

## Hoteles City Express Announces Second Quarter 2023 Results

Mexico City, July 19<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 second quarter of 2023 (“2Q23”). Accounting figures have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and are presented in Mexican Pesos (“\$”).

### Financial and Operating Highlights (2Q23)

- At the Chain level, the Average Daily Rate (“ADR”) increased 9.0% and the Revenue Per Available Room (“RevPAR”) increased 12.4%, compared to 2Q22, reaching \$1,201 and \$674 pesos, respectively. The occupancy rate was 56.1%.
- Total revenue reached \$875.0 million, a 12.1% increase compared to the same quarter of 2022.
- Operating income reached \$126.6 million in 2Q23, compared to a \$96.9 million profit in the same quarter of last year.
- EBITDA and Adjusted EBITDA were \$230.8 million and \$231.2 million, respectively, in comparison to \$221.8 million and \$221.9 million registered in 2Q22. Adjusted EBITDA increased 4.2% from the previous year with a margin of 26.4% for the quarter.
- Net Income for the period was \$1,135.7 million compared to a loss of \$47.1 million in the same quarter of 2022. This was primarily driven by the profit made from the sale of the five brands to Marriott International.
- At the end of the quarter, the Chain operated 151 hotels, two hotels less with respect to the same quarter of the previous year. There were 17,367 rooms in operation during 2Q23, which was 111 less than the 17,478 rooms in operation at the end of 2Q22.



HCITY



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Operating and Financial Highlights	2Q23	2Q22	2Q23 vs 2Q22	6M23	6M22	6M23 vs 6M22
			% Change			% Change
<b>Operating Statistics for the Chain</b>						
Number of Hotels at the End of the Period	151	153	(1.3%)	151	153	(1.3%)
Number of Rooms at the End of the Period	17,367	17,478	(0.6%)	17,367	17,478	(0.6%)
Number of Installed Room Nights	1,583,894	1,582,117	0.1%	3,151,674	3,140,149	0.4%
Number of Occupied Room Nights	888,710	860,777	3.2%	1,724,887	1,566,005	10.1%
Average Occupancy Rate (%)	56.1%	54.4%	1.7 pps	54.7%	49.9%	4.8 pps
ADR(\$)	1,201	1,102	9.0%	1,199	1,085	10.6%
RevPAR(\$)	674	599	12.4%	656	541	21.3%
<b>Consolidated Financial Information (Thousands of Pesos)</b>						
Total Revenues	875,037	780,632	12.1%	1,715,317	1,404,734	22.1%
Operating Income	126,625	96,883	30.7%	286,388	107,566	166.2%
Operating Income Margin	14.5%	12.4%	2.1 pps	16.7%	7.7%	9.0 pps
Adjusted EBITDA	231,161	221,859	4.2%	496,820	360,517	37.8%
Adjusted EBITDA Margin (%)	26.4%	28.4%	(2.0 pps)	29.0%	25.7%	3.3 pps
EBITDA	230,758	221,778	4.0%	494,451	360,096	37.3%
EBITDA Margin (%)	26.4%	28.4%	(2.0 pps)	28.8%	25.6%	3.2 pps
Net Income	1,135,726	(47,090)	NM	1,086,552	(160,631)	NM
Net Income Margin (%)	129.8%	(6.0%)	NM	63.3%	(11.4%)	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:**

At Hoteles City today, we are building a new narrative that promises to unlock fresh growth opportunities spanning diverse markets and business sectors. In May, we announced the closing of the strategic alliance with Marriott International, a globally renowned hotel chain. This transaction allows Hoteles City to potentially increase its revenue through access to international markets, realize substantial cost savings via synergies, and expand contracts related to development, and management of new hotels. In addition, it provides the opportunity to leverage our technology platform within the hospitality sector. In the second quarter of the year, we have been adapting and integrating with Marriott International, seeking to align channels, market segments, technological platforms, systems, and promotion and advertising, among other aspects. As previously mentioned, Hoteles City Express will retain ownership and management of the hotels and will maintain its existing investment in co-invested hotels.

As owners, developers, and operators of hotels, we prioritize the profitability of the assets under our operation. To achieve this, we have undertaken an operational analysis to ensure we have the right personnel in place, adequately trained and fulfilling the staffing needs of our operations. We are improving our properties' market positioning in comparison to our competitive landscape, by increasing the number of productive agreements and fostering a more dynamic presence across a variety of sales channels. Moreover, we are renovating and updating our properties, picking up on any projects that were left incomplete due to the pandemic's impact, with the focus on the return on these investments.

Additionally, we are working to differentiate the City Express Plus and City Centro brands by consolidating our food and beverage offerings across terraces, cafeterias, and bars to maximize the ROIC for each property.

In recent years, defending our rates and increasing them in line with inflation has become one of the key challenges for Hoteles City. Since the COVID-19 pandemic began, cumulative inflation has reached 20.0% as of the second quarter of 2023, while our rate increased by 16.3%. Going forward, we expect further rate adjustments, however, at a lower rate increase going forward.

In terms of regional performance, hotels located in the Southeast region registered an occupancy rate of 63.9%, driven by the recovery in demand from groups, conventions, business, and leisure tourism. Moreover, the Northwest and Northeast regions also performed favorably due to the increasing nearshoring activity in the industrial border and mining corridor, coupled with a rising demand for medical tourism in fourteen destinations and 30 hotels within our Chain that have seen direct benefits. Further, the quality/price ratio we offer and our attractive locations in metropolitan areas have played a significant role in the recovery in the second quarter.

Beginning this quarter, we started to observe the effects of reduced cash flow for the Operator due to the sale of our Brands, leading to a 200-basis points impact on consolidated EBITDA margin. Nonetheless, as our integration with Marriott continues, recovery is expected at the cash flow level, enabled by hotel synergies, financial savings from debt reduction, and returns on cash investments in financial products. We estimate that the lost cash flow will be recovered within a period of approximately 15 months, due to operating synergies and improved financial results.

Our liquidity position, following the transaction with Marriott, has allowed us to significantly reduce debt and allocate funds towards capital investments for renovations and upcoming hotel openings. Likewise, during the quarter we made a prepayment to the syndicated loan using proceeds from the sale of the brands to Marriott International Inc. The prepayment amounted to \$800,000,000.00 (eight hundred million pesos 00/100 M.N.). This transaction enabled the Company to reduce the outstanding balance of the syndicated loan debt by over 20%, strengthening our balance sheet and improving cash flow in an environment of high interest rates. Hoteles City remains committed to pursuing financial efficiencies, portfolio optimization, and balance sheet deleveraging. We anticipate finalizing the refinancing of the syndicated loan in the coming days.

We continue to be active in our share repurchase plan, through which we acquired approximately 11.0 million shares of the Issuer. With this, during 2022 and 2023 we have repurchased approximately 31.9 million shares, leaving us with a total of 33.6 million shares in the fund. We will continue to work every day to make a reality the intrinsic value of Hoteles City Express.

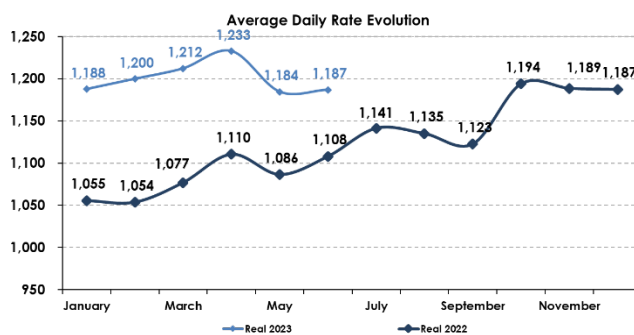
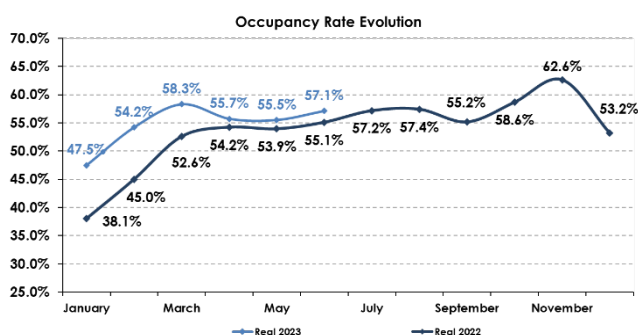
Today, as we embark on this new chapter that we are confident will open up important new opportunities, we take immense pride in our accomplishments of the past few years. We wish to reaffirm our commitment to our shareholders, who have consistently backed the strategies and business model of Hoteles City Express".

**Operating Statistics: Hotel Chain**

During the quarter, we observed an improvement in the Southeast, South, and Metropolitan regions of the country. Despite the growth trend being affected by demand stabilization and industry cyclicality, Chain numbers improved relative to last year. Business and leisure travelers in the South and Southeast regions of the country experienced the highest increases in occupancy and rates vs. the previous year.

During the quarter, ADR increased 9.0% year-over-year to \$1,201 pesos. As a result, RevPAR totaled \$674 pesos at the Chain level.

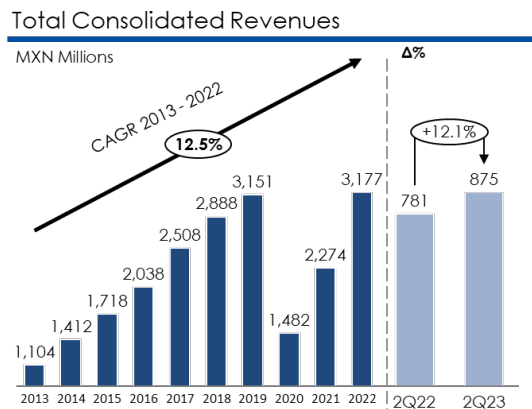
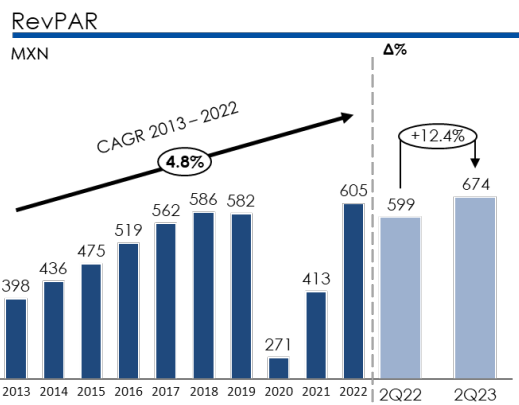
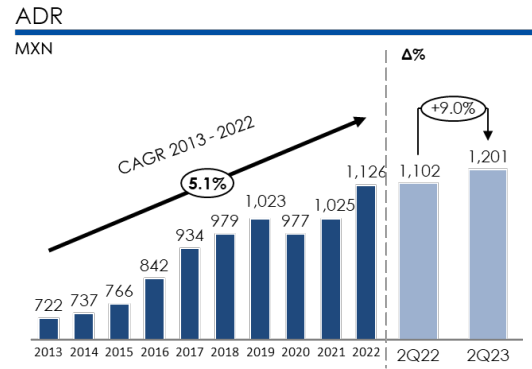
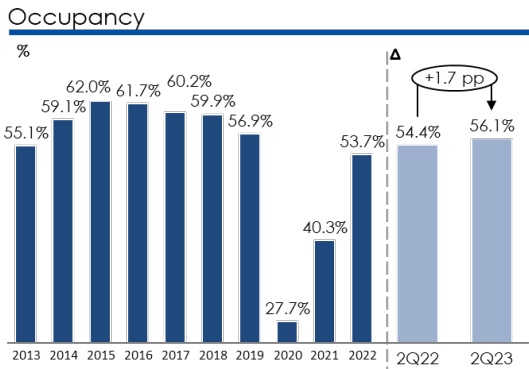
**Monthly Indicators and Occupancy and Rate Recovery**



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

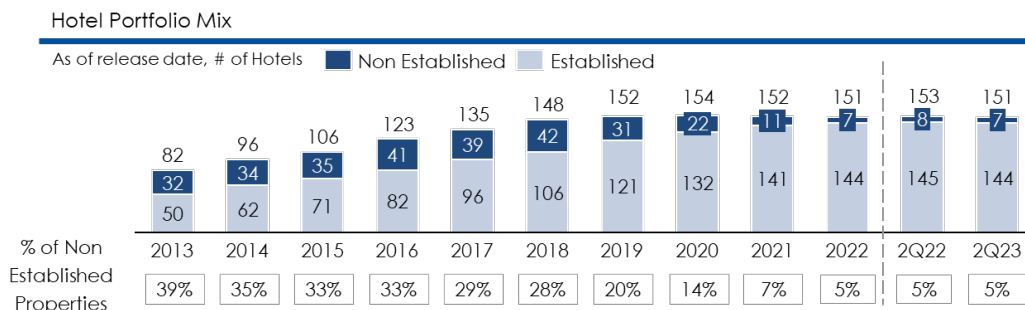
The improvement in monthly data compared to 2022 continued throughout the quarter, following the cyclicality of the industry. The occupancy levels in April and May were 55.7% and 55.5%, respectively, while June occupancy reached 57.1%. The average daily rates continued to show increases above inflation for each month of the quarter, 9.0% higher than 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 2Q23, the Chain had 144 Established Hotels and 7 Non-Established Hotels.

Established Hotels	2Q23	2Q22	Change 2Q23 vs 2Q22	6M23	6M22	Change 3M23 vs 3M22
Hotels	144	145	(0.7%)	144	145	(0.7%)
Rooms	16,455	16,516	(0.4%)	16,455	16,516	(0.4%)
Occupancy	57.2%	55.5%	1.7 pps	55.8%	50.9%	4.9 pps
ADR (\$)	1,196	1,101	8.6%	1,196	1,085	10.3%
RevPAR (\$)	684	611	12.0%	668	553	20.8%

The occupancy of this portfolio closed at 57.2%, approximately 1.1 percentage points above the Chain's portfolio and 1.7 percentage points above last year. The Suites and Express brand hotel portfolio experienced a notable positive recovery trend.

### 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)	2Q23	2Q22	2Q23 vs 2Q22	6M23	6M22	6M23 vs 6M22
			% Change			% Change
Hotel Operation	841,592	733,014	14.8%	1,635,389	1,326,065	23.3%
Hotel Management	179,560	200,184	(10.3%)	396,391	360,556	9.9%
<b>Total</b>	<b>1,021,152</b>	<b>933,198</b>	<b>9.4%</b>	<b>2,031,780</b>	<b>1,686,622</b>	<b>20.5%</b>

During the quarter, the Hotel Operations segment revenue increased 14.8%, from \$733.0 million in 2Q22 to \$841.6 million in 2Q23.

Hotel Management revenues decreased 10.3% year-on-year, falling from \$200.2 million in 2Q22 to \$179.6 million in 2Q23. The Company ceased to receive franchise revenues resulting from the strategic alliance with Marriott for the sale of the five brands. Upon closing of the transaction, Marriott International will receive the revenues from the use of the brands, advertising, loyalty program, and reservations.

Total Combined Segment Revenue grew 9.4%, from \$933.2 million in 2Q22 to \$1,021.2 million in 2Q23.

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 2Q23	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	8,024	13,004	17,367	17,367		17,367
Occupancy	60.9%	52.7%	55.9%	56.1%	56.1%		56.1%
ADR	1,228	1,181	1,201	1,201	1,201		1,201
RevPAR	748	623	671	674	674		674
Total Revenues	350,240	491,352	841,593	179,559	1,021,152	(146,115)	875,037
General Costs and Expenses	(247,940)	(362,562)	(610,502)	(179,489)	(789,991)	146,115	(643,877)
<b>Adjusted EBITDA</b>	<b>102,300</b>	<b>128,791</b>	<b>231,091</b>	<b>69</b>	<b>231,161</b>	<b>0</b>	<b>231,161</b>
Margin	29.2%	26.2%	27.5%	0.0%	22.6%		26.4%
Other non recurrent expenses	0	(403)	(403)	0	(403)	0	(403)
<b>EBITDA</b>	<b>102,300</b>	<b>128,388</b>	<b>230,688</b>	<b>69</b>	<b>230,758</b>	<b>0</b>	<b>230,758</b>
Margin	29.2%	26.1%	27.4%	0.0%	22.6%		26.4%
Depreciation	(42,725)	(61,408)	(104,133)	0	(104,133)	0	(104,133)
<b>Operating Income</b>	<b>59,575</b>	<b>66,981</b>	<b>126,555</b>	<b>69</b>	<b>126,625</b>	<b>0</b>	<b>126,625</b>
Margin	17.0%	13.6%	15.0%	0.0%	12.4%		14.5%

The FSTAY Portfolio occupancy was 60.9%, compared to 52.7% for the Non-FSTAY Portfolio, 8.2 percentage points higher. The ADR for the FSTAY Portfolio was 4.0% higher than the \$1,181 for the Non-FSTAY Portfolio, while RevPAR varied by 20.1% in favor of the FSTAY Portfolio.

The Adjusted EBITDA margin of the FSTAY Portfolio was 3.0 percentage points higher compared to the Non-FSTAY Portfolio.

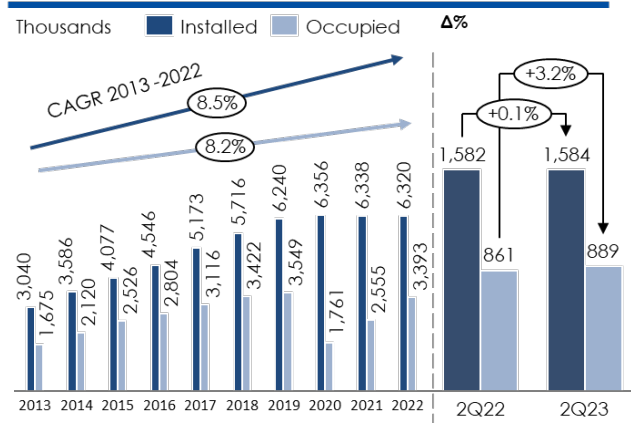
Consolidated Financial Results (IFRS Figures)

Income Statement Highlights (Thousands of Pesos)	2Q23	2Q22	2Q23 vs 2Q22	6M23	6M22	6M23 vs 6M22
			% Change			% Change
Rooms in Operation	17,367	17,478	(0.6%)	17,367	17,478	(0.6%)
Revenues from Hotel Operation	841,593	733,014	14.8%	1,635,389	1,326,065	23.3%
Revenues from Hotel Management	33,444	47,618	(29.8%)	79,928	78,669	1.6%
<b>Total Revenues</b>	<b>875,037</b>	<b>780,632</b>	<b>12.1%</b>	<b>1,715,317</b>	<b>1,404,734</b>	<b>22.1%</b>
Operating Income	126,625	96,883	30.7%	286,388	107,566	166.2%
Operating Income Margin	14.5%	12.4%	2.1 pps	16.7%	7.7%	9.0 pps
Adjusted EBITDA	231,161	221,859	4.2%	496,820	360,517	37.8%
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EBITDA Margin	26.4%	28.4%	(2.0 pps)	28.8%	25.6%	3.2 pps
Net Income	1,135,726	(47,090)	NM	1,086,552	(160,631)	NM
Net Margin	129.8%	(6.0%)	NM	63.3%	(11.4%)	NM

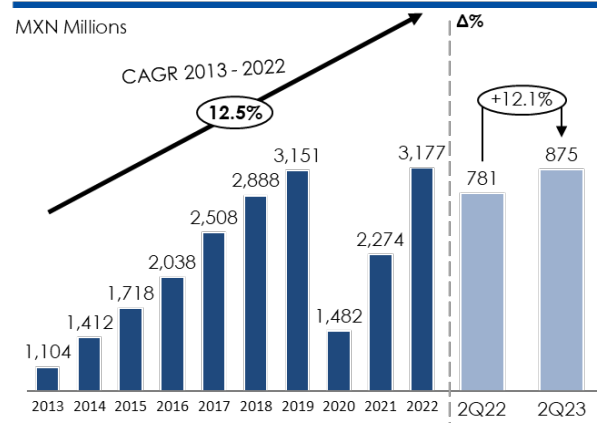
Revenues

During 2Q23, total revenues increased 12.1%, from \$780.6 million in 2Q22 to \$875.0 million in 2Q23. This increase is the result of improved rates and occupancy levels when compared to the same period of the previous year, although this increase is impacted by not receiving the revenues related to the five brands and franchises. The performance of the South, Southeast, and Northwest regions stood out, as they presented the best statistics during 2Q23.

Installed and Occupied Room Nights



Total Consolidated Revenues



**Costs and Expenses**

Total costs and expenses increased 9.4% year-on-year, from \$683.7 million in 2Q22 to \$748.0 million in 2Q23. This increase is directly related to the increase in sales, while costs per occupied room night also increased. This increase was 2.7 percentage points lower than the increase in revenues.

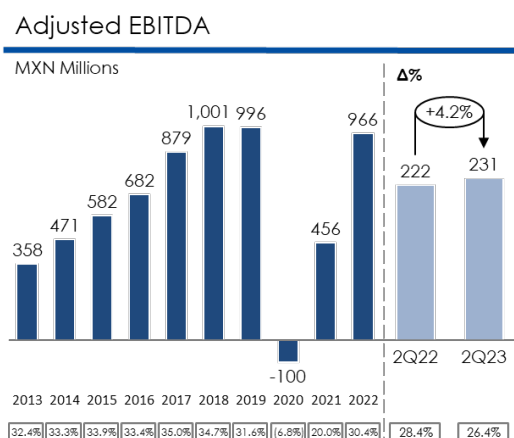
Selling and Administrative Expenses increased 16.5% compared to the same period of the previous year to \$142.7 million.

**Operating Income**

Operating income for the second quarter of 2023 was \$126.6 million, compared to the \$96.9 million in income reported in 2Q22. This was mainly due to the increase in sales resulting from improved rate and occupancy levels vs. the previous year.

**EBITDA and Adjusted EBITDA**

EBITDA reached \$230.8 million, while Adjusted EBITDA was \$231.2 million in 2Q23. This translated into year-on-year EBITDA and Adjusted EBITDA increase of 4.0% and 4.2%, respectively, compared to the same quarter of 2022 and a 2.0 percentage point decrease in the Adjusted EBITDA. Starting this quarter, we began to see the effect of the decrease in the Operator's cash flow resulting from the sale of the Brands, which impacted EBITDA margins at the consolidated level. Nonetheless, as our integration with Marriott continues, recovery is expected at the cash flow level, facilitated by hotel synergies, financial savings from debt reduction, and returns on cash investments in financial products. The expense for new hotel openings increased to \$0.4 million in the quarter, attributed to the CP Guadalajara Providencia hotel, which is still in its early months of operation.



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 increased to \$203.4 million in 2Q23, as a result of interest payments on our bank obligations with the current levels of the interest rates and net foreign exchange result. The net cost of financing<sup>1</sup> increased from \$144.2 million in 2Q22 to \$166.8 million in 2Q23.

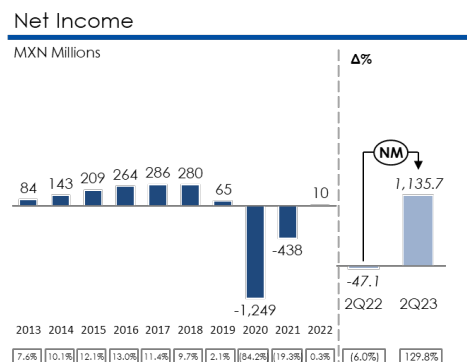
The net foreign exchange result for 2Q23 represented a loss of \$25.2 million, due to the valuation of the equity positions in our Chilean and Colombian subsidiaries, mainly due to the appreciation of foreign currencies. This did not cause any cash outflow from the Company.

The Company has signed financial derivative instruments to protect itself against changes in the interest rates. As of June 30th, 2023, it has ten instruments with different banks that hedge a total of \$3,293.4 million pesos, which represent 74.5% of the total debt. With these hedges, the Company has capped an 8.7% rate considering an average spread of 3.5%.

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.

**Net Income**

Net Income for 2Q23 was \$1,135.7 million, compared to a loss of \$47.1 million reported for the same period of the previous year. Majority Net Income for the quarter was a \$1,146.3 million gain.



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

## Financial Position and Leverage

Balance Sheet Highlights (Thousands of Pesos)	As of June 30, 2023	As of December 31, 2022	As of June 30, 2023 vs As of December 31, 2022 % Change
Cash and Equivalents	1,372,108	916,831	49.7%
Financial Debt <sup>(1)</sup>	4,382,714	5,367,667	(18.3%)
<b>Net Debt</b>	<b>3,010,606</b>	<b>4,450,836</b>	<b>(32.4%)</b>

1. Does not include payable interest for \$28.1 million as of June 30th, 2023, and for \$31.0 million as of December 31st, 2022.

At the end of 2Q23, the Company held \$1,372.1 million in Cash and Cash Equivalents, a 49.7% increase compared to December 31<sup>st</sup>, 2022. During the quarter, we repurchased around \$86.0 million pesos of the Company's shares.

Debt with financial institutions net of interest payable decreased 18.3% compared to the end of December 2022, closing the quarter at \$4,382.7 million. Of this amount, \$598.0 million is due in the next 12 months and \$124.7 million is denominated in Foreign Currency. During 2Q23, the Company made amortization payments of \$904.7 million, of which \$800.0 million corresponds to the prepayment made in May of the syndicated loan using proceeds from the transaction with Marriott International.

Net debt decreased by 32.4%, from \$4,450.8 as of December 31<sup>st</sup>, 2022, to \$3,010.6 million at the end of 2Q23. During the quarter, net debt decreased due to the inflow of proceeds from the Marriott transaction and the \$800.0 million prepayment of the syndicated loan.

Furthermore, the Company is currently in the final stages of refinancing the syndicated loan, which is expected to be concluded in the following days.

As of June 30<sup>th</sup>, 2023, Hoteles City reported a Total Financial Debt to Total Assets ratio of 31.2%. 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 \$1,301.0 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 reached approximately \$13,096.0 million pesos. At the end of 2Q23, the productive assets portfolio consisted of 95% Established Hotels and 5% Non-Established Hotels.

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

In 2Q23, Hoteles City Express registered \$180.9 million in Positive Net Cash Flow from operating activities. The Company invested \$127.3 million in the acquisition of property, furnishing, equipment, and leasehold improvements, among other items, compared to \$22.6 million it invested in the same category in 2Q22. This was due to the Company's investment in the construction of the CE Cancún Aeropuerto hotel and the CP Monterrey Centro hotel. Additionally, the Company's Negative Net Cash Flow from financing activities was \$1,124.9 million, compared to negative \$241.9 million, in 2Q22, due to the share repurchases made during the quarter and the prepayment of \$800.0 million towards the syndicated loan.

During 2Q23, the Company used its share repurchase fund, and acquired 11,037,150 shares, representing approximately \$86.0 million 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 antepenultimate Annual Shareholders' Meeting. 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.

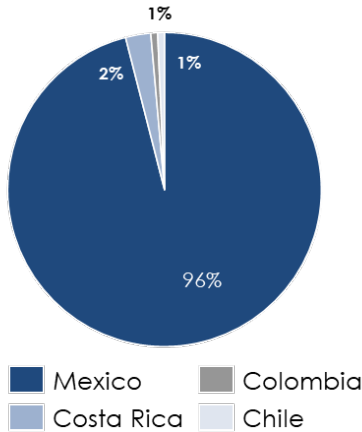
**Portfolio of Hotel Assets**

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**

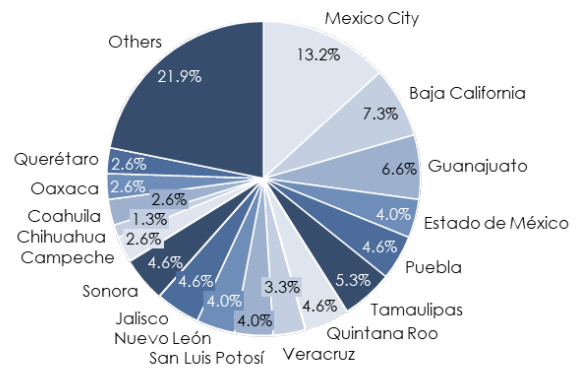
**By Country**

As of release date



**Mexico**

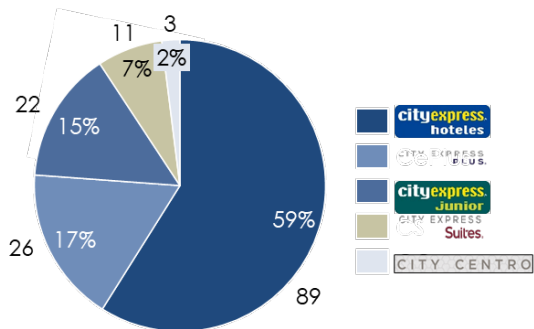
As of release date



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

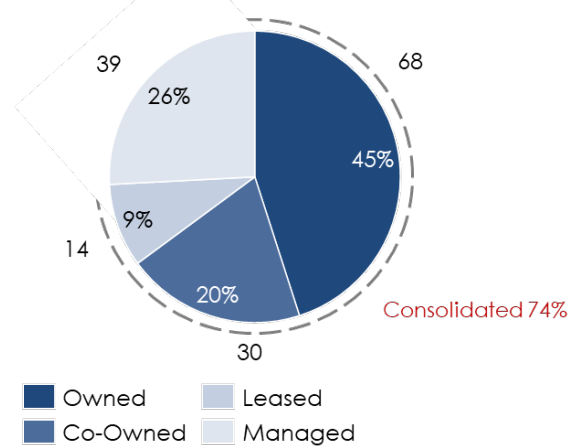
**Hotel Portfolio by Brand**

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, renovations, and in projects paused because of the COVID-19 pandemic. 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
146	1	Ce Hermosillo Expo	City Express Plus	Managed	3Q20	124	Sonora	Open
147	2	Ce Caborca	City Express	Managed	4Q20	101	Sonora	Open
148	3	CP San Luis Potosí	City Express Plus	Co-Owned	2Q21	139	San Luis Potosí	Open
149	4	Ce Lagos de Moreno	City Express	Managed	3Q21	121	Jalisco	Open
150	5	Ce Monterrey Universidad	City Express	Owned	2Q22	147	Monterrey	Open
151	6	CP Guadalajara Providencia	City Express Plus	Owned	1Q23	150	Jalisco	Open
152	7	CP Mazatlán	City Express Plus	Managed	1Q23	130	Sinaloa	Open
153	8	CP Mérida Siglo XXI	City Express Plus	Co-Owned	1Q24	136	Yucatán	Deferred
154	9	Ce Cancún Aeropuerto Central	City Express	Co-Owned	3Q23	137	Quintana Roo	Under Construction
155	10	CP Monterrey Centro	City Express Plus	Owned	1Q24	136	Monterrey	Under Construction
156	11	Ce CDMX Anzures	City Express	Owned	-	112	Ciudad de México	Deferred
157	12	Ce Guadalajara Chapalita	City Express	Co-Owned	-	148	Jalisco	Deferred
158	13	CP Guadalajara La Minerva	City Express Plus	Owned	-	162	Jalisco	Deferred
159	14	Ce Guadalajara Centro	City Express	Owned	-	113	Jalisco	Deferred
160	15	CC Puebla	City Centro	Owned	-	57	Puebla	Deferred
161	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 Júpica, 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.

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. Also, awarded during the same period.

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.

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

[www.cityexpress.com/en/investors/sustainability](http://www.cityexpress.com/en/investors/sustainability)

**Conference Call Details:**

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

**Date:** Thursday, July 20<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 **(851 6372 8716)**, 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\\_DT\\_KLTA8TnqH9bG0W055ng\\_-\\_/registration](https://us02web.zoom.us/webinar/register/WN_DT_KLTA8TnqH9bG0W055ng_-_/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: Activer (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://cityexpress.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)	2Q23	2Q22	2Q23 vs 2Q22	6M23	6M22	6M23 vs 6M22
			% Change			% Change
<b>Total Revenues</b>						
Revenues from Hotel Operation	841,593	733,014	14.8%	1,635,389	1,326,065	23.3%
Revenues from Hotel Management	33,444	47,618	(29.8%)	79,928	78,669	1.6%
<b>Total Revenues</b>	<b>875,037</b>	<b>780,632</b>	<b>12.1%</b>	<b>1,715,317</b>	<b>1,404,734</b>	<b>22.1%</b>
<b>Costs and expenses</b>						
Hotel operating costs and expenses <sup>(1)</sup>	501,204	436,262	14.9%	950,878	809,482	17.5%
Selling and administrative expenses	142,672	122,510	16.5%	267,619	234,736	14.0%
Depreciation and amortization <sup>(2)</sup>	104,133	124,895	(16.6%)	208,063	252,530	(17.6%)
<b>Total Costs and Expenses</b>	<b>748,009</b>	<b>683,667</b>	<b>9.4%</b>	<b>1,426,560</b>	<b>1,296,748</b>	<b>10.0%</b>
Expenses assoc. with new hotel openings	403	81	400.1%	2,369	421	462.4%
<b>Total</b>	<b>403</b>	<b>81</b>	<b>400.1%</b>	<b>2,369</b>	<b>421</b>	<b>462.4%</b>
<b>Operating Income</b>	<b>126,625</b>	<b>96,883</b>	<b>30.7%</b>	<b>286,388</b>	<b>107,566</b>	<b>166.2%</b>
Operating Income Margin (%)	14.5%	12.4%	2.1 pps	16.7%	7.7%	9.0 pps
<b>Adjusted EBITDA</b>	<b>231,161</b>	<b>221,859</b>	<b>4.2%</b>	<b>496,820</b>	<b>360,517</b>	<b>37.8%</b>
Adjusted EBITDA Margin (%)	26.4%	28.4%	(2.0 pps)	29.0%	25.7%	3.3 pps
<b>EBITDA</b>	<b>230,758</b>	<b>221,778</b>	<b>4.0%</b>	<b>494,451</b>	<b>360,096</b>	<b>37.3%</b>
EBITDA Margin (%)	26.4%	28.4%	(2.0 pps)	28.8%	25.6%	3.2 pps
Finance income	(27,569)	(21,956)	25.6%	(54,370)	(27,414)	98.3%
Finance costs <sup>(3)</sup>	194,384	166,148	17.0%	404,996	315,873	28.2%
Effects of valuation of financial instruments	11,389	(15,011)	NM	21,722	(42,616)	NM
Exchange result, net	25,158	10,904	130.7%	31,755	19,189	65.5%
<b>Comprehensive Financing Result</b>	<b>203,362</b>	<b>140,085</b>	<b>45.2%</b>	<b>404,103</b>	<b>265,032</b>	<b>52.5%</b>
Profit before income tax	(76,737)	(43,202)	77.6%	(117,715)	(157,466)	(25.2%)
Income tax expense	15,347	3,888	294.7%	23,543	3,165	644.0%
Net income from discontinued operations	1,227,810	0	NM	1,227,810	0	NM
<b>Net Income for the Period</b>	<b>1,135,726</b>	<b>(47,090)</b>	<b>NM</b>	<b>1,086,552</b>	<b>(160,631)</b>	<b>NM</b>
Net Majority Income	1,146,334	(25,974)	NM	1,110,860	(41,708)	NM

- (1) Includes a benefit of \$20.7 million for 2Q23 and \$41.3 million for 2023 for lease capitalization due to the adoption of IFRS.
- (2) Includes incremental depreciation of \$11.3 million for 2Q23 and \$22.5 million for 2023 for lease capitalization due to the adoption of IFRS 16.
- (3) Includes the incremental financial cost of \$7.2 million for 2Q23 and \$14.3 million for 2023 for lease capitalization derived from the adoption of IFRS 16.

Consolidated Balance Sheet

Consolidated Balance Sheet (Thousands of Pesos)	As of June 30, 2023	As of December 31, 2022	As of June 30, 2023 vs As of December 31, 2022
			% Change
Cash and equivalents	1,372,108	916,831	49.7%
Trade receivables, net	190,941	154,730	23.4%
Recoverable taxes	248,759	282,410	(11.9%)
Prepaid expenses	130,615	99,315	31.5%
Derivative financial instruments	2,237	4,708	(52.5%)
<b>Total Current Assets</b>	<b>1,944,660</b>	<b>1,457,994</b>	<b>33.4%</b>
Property, equipment and leasehold improvements	11,477,482	11,573,050	(0.8%)
Right of Use (net of amortization)	248,121	270,625	(8.3%)
Trust Investments	36,603	36,603	0.0%
Guarantee deposits	2,898	2,898	0.0%
Other assets	72,513	72,186	0.5%
Derivative financial instruments	53,929	66,160	(18.5%)
Deferred income tax	321,250	333,494	(3.7%)
<b>Total Long Term Assets</b>	<b>12,212,796</b>	<b>12,355,016</b>	<b>(1.2%)</b>
<b>Total Assets</b>	<b>14,157,456</b>	<b>13,813,010</b>	<b>2.5%</b>
<b>Liabilities</b>			
Current Liabilities:			
Bank loans and accrued interests	597,964	649,954	(8.0%)
Trade accounts payable	143,781	111,075	29.4%
Other taxes and accrued expenses	415,456	244,923	69.6%
Income tax payable	292,082	28,504	924.7%
Direct employee benefits	49,125	38,016	29.2%
Current Liabilities from Lease Capitalizations	53,980	53,980	0.0%
<b>Total Current Liabilities</b>	<b>1,552,388</b>	<b>1,126,452</b>	<b>37.8%</b>
Long-term debt	3,812,840	4,748,712	(19.7%)
Deferred revenues	36,304	31,452	15.4%
Other Liabilities	334,332	381,804	(12.4%)
Employee benefits	4,180	5,268	(20.6%)
Deferred income tax	85,241	44,268	92.6%
Liabilities from Lease Capitalizations	270,643	297,633	(9.1%)
<b>Total Long Term Liabilities</b>	<b>4,543,540</b>	<b>5,509,137</b>	<b>(17.5%)</b>
<b>Total Liabilities</b>	<b>6,095,928</b>	<b>6,635,589</b>	<b>(8.1%)</b>
<b>Equity</b>			
<b>Equity Attributable to the Owners of the Entity</b>			
Issued capital	5,969,508	6,068,347	(1.6%)
Retained earnings	1,403,114	398,625	252.0%
Other Comprehensive Income	(442,148)	(404,656)	9.3%
<b>Total Equity Attributable to the Owners of the Entity</b>	<b>6,930,474</b>	<b>6,062,316</b>	<b>14.3%</b>
Non-controlling interests	1,131,054	1,115,105	1.4%
<b>Total Equity</b>	<b>8,061,528</b>	<b>7,177,421</b>	<b>12.3%</b>
<b>Total Liabilities + Equity</b>	<b>14,157,456</b>	<b>13,813,010</b>	<b>2.5%</b>

Consolidated Cash Flow Statement

Consolidated Cash Flow Statement (Thousands of Pesos)	2Q23	2Q22	6M23	6M22
Profit before income tax	(76,737)	(43,201)	(117,715)	(157,466)
<b>Operating Activities</b>				
Discontinued Operations	0	0	0	(47,700)
Depreciation	104,132	135,167	208,063	252,530
Loss on disposal of equipment	2,403	751	12,310	751
Finance income	(27,568)	(21,956)	(54,370)	(27,414)
Finance costs	194,384	166,148	404,996	315,873
(Gain) Loss on Valuation of Financial Instruments	11,672	(17,130)	20,089	(46,422)
Expenses Related to Payments Based on Stocks	(3,857)	2,571	(7,714)	8,812
Unrealized foreign currency fluctuations	21,881	(11,582)	10,918	(4,647)
	<b>226,310</b>	<b>210,768</b>	<b>476,577</b>	<b>294,316</b>
<b>Changes in Working Capital:</b>				
Trade receivables	(11,311)	(13,487)	(36,211)	(14,787)
Recoverable taxes	6,494	23,710	33,650	62,867
Prepaid expenses, net	13,248	(4,894)	(31,300)	(17,705)
Trade and other payables	39,857	(23,485)	32,706	(37,004)
Accrued Expenses, others and taxes to be paid	(41,580)	16,832	3,253	64,076
Employee benefits	11,873	(1,343)	10,021	(14,408)
Income tax and business flat tax paid	(63,977)	(25,474)	(80,399)	(33,964)
<b>Net Cash Flows from Operating Activities</b>	<b>180,914</b>	<b>182,627</b>	<b>408,298</b>	<b>303,393</b>
<b>Investing Activities:</b>				
Payments for property, equipment and leasehold	(127,316)	(22,647)	(183,876)	(45,051)
Income from sale of brands	1,675,821	0	1,675,821	0
Sale of participation in subsidiary	(0)	0	69,855	258,216
Other assets	20	2,477	(328)	2,239
Finance income received	27,568	21,956	54,370	27,414
<b>Net Cash Flows used in Investing Activities</b>	<b>1,576,094</b>	<b>1,786</b>	<b>1,615,842</b>	<b>242,818</b>
<b>Financing Activities:</b>				
Proceeds from the issuance of equity instruments	3,316	3,857	3,155	10,097
Proceeds from contributions rec. from non-controlling interests	54,721	30,060	66,287	31,120
Repurchase of shares	(85,980)	0	(101,994)	0
Finance cost paid	(186,033)	(164,711)	(387,748)	(310,969)
Proceeds from short- and long-term borrowings	0	288,000	95,000	288,000
Repayment of borrowings	(904,705)	(399,126)	(1,090,871)	(613,207)
Payments to acquire non-controlling interests	(6,250)	0	(94,901)	0
<b>Net Cash Flows used in Financing Activities</b>	<b>(1,124,931)</b>	<b>(241,920)</b>	<b>(1,511,071)</b>	<b>(594,959)</b>
Net increase (decrease) in cash and equivalents	632,077	(57,507)	513,069	(48,748)
Cash at the beginning of the period	735,208	1,007,152	916,831	989,951
Effects of exchange rate changes on the balance of cash held in foreign currencies and effects of balances of foreign	4,823	6,716	(57,792)	15,158
<b>Cash at the End of the Period</b>	<b>1,372,108</b>	<b>956,361</b>	<b>1,372,108</b>	<b>956,361</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	Tepezotlán	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	118	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					3,617	
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					4,665	
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					5,118	

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					6,420	
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					7,447	
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					8,681	
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					10,164	
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					11,179	

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
					12,823	
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
					14,357	
127	Tepec	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
					15,806	
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
					16,195	
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
					16,680	
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
					16,940	
149	Monterrey Universidad	City Express	Owned	May-22	147	Nuevo León
					17,087	
150	Guadalajara Providencia	City Express Plus	Owned	Feb-23	150	Jalisco
151	Mazatlán	City Express Plus	Managed	Feb-23	130	Sinaloa
					17,367	
					2023	

**-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 six-month period ending June 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), [www.cityexpress.com/en/investors](http://www.cityexpress.com/en/investors)

Consolidated Income Statement (Thousands of Pesos)	3M23	3M23 Proforma	Proforma Adjustments	3M22	3M22 Proforma	Proforma Adjustments
<b>Total Revenues</b>						
Revenues from Hotel Operation	1,635,389	1,638,691	3,302	1,326,065	1,330,824	4,759
Revenues from Hotel Management	79,927	36,224	(43,703)	78,669	27,293	(51,376)
<b>Total Revenues</b>	<b>1,715,317</b>	<b>1,674,916</b>	<b>(40,401)</b>	<b>1,404,734</b>	<b>1,358,116</b>	<b>(46,618)</b>
<b>Costs and expenses</b>						
Hotel operating costs and expenses <sup>(1)</sup>	950,878	1,017,780	66,902	809,482	895,623	86,141
Selling and administrative expenses	267,619	239,265	(28,354)	234,736	234,474	(262)
Depreciation and amortization <sup>(2)</sup>	208,063	208,063	0	252,530	252,530	0
<b>Total Costs and Expenses</b>	<b>1,426,560</b>	<b>1,465,107</b>	<b>38,547</b>	<b>1,296,747</b>	<b>1,382,626</b>	<b>85,879</b>
Expenses assoc. with new hotel openings	2,369	2,369	0	421	421	0
<b>Total</b>	<b>2,369</b>	<b>2,369</b>	<b>0</b>	<b>421</b>	<b>421</b>	<b>0</b>
<b>Operating Income</b>	<b>286,388</b>	<b>207,440</b>	<b>(78,948)</b>	<b>107,566</b>	<b>(24,931)</b>	<b>(132,496)</b>
Operating Income Margin (%)	16.7%	12.4%	(4.3%)	7.7%	(1.8%)	(9.5%)
<b>Adjusted EBITDA</b>	<b>496,820</b>	<b>417,871</b>	<b>(78,948)</b>	<b>360,517</b>	<b>228,020</b>	<b>(132,496)</b>
Adjusted EBITDA Margin (%)	29.0%	24.9%	(4.0%)	25.7%	16.8%	(8.9%)
<b>EBITDA</b>	<b>494,451</b>	<b>415,502</b>	<b>(78,948)</b>	<b>360,096</b>	<b>227,599</b>	<b>(132,496)</b>
EBITDA Margin (%)	28.8%	24.8%	(4.0%)	25.6%	16.8%	(8.9%)
Finance income	(54,370)	(64,949)	(10,579)	(27,414)	(65,752)	(38,337)
Finance costs <sup>(3)</sup>	404,996	378,430	(26,566)	315,873	275,581	(40,292)
Effects of valuation of financial instruments	21,722	21,722	0	(42,615)	(42,615)	0
Exchange result, net	31,755	31,755	0	19,189	19,189	0
<b>Financial Expenses</b>	<b>404,103</b>	<b>366,959</b>	<b>(37,145)</b>	<b>265,032</b>	<b>186,403</b>	<b>(78,629)</b>
Profit before income tax	(117,715)	(159,519)	(41,803)	(157,466)	(211,334)	(53,868)
Income tax expense	23,543	23,543	0	3,165	3,165	0
Net income from discontinued operations	1,227,810	1,227,810	0	84,390	1,618,013	1,533,623
<b>Net Income for the Period</b>	<b>1,086,552</b>	<b>1,044,748</b>	<b>(41,803)</b>	<b>(76,241)</b>	<b>1,403,515</b>	<b>1,479,756</b>
Net Majority Income	1,110,860	1,069,055	(41,804)	(41,708)	1,438,047	1,479,755

Proforma Consolidated Balance Sheet

Consolidated Balance Sheet	As of June 30, 2023	As of March 31, 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	1,372,108	1,396,237	24,129	956,361	2,042,063	1,085,702
Trade receivables, net	190,941	147,238	(43,703)	157,546	106,169	(51,376)
Recoverable taxes	248,759	248,759	0	309,715	292,686	(17,029)
Prepaid expenses	130,615	130,615	0	91,868	91,868	0
Assets Available for Sale	0	0	0	114,673	114,673	0
Derivative financial instruments	2,237	2,237	0	1,323	1,323	0
Other receivables	0	0	0	55,876	55,876	0
<b>Total Current Assets</b>	<b>1,944,660</b>	<b>1,925,086</b>	<b>(19,574)</b>	<b>1,687,362</b>	<b>2,704,658</b>	<b>1,017,296</b>
Property, equipment and leasehold improvements	11,477,482	11,477,482	0	11,661,547	11,661,547	0
Right of Use (net of amortization)	248,121	248,121	0	267,883	267,883	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	72,513	72,514	1	68,695	68,696	1
Derivative financial instruments	321,250	321,249	(1)	72,309	72,308	(1)
Defered income tax	53,929	53,929	0	254,880	254,880	0
<b>Total Long Term Assets</b>	<b>12,212,795</b>	<b>12,212,795</b>	<b>0</b>	<b>12,364,814</b>	<b>12,364,814</b>	<b>0</b>
<b>Total Assets</b>	<b>14,157,455</b>	<b>14,137,881</b>	<b>(19,574)</b>	<b>14,052,176</b>	<b>15,069,472</b>	<b>1,017,296</b>
<b>Liabilities</b>						
<b>Current Liabilities:</b>						
Bank loans and accrued interests	597,964	597,964	0	326,624	326,624	0
Trade accounts payable	143,781	196,357	52,576	71,708	138,541	66,834
Other taxes and accrued expenses	415,456	415,456	0	291,619	291,619	0
Derivative financial instruments	0	0	0	0	0	0
Income tax payable	292,082	292,082	0	19,878	277,781	257,903
Direct employee benefits	49,125	49,125	0	22,714	59,852	37,138
Right-of-use Liability	53,980	53,980	0	48,654	48,654	0
<b>Total Current Liabilities</b>	<b>1,552,388</b>	<b>1,604,964</b>	<b>52,576</b>	<b>781,197</b>	<b>1,143,071</b>	<b>361,874</b>
Long-term debt	3,812,840	3,812,840	0	5,219,004	4,419,004	(800,000)
Deferred revenues	36,304	5,957	(30,347)	24,334	0	(24,334)
Other Liabilities	334,331	334,331	0	351,947	351,947	0
Employee benefits	4,180	4,180	0	4,522	4,522	0
Derivative financial instruments	0	0	0	0	0	0
Defered income tax	85,241	85,241	0	63,670	63,670	0
Right-of-use Liability	270,643	270,643	0	303,217	303,217	0
<b>Total Long Term Liabilities</b>	<b>4,543,539</b>	<b>4,513,192</b>	<b>(30,347)</b>	<b>5,966,695</b>	<b>5,142,360</b>	<b>(824,334)</b>
<b>Total Liabilities</b>	<b>6,095,927</b>	<b>6,118,156</b>	<b>22,229</b>	<b>6,747,891</b>	<b>6,285,432</b>	<b>(462,460)</b>
<b>Equity</b>						
<b>Equity Attributable to the Owners of the Entity</b>						
Issued capital	5,969,508	5,969,508	0	6,187,355	6,187,355	0
Retained earnings	1,403,114	1,361,311	(41,803)	321,850	1,801,606	1,479,756
Other Comprehensive Income	(442,148)	(442,148)	0	(287,592)	(287,592)	0
<b>Total Equity Attributable to the Owners of the Entity</b>	<b>6,930,474</b>	<b>6,888,671</b>	<b>(41,803)</b>	<b>6,221,613</b>	<b>7,701,369</b>	<b>1,479,756</b>
Non-controlling interests	1,131,054	1,131,054	0	1,082,671	1,082,671	0
<b>Total Equity</b>	<b>8,061,528</b>	<b>8,019,725</b>	<b>(41,803)</b>	<b>7,304,285</b>	<b>8,784,041</b>	<b>1,479,756</b>
<b>Total Liabilities + Equity</b>	<b>14,157,455</b>	<b>14,137,881</b>	<b>(19,574)</b>	<b>14,052,176</b>	<b>15,069,472</b>	<b>1,017,296</b>