1,214,707	(13,103)	84,390	84,390	0
<b>Net Income for the Period</b>	<b>1,061,073</b>	<b>1,006,166</b>	<b>(54,907)</b>	<b>(92,455)</b>	<b>1,374,359</b>	<b>1,466,814</b>
Net Majority Income	1,072,220	1,030,416	(41,804)	(42,460)	1,424,354	1,466,813

Proforma Consolidated Balance Sheet

Consolidated Balance Sheet	As of September 30, 2023	As of September 30, 2023 Proforma	Proforma Adjustment	As of December 31, 2022	As of December 31, 2022 Proforma	Proforma Adjustment
<i>(Thousands of Pesos)</i>						
Cash and equivalents	1,292,460	1,316,589	24,129	916,831	2,059,040	1,142,209
Trade receivables, net	185,702	141,999	(43,703)	154,730	35,157	(119,573)
Recoverable taxes	262,098	262,098	0	282,410	265,380	(17,029)
Prepaid expenses	134,320	134,320	0	99,315	99,315	0
Assets Available for Sale	0	0	0	0	0	0
Derivative financial instruments	0	0	0	4,708	4,708	0
Other receivables	6,887	6,887	0	0	0	0
<b>Total Current Assets</b>	<b>1,881,467</b>	<b>1,861,893</b>	<b>(19,574)</b>	<b>1,457,994</b>	<b>2,463,601</b>	<b>1,005,607</b>
Property, equipment and leasehold improvements	11,538,551	11,538,551	0	11,573,050	11,573,050	0
Right of Use (net of amortization)	236,869	236,869	0	270,625	270,625	0
Trust Investments	36,603	36,603	0	36,603	36,603	0
Guarantee deposits	2,898	2,898	0	2,898	2,898	0
Other assets	72,481	72,482	1	72,185	72,186	1
Derivative financial instruments	43,458	43,457	(1)	66,160	66,159	(1)
Defered income tax	314,201	314,201	0	333,494	333,494	0
<b>Total Long Term Assets</b>	<b>12,245,060</b>	<b>12,245,060</b>	<b>0</b>	<b>12,355,015</b>	<b>12,355,015</b>	<b>0</b>
<b>Total Assets</b>	<b>14,126,527</b>	<b>14,106,953</b>	<b>(19,574)</b>	<b>13,813,009</b>	<b>14,818,616</b>	<b>1,005,607</b>
<b>Liabilities</b>						
<b>Current Liabilities:</b>						
Bank loans and accrued interests	221,171	221,171	0	649,954	649,954	0
Trade accounts payable	152,405	204,981	52,576	111,075	264,471	153,396
Other taxes and accrued expenses	480,637	480,637	0	244,923	244,923	0
Derivative financial instruments	0	0	0	0	0	0
Income tax payable	298,584	298,584	0	28,504	286,407	257,903
Direct employee benefits	46,322	46,322	0	38,016	75,154	37,138
Right-of-use Liability	53,980	53,980	0	53,980	53,980	0
<b>Total Current Liabilities</b>	<b>1,253,098</b>	<b>1,305,674</b>	<b>52,576</b>	<b>1,126,453</b>	<b>1,574,890</b>	<b>448,437</b>
Long-term debt	4,121,747	4,121,747	0	4,748,712	3,948,712	(800,000)
Deferred revenues	34,816	4,469	(30,347)	31,450	0	(31,450)
Other Liabilities	299,331	299,331	0	381,803	381,803	0
Employee benefits	3,482	3,482	0	5,268	5,268	0
Derivative financial instruments	0	0	0	0	0	0
Defered income tax	88,950	88,950	0	44,268	44,268	0
Right-of-use Liability	257,148	257,148	0	297,633	297,633	0
<b>Total Long Term Liabilities</b>	<b>4,805,473</b>	<b>4,775,126</b>	<b>(30,347)</b>	<b>5,509,134</b>	<b>4,677,684</b>	<b>(831,450)</b>
<b>Total Liabilities</b>	<b>6,058,571</b>	<b>6,080,800</b>	<b>22,229</b>	<b>6,635,587</b>	<b>6,252,573</b>	<b>(383,014)</b>
<b>Equity</b>						
<b>Equity Attributable to the Owners of the Entity</b>						
Issued capital	5,972,958	5,972,958	0	6,068,347	6,068,347	0
Retained earnings	1,364,475	1,322,671	(41,803)	398,625	1,787,246	1,388,621
Other Comprehensive Income	(407,436)	(407,436)	0	(404,656)	(404,656)	0
<b>Total Equity Attributable to the Owners of the Entity</b>	<b>6,929,996</b>	<b>6,888,193</b>	<b>(41,803)</b>	<b>6,062,316</b>	<b>7,450,937</b>	<b>1,388,621</b>
Non-controlling interests	1,137,960	1,137,960	0	1,115,105	1,115,105	0
<b>Total Equity</b>	<b>8,067,957</b>	<b>8,026,153</b>	<b>(41,803)</b>	<b>7,177,422</b>	<b>8,566,042</b>	<b>1,388,621</b>
<b>Total Liabilities + Equity</b>	<b>14,126,527</b>	<b>14,106,953</b>	<b>(19,574)</b>	<b>13,813,009</b>	<b>14,818,616</b>	<b>1,005,607</b>