

# AGUA DAY 2023

## Domi AI host

Good morning everyone and welcome to this year's AGUA DAY, Rotoplas, a Sustainable Growth Story. Please note that today's call will be recorded following the participation of our Keynote speaker.

- [DISCLAIMER]

Today's discussion contains forward-looking statements. These statements are based on the environment as we currently see it, and as such there may be certain risks and uncertainties associated with the following statements. The Company has no intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Today's agenda is as follows:

We will begin with Carlos Rojas introducing the main event, discussing the first two priorities on his CEO agenda. Mario Romero will then provide an update on the five-year business plan, focusing on economic value creation. Next, José Luis Mantecon will delve into Rotoplas' strategies for Sustainable Value Creation and ESG. Finally, Carlos Rojas will return to discuss priorities 3 and 4. We will conclude the day with a Q&A session.

## Domi AI host

It's a privilege to be surrounded by so many many humans with such a keen interest in understanding and solving the current water situation. Now, after these valuable insights, I'll leave you with Daniela, my human co-host. Over to you, Daniela.

## Daniela Madrazo

Thank you Domi.

Before introducing today's speakers, we want to know what you think. You'll see a poll on your screen with the question:

What do you perceive as the most difficult global water challenge today?

- Water scarcity
- Water quality
- Climate change impact
- Equitable water access

The poll is now closed.

Now, I'd like to introduce today's speakers:

**Carlos Rojas** is the Chief Executive Officer and Board member of Grupo Rotoplas. Carlos joined the Company in 2014 and since then he has held various positions; he was part of the international expansion, and responsible for driving the success of the Innovation

and Development department. Before being appointed as CEO he was the Vice President of Services.

At Rotoplas, Carlos has driven transformation and innovation from diverse perspectives, as well as the development of projects and the expansion of the company.

Carlos holds an undergraduate degree in Industrial Engineering from the **Tecnológico de Monterrey** and an MBA from Babson College.

**Mario Romero** is the Chief Financial Officer and a board member of Grupo Rotoplas

He has long been recognized for his innovative approach and execution throughout his career, having led a wide range of successful projects including a transformation program, strategy design & delivery, several cross-border M&A transactions, Rotoplas' initial public offering, and the issuance of the first Latin-American Sustainability Bond.

He is an advocate for Sustainable Investments and serves in several advisory councils & boards.

Thanks to his passion and drive in ESG, Mario assumed co-responsibility of the group's sustainability area in 2022.

He has received multiple awards from Institutional Investor, including best CFO and best ESG metrics.

Mario holds a bachelor's degree in Economics from the **ITAM** and a graduate certificate in Business Administration from Harvard University.

**José Luis Mantecón** is Rotoplas' Chief Sustainability Officer. He joined the Company in 1993 and held the International Operations Director position for several years, where he was responsible for the Southeast Mexico and Latin America expansion. In addition, as Vice President of Sustainability he is the co-lead of the execution of the ESG strategy.

Before joining Rotoplas, José Luis founded several companies in the construction sector.

José Luis holds a Bachelor's in Business Administration from Saint Michael's College in the United States and a postgraduate executive degree in marketing from **Anáhuac** University.

Now, to begin the presentation, I turn it over to Carlos Rojas. Carlos, the floor is yours.

## **Carlos Rojas A.**

Good morning and thank you for joining us today. On this AGUA Day, we gather at a critical moment in the history of our planet, a moment where water trends are redefining business opportunities for companies like Rotoplas. This year, as we celebrate our 45th anniversary, we are more committed than ever to solving global water issues.

Despite the challenges faced in 2023, Rotoplas's robust business model and agile strategy have enabled us to transform these obstacles into opportunities for evolution

and innovation. In a complex global context, especially in water-related issues, our transition from a product-centric enterprise to a comprehensive provider of sustainable solutions marks a significant shift. We now perceive water as a holistic service, integral to our mission.

Our strategy to reach the 2025 goals is clearly defined. We focus on strategic levers that include innovation in products and services, greater penetration in key markets, and the strengthening of our operations. The next steps involve the implementation of advanced technologies and the optimization of our processes to ensure sustainable and profitable growth, always keeping an eye on the changing needs of our customers and emerging market opportunities.

Before delving into our four strategic priorities and as we celebrate our 45<sup>th</sup> anniversary, I'm very proud to share that Rotoplas has been honored as a 'Famous Brand' by the Mexican Institute of Industrial Property (IMPI), a distinction awarded to fewer than 200 companies in the country for their reputation and prestige among consumers.

This recognition reflects our strong position in the market and reinforces the commercial value of our brand. It is a clear indicator of the trust and credibility that consumers, distributors, and employees have in us.

This morning we will examine in detail two of our four strategic priorities, starting with the sustainable growth of our traditional business, followed by the development of new businesses. Later in this session, I will cover the two additional priorities: the digitalization of the water ecosystem and our commitment to all stakeholders.

Beginning with the sustainable growth of our traditional business, this year, we have taken significant steps in this regard, particularly through innovative projects such as SMART, which represent the start of the evolution of our legacy products with the Tinaco Plus. We have implemented the new blowmolding manufacturing technology in 5 of our 8 storage solutions manufacturing plants in Mexico and we are just weeks away from having it in another plant, aiming to complete the implementation in all Mexican plants by 2024.

This blowmolding technology has not only increased efficiency in manufacturing and transportation but also improved the product's perception among our customers, who now see the Tinaco Plus as a more resistant, reliable and innovative product.

Moreover, the SMART project has had a significant impact on occupational health, improving working conditions and allowing us to increase the number of women involved in the manufacturing process. We have also achieved other efficiencies through a shift from gas to electricity and an optimization in the use of resins, resulting in a more sustainable and efficient product.

Comparing the Tinaco Plus with the traditional tinaco, we see notable advances: The Tinaco Plus produces approximately 40% less CO2 emissions than the traditional model. Additionally, the Tinaco Plus uses minimal water for cooling, compared to the 24 liters of the previous model. This, along with the incorporation of 40% recycled material (compared to 17% of the traditional model) and a reduced manufacturing time of 6-7 minutes (compared to 22-25 minutes), demonstrates our progress in efficiency

and sustainability. As we approach the project's completion, we have already allocated 70% of the total \$620 million pesos investment and we are on track for an IRR slightly above 20%, reflecting our practical and strategic investment approach.

It's also important to highlight the enhancements that directly benefit the customer experience. The new Tinaco Plus features a new screw-on lid that prevents the entry of pollutants, ensuring cleaner water storage. It also has vertical supports for increased stability and strength, along with lifting lugs for better handling during installation. These tanks also have an antibacterial layer with Expel technology that inhibits bacterial growth, contributing to safer water storage.

These customer-centric improvements are not just about offering a superior product; they are strategic moves to solidify Rotoplas' market position. By differentiating ourselves in a highly competitive market with the cost-effective design of the new Tinaco Plus, we maintain our category leadership and curb the competition's growth. Our commitment to innovation is reflected in meeting the current needs and addressing the pain points of our users.

These advances not only represent a step forward in terms of innovation and sustainability but also reflect our dedication to improving the customer experience and strengthening our position in the market. By focusing on efficiency in our traditional business, we are laying the foundation for continuous and responsible growth, aligning our operations with the needs of an increasingly environmentally conscious world.

Fueled by a commitment to strategic growth, we remain steadfast in refining our operational strategies and enhancing our core competencies. This vision is not merely a roadmap; it serves as our guiding star, influencing our cost management, pricing strategies, and now also guiding our M&A activities. Mario will later provide further detail on this aspect.

Our second strategic priority is centered on the growth and development of new businesses. We are targeting a yet-to-be fully developed market, rich with unmet needs and significant growth potential, which promises a steady stream of revenue. In this endeavor, we are expanding our footprint and diversifying our solutions portfolio, carefully balancing the opportunities and challenges that come with such expansion. As a strategic priority, we continue to invest in research and development in this business unit to consistently deliver top-notch solutions. Our expansion efforts and initiatives to enhance brand awareness are crucial elements of our strategy. I would like to mention that the negative EBITDA experienced by these service businesses as a group in recent years, despite the profitability of some, can be considered comparable to an investment in research and development. This investment is anticipated not only to drive future profitability but also to support the development of a completely new go-to-market strategy and initial market penetration efforts, both of which are fundamental to our long-term vision.

Our strategy is manifested in the development of several high-potential new businesses:

- Starting with **bebbia**, I want to take this opportunity, at this event and in light of the historic milestone where Bebbia reached 100,000 units, to introduce you to the latest innovation in our B2B purifiers. This new touchless purifier and

dispenser features infrared sensors for water dispensing to ensure greater hygiene when drinking water, reverse osmosis and ultrafiltration technology, a modern and compact design that optimizes space, and an enlarged cavity for all types of glasses and jugs. It also includes a digital display with temperature control and a child safety lock. Our efforts are dedicated to transforming how water is consumed, moving away from the unsustainable practice of bottled water.

Also this year, we have placed a strong emphasis on automating customer interactions, encompassing everything from contract initiation and scheduling installation and maintenance appointments, to managing user profiles and payment methods.

As highlighted during our previous Agua Day, our drinking water service has the potential to reach 3 million households or B2C clients and nearly one million institutional or B2B clients, with potential annual recurring revenue of half a billion dollars. In 2024, we will implement key initiatives to expand and strengthen this service, complement and renew the portfolio of institutional and residential filters, and train technicians and plumbers on customer and user interaction to continue improving their experience with bebbia. Other important initiative for this business is the implementation of the Programmatic M&A strategy.

- Now moving into **Rotoplas Water Services**, our water treatment and recycling business in Mexico has a market opportunity of approximately 1 billion dollars. We will see the implementation of important initiatives in the coming year, such as continuing to generate bookings with a focus on water-intensive industries. Additionally, we will persist in exploring innovative technology and IoT solutions to offer a holistic approach to our customers.
- About **Rieggo**, we are leveraging the latest technological advances to promote more efficient water use in agriculture, Rieggo represents a market opportunity of about 350 million dollars. Our 2024 strategy includes expanding our footprint in high-yield agriculture, particularly in berry cultivation. The strategic acquisition of HiTech Irrigation assets, an expert in irrigation systems with three decades of experience, is a key lever for growth. This move enhances Rieggo's capabilities in delivering advanced, automated irrigation solutions.
- Next, focusing on **Acuantia Brazil**. Acuantia Brazil specializes in water treatment and recycling plants in the largest domestic market in Latin America. This area represents a market opportunity of approximately 800 million dollars. Over the next 12 months, we will continue to develop a detailed process to track leads and capture sales and expand our capabilities and generate bookings in this market, with a particular focus on water-intensive industries.
- Lastly, regarding **Acuantia US**: In the United States, our subsidiary. Acuantia US, focuses on the septic business, representing one of the largest opportunities, with a served available market of around 1.35 billion dollars. In the coming year, we will focus on building capabilities and generating reserves, with special attention to adapting our offerings to the specific needs of the U.S. market while

strengthening our position. Our main initiatives will include: firstly, launching advanced septic solutions; and secondly, enhancing our customer service by implementing a more efficient Design/Build delivery model aimed at providing faster, more predictable results for our clients. Regarding our e-commerce business, it is advancing its water storage solutions with smart technology integration and light assembly capabilities. We are adopting a unique rental/lease model for temporary storage needs and intensifying our focus on large enterprise customers through personalized service and an omnichannel experience.

Now, I will pass the presentation over to Mario. Thanks again for your time.

## Mario Romero

Thank you, Charly. Hello everyone. I'm very glad you are joining us today. Let's begin by discussing our strategy and progress in 2023, then we'll review our expectations for the remaining two years of our five-year plan, and we'll conclude with some insights about our stock, AGUA.

2023 has been a year of strategic recalibration for us. Despite experiencing slower growth, we've achieved significant improvements in profitability. This year, we've navigated through several challenges, some of which were beyond our direct control. These include fluctuating exchange rates, specific climate events, and some political and macroeconomic factors.

The Mexican peso, for instance, revalued by about 11%, impacting the consolidated sales of our subsidiaries outside Mexico. In the U.S., higher rainfall levels prevented severe droughts in key states where we have stronger market presence. In Peru, El Niño pattern resulted in a warmer winter, which in turn affected our water heater sales.

In response to these challenges, we've concentrated on three key areas:

- **Operational Excellence and Profitability:** Despite a drop in sales, our 9 month EBIT increased by 7% through effective pricing strategies, which have been adjusted to account for inflation, raw material costs, competition, and profitability goals. It is also important to note that this year, we no longer recognized expenses related to the Flow transformation program, as this way of working has been fully adopted and integrated into our daily operations.
- **Brand Leadership:** We continue to lead in market share and product sales across the countries where we operate.
- **Expansion of New businesses:** Our services sector has seen a more than 40% increase in sales this year, gaining traction and scale.

Throughout this year, we have successfully improved our Return on Invested Capital, maintaining it consistently above the cost of capital. However, our net income has been affected by currency exchange fluctuations, particularly due to the impact of the

Mexican Peso to U.S. Dollar exchange rate hedge valuation. Since the launch of our five-year plan in 2020, this currency hedging strategy has incurred a cost of 174 million, but it has been instrumental in mitigating risk and ensuring stability for our business.

As we approach the close of 2023, we find ourselves moderately behind our planned objectives. However, setting challenges aside, we remain firmly on track to double our sales and achieve an EBITDA margin of 20% or higher. We're committed to maintaining a leverage ratio below 2.0x and achieving an ROIC close to 20%.

To reach these goals, we're targeting a CAGR for the next two years of approximately 16% in products, our value creation portfolio, and 80% in services, our growth portfolio. Regionally, we expect Mexico to grow by 16%, Argentina by 13%, the USA by 25%, and other regions, including Peru and Central America, by 17%.

A pivotal lever for achieving this growth, especially in new businesses, will be Programmatic M&A. We anticipate this strategy contributing an additional 4 to 5% growth in the coming years.

In terms of profitability, we're aiming for a 21% CAGR in product EBITDA and a breakeven EBITDA margin in services by 2025. Overall, this equates to a 21% growth in sales and 27% in EBITDA at the group level.

During this period, we will keep government sales under 10% of our groupwide revenues. Our projected capital expenditure for maintenance is around 1.5% of sales, with growth capex close to 3%.

To achieve these growth targets, we've defined specific lines of action for each country or region:

In Mexico, we'll continue with the national rollout of 'Tinaco Plus,' promote other newly launched products and maintain agile pricing strategies to uphold our brand leadership. In services, our focus is on scaling up bebbia, expanding bookings in RSA, and further developing rieggo.

For Argentina, we'll stick to our 'golden rules': responsive pricing strategies, sustainable cash flow, avoiding local currency debt, and maintaining market leadership.

In the U.S., as Charly highlighted, we're introducing advanced septic solutions, partnering with installers and engineers for predictable project delivery. Our storage business leverages our omni-touch model, which combines e-commerce, application sales expertise, and 14 strategically placed physical stores. Our stores also serve as hubs for replacement parts and local services. Beyond individual products, we're expanding into light assembly and will introduce smart water storage solutions with integrated sensors and software.

In Peru, we're focusing on maintaining profitability by aligning costs and expenses with demand. In Central America, we'll develop synergies between countries, leveraging our Nicaraguan plant, and continue penetrating the market with recent solution launches.

Now, Let's dive into the Programmatic M&A Strategy. Our aim is to cultivate a competence in identifying and integrating acquisition targets, elevating our M&A capabilities to the same level of critical importance and expertise as our sales and marketing functions.

To solidify our strategy, we've established a dedicated M&A division, focused exclusively on streamlining these processes. This division is charged with systematically reviewing acquisition opportunities and actively supporting our business units that earmark potential acquisitions as part of their strategic objectives.

Our Programmatic M&A focus has been sharply defined by an exhaustive analysis of the water market. Understanding the market size, growth potential, industry trends, and key players has led us to target the United States, Mexico, and Brazil for bolt-on acquisitions. These acquisitions are pivotal in accelerating the growth of our developing businesses, particularly in water purification, treatment and recycling, and irrigation.

Our approach to evaluating potential acquisitions is both rigorous and strategic. We prioritize three main criteria: strategic fit, financial attractiveness, as well as operational capabilities and synergies. Moreover, our aim is to focus on accretive acquisitions that significantly enhance our value, targeting an Internal Rate of Return (IRR) of over 18%. This disciplined method ensures alignment with our strategic objectives and augments our growth trajectory.

On a monthly basis, our M&A Committee rigorously reviews a pool of investment opportunities. This involves a comprehensive target screening based on key financial and operational metrics, ensuring we thoroughly assess each potential acquisition.

A critical component of our M&A process is our focus on Due Diligence and Valuation. This ensures we maintain accurate and strategic negotiation positions. Only after a target satisfies our financial and operational requirements do we proceed. Post-acquisition, our focus shifts to realizing synergies and planning the integration process, which is essential for the success of each transaction.

Achieving seamless integration requires a collaborative effort. It involves multiple departments right from the analysis of opportunities, assessing potential synergies, and planning for effective integration. This cross-functional approach ensures a comprehensive evaluation of each potential acquisition. Additionally, we propose a specialized Integration Committee.

We recently completed our first acquisition under our programmatic M&A strategy. We've acquired assets from HiTech, including their brand, inventory and clients database. This deal also gives us the opportunity to onboard staff with extensive knowledge of the irrigation market in Mexico, as well as the potential to finalize



negotiations that were underway. Due to confidentiality agreements, we are unable to disclose the acquisition price.

As we conclude the financial section of the presentation, I'd like to touch on a few points regarding our stock, AGUA.

Analysts' consensus on the target price suggests that AGUA's stock price has over a 50% upside potential. This is a robust indicator of the potential growth and profitability we foresee. Additionally, the consistent payment of dividends over the last 8 years, with an average dividend yield of 4.5%, stands as a testament to our financial strength and commitment to shareholder value.

In comparing Rotoplas with other significant players in the water sector, our valuation is discounted, despite having experienced higher sales and EBITDA growth over the last 5 years, as well as a current ROIC that is 1.7x greater than the industry median.

By investing in AGUA, stakeholders are not just investing in a company, but in a sector of growing global importance. AGUA represents a profitable legacy business with a promising growth segment, set to enhance our scale and diversify our company profile in the coming years.

I appreciate your time and attention today. Now, I'll hand over the presentation to José Luis, who will discuss our Sustainability results and aspirations.

### **José Luis Mantecón**

Thank you, Mario. Good morning, everyone. We deeply appreciate your time and interest in joining for this session.

In our discussion today I will focus on three key areas. First, I will provide an update on our progress and achievements towards our 2025 ESG targets. Next, I'd like to share with you the evolution of our climate change strategy, an area where we've made significant strides. And finally, I'll go through our approach to sustainability governance, particularly through our Sustainability Committee and various working groups dedicated to this cause.

As we discussed last year, our sustainability strategy revolves around a conscious capitalism approach, where People, Profit, and Planet are of equal importance. This strategy is designed to create value for all stakeholders.

Firstly, on the profit front, we've made significant progress. As of November 2023, we have completed the evaluation of 50% of our critical suppliers. This surpasses our initial target and sets a strong foundation for our upcoming Engagement Program and Pilot Improvement Plan with five critical suppliers in the next year.

Our Annual Net Promoter Score, a key indicator of our service level, is showing positive trends towards meeting our goal. We anticipate sharing the final results after the year's end.

In terms of our planet objectives, I'm proud to announce that we are on track to meet our emission intensity targets for Scope 1 and 2 per ton of processed resin. Furthermore, our initiatives have significantly contributed to the purification of water, measured in cubic meters, through our solutions.

Regarding our people pillar, we are in line with our targets for providing access to water and sanitation, a critical component of our mission. On the front of gender diversity, while we are slightly behind our target, it's important to note that our efforts this year have been strategically focused. We've conducted a comprehensive assessment to lay the groundwork for welcoming more women into our workforce. This has involved a detailed analysis of our manufacturing sites and plants, evaluating necessary physical space adaptations, revising our benefits packages, and developing robust career plans. These steps are essential in creating an inclusive and supportive environment for a more diverse workforce in the near future.

In 2024, we will focus on implementing the Mexican standard for labor equality and non-discrimination, meeting the requirements of the regulation, and enhancing our diversity and inclusion initiatives across gender, LGBT communities, and disability sectors. Additionally, we will strengthen our analysis of risks and opportunities related to climate change and water security.

This quarter, as part of our commitment to the community and our People pillar, we have reactivated the PAZA program (Program for Support in Affected Zones) to assist in the emergency response in Guerrero following Hurricane Otis in October. To date, we have donated 6 million pesos, with plans to contribute an additional 8 million. Our efforts include the distribution of water tanks, cisterns, a water purification system, purifiers, and other essential solutions, benefiting approximately 240 thousand people. This initiative not only aligns with our core values but also demonstrates our dedication to making a tangible impact in the lives of those affected by natural disasters.

At Grupo Rotoplas we are not only focused on meeting targets; but on creating a sustainable future for everyone.

Also, I'm excited to present our enhanced and dynamic approach to climate change, a journey that began in 2016 with the measurement of our carbon footprint, and consistently evolved, culminating in a comprehensive climate change strategy.

This year, we've reached a pivotal point in our strategy. After diligently compiling and validating our 2022 Greenhouse Gas inventory across all three scopes, we've been able to set a definitive baseline year. This groundwork allowed us to propose ambitious, yet achievable targets, which we submitted to the Science Based Targets initiative two weeks ago. I am proud to share that our alignment with the SBTi has propelled us to transition from a goal of carbon neutrality to aiming for net zero. To clarify, carbon neutrality refers to balancing emitted carbon with an equivalent amount of carbon offset, whereas net zero involves reducing emissions to as close to zero as possible, with any remaining emissions being balanced by removing carbon dioxide from the atmosphere. This shift not only heightens Rotoplas' commitment to the environment but also aligns us more closely to the Paris Agreement and the global efforts needed to mitigate climate change.

Our targets are clear. In the short term, by 2030, we aim to reduce our absolute emissions by 42% for scopes 1 and 2 and by 25% for scope 3. For the long term, by 2050, our ambition is to reduce emissions by 90% across all three scopes. We anticipate SBTi's review in March and expect to have our targets validated by mid-2024.

To meet these targets, we have developed a comprehensive roadmap that includes continuous progress in production, logistics, heat recovery, product improvement, supply chain management, and more.

For scope 1, key initiatives include transitioning from rotomolding to blow molding, as well as reducing fuel consumption in operations. This reduction can be achieved, for example, through the implementation of automated sensors for gas regulation and the evaluation of biofuels' use.

For scope 2, we are gradually transitioning to renewable energy sources for our operations in Mexico, alongside implementing energy efficiency measures, like replacing motors with higher efficiency ones, mainly in the pipes business, and optimizing heat utilization in manufacturing processes.

In scope 3, we are engaging with our suppliers to increase the use of recycled resins, encourage materials with lower carbon footprints, optimize distribution routes and fleets, and boost the energy efficiency of our products like purifiers, heaters, and pumps.

We remain committed to transparent reporting. Our annual inventory covering scopes 1, 2, and 3, along with our progress in reducing emissions, will be diligently reported. This also aligns with our intention to comply with the upcoming IFRS S2 standards.

Finally, I wish to address our governance strategies concerning ESG. This year, we introduced the Sustainability Committee 2.0, a revamped effort in orchestrating initiatives across the ESG dimensions.

Our innovative framework has been restructured to direct our endeavors through multidisciplinary workgroups. These groups function independently, led by volunteer leaders along with a sustainability team co-leader, fostering grassroots involvement and empowering our teams to significantly contribute to our ESG goals. Their quarterly updates are essential in informing the Sustainability Committee, which then escalates the information to the Corporate Practices Committee and ultimately, to our Board of Directors.

A notable initiative in 2023 is the 'Put on Sustainable Glasses' campaign. This initiative is critical in embedding sustainable practices within our corporate culture, making a meaningful impact on employees at all levels and regions.

However, we acknowledge the challenges we face, particularly in standardizing sustainable practices across diverse regions in the coming years. Our current focus is on Argentina and Peru, with plans to expand these practices to the USA and Brazil in the next phases.

In closing, I'd like to reaffirm our commitment to being a best-in-class company in the ESG space. We are geared towards ensuring that our sustainability initiatives continue to gain visibility, traction, and reach. We understand that our journey is ongoing, and we are grateful for your continued support and trust in us.

Now, I will pass the presentation over to Charly for the concluding part of our session. Thank you again for your attention and for joining us today.

## **Carlos Rojas A.**

Now, after listening to our financial and sustainability results, strategy and outlook, let me come back to our other two priorities. We are proactively adapting to market changes and global trends such as digitalization and the evolution of the IoT ecosystem.

The digitalization of the water ecosystem and our digital transformation is our third priority. This year, we have significantly advanced in our digital journey through a five-year strategic agreement with Google Cloud, supported by an enhanced partnership with SAP, marking a major step in our transformation.

This partnership with Google Cloud will guide us in leveraging their experience and capabilities, ensuring a seamless and transparent integration of their services into our operations. Google Cloud offers a broad array of cloud services, including infrastructure, data analytics, predictive and generative AI, and machine learning. These technologies will enhance our efficiency, productivity, and competitiveness. Notably, migrating our data centers to their more efficient cloud infrastructure will reduce our carbon footprint. Google data centers are twice as energy efficient as a typical one.

Simultaneously, SAP, a global leader in enterprise software, will aid in optimizing our processes, improving decision-making, and elevating customer service. Their tools, such as RISE with SAP are instrumental in the digitalization and optimization of our processes, as both Google Cloud and SAP will be integrated, thereby enhancing data analysis.

Specifically, Rotoplas and Google Cloud collaboration is built on six pillars: accelerating our digital transformation, digitizing the customer journey, optimizing operations and product development, logistics, sustainability, and intelligence. It focuses on:

- Streamlining Processes through Digitalization: This includes the migration of the ERP system to minimize our environmental impact.
- Leveraging Artificial Intelligence: To enhance the customer experience and create greater value for our stakeholders.
- Empowering Our Workforce with Technology: Through continuous training and education programs.
- Advancing Our Climate Strategy: Achieved through more effective data management and the use of advanced technological platforms.

The digitalization and IoT are creating new opportunities to improve water management and customer experience. In our water treatment and recycling plants we have started

a project to install a real-time non-invasive water consumption and wastewater discharge and recycling monitoring system across different plants, providing crucial data for technical report generation, license renewals, and regulatory compliance. Additionally, it seeks to establish a comprehensive database for sustainable water management, enabling the company to strategize on water footprint, optimize consumption, and generate cost-saving initiatives based on analyzed data. Our reading modules are installed in the flow meter to have real-time information. With this, our clients have access to the monitoring platform, as well as visits for preventive maintenance and error correction. Additionally, from the platform, reports and alerts can be sent directly to the client. In plants where the readers have been installed, the consumption of fresh water has been reduced by up to 17% below the average, representing significant savings.

Finally, our fourth priority is the commitment to all our stakeholders. We will continue to be driven by our company's ultimate purpose, providing the best solutions and services to our customers and communities. We will apply the best ESG practices, always keeping our stakeholders' best interests in mind. Our sustainable and agile growth strategy will continue to create value for our shareholders, promoting the well-being of our societies and safeguarding the planet we all share.

As we close this AGUA Day, I am deeply inspired by the path we have traveled together and excited about the future that awaits us. At Rotoplas, we are not only responding to global challenges, but we are redefining what it means to be a leading company in water management. With every innovation, each advance in our traditional and new businesses, and every step we take in the digitalization of the water ecosystem, we are contributing to a more sustainable and resilient world. We are transforming the way water is viewed, used, and valued, not just for our current generations but also for those to come. Our vision, our passion, and our commitment to all our stakeholders are clear: together, we are building a lasting legacy, a world where every drop of water counts.

Thank you for being part of this extraordinary journey at Rotoplas, where every day is an opportunity to innovate, impact, and inspire. Let's move forward with confidence and determination, knowing that the best path is the one we build together, towards a future where all people have more and better water.

We can now go to our Q&A session.

### [Daniela Madrazo \(Operator\)](#)

Thank you, Charly. We now have two more polls that will come up on your screen with their respective questions. First off:

Which side of the Rotoplas' story most resonates with you as an investor?

- Growth Story
- Sustainability Story
- Transformation Story
- Price Target upside

- All of the above

The poll is now closed.

Next up:

### **What are you most optimistic about regarding Rotoplas' future?**

- Evolution of the product portfolio
- Water as a service platform
- Water digitalization and data driven solutions
- Hitting ESG targets
- All of the above

Operator: Thank you. The poll is now closed. Once again, the most popular answer was all of the above. Thank you all for answering and sharing your thoughts with us. We will now conduct a Q&A session. If you would like to ask a question, please press the Q&A button located at the bottom of your computer screen and type your question as well as your full name and the name of your company. We will now pause for questions. Our first question comes from André Barredo from Miranda Partners. Can you provide more detail on the programmatic M&A strategy and how it differs from the previous M&A strategy?

Mario Romero (CFO): Sure. Do you want me to take this one, Charlie, or do you want to.

Carlos Rojas Aboumrad (CEO): Go ahead, Mario.

Mario Romero (CFO): Well, thank you for your question, André. And just happy to explain, the first component to explain the difference is scale. The traditional approach we were using was more on large and infrequent deals. As compared when you refer to our new program, the programmatic approach, we're going to be doing a smaller and more frequent deals. This programmatic M&A is more part of the long-term strategy that we're looking to build capabilities or market presence incrementally.

The second part is around risk, the traditional approach, which was occurring largely and infrequent, has a higher risk, also higher reward versus programmatic, which risk is spread over multiple deals. Spreading investment as more deals and mitigate risk tailors our underperformance and one acquisition can be offset by success in others. So that's the second component around the difference between one and the other one. The third one is around integration. Traditional is very extensive overhaul, while programmatic is less complex and more selective. And the third one will be a strategic focus. The prior one was like major market impact. What the programmatic is more gradual, building up our capabilities and so forth. So, it's like building a portfolio of complementary business

or products. So those are like the key differences. The frequency and scale, the strategic part, the integration part and the risk part. And I hope this answers your question. I don't know, Charlie, do you want to add anything else around the differences?

Carlos Rojas Aboumrad (CEO): No, no.

Operator: Thank you. Our second question comes from Miguel Medina. You have a \$1.35 billion total addressable market in the U.S.A. for Acuantia. And is this for the whole U.S.A. or just for the states or countries that you are targeting specifically?

Carlos Rojas Aboumrad (CEO): Thanks for your question, Miguel. And thanks for joining. Well, the \$1.35 billion market is a refreshed and focused look at the, our served available market for advanced septic solutions and overall water storage solutions. The market that the U.S. offers is tremendously big, compared to the rest of the markets we participate in. So, we really want to focus, and this is the way we want to offer something that's differentiated. Now this is going to be a strategy that will allow us to focus how we deploy our commercial resources and how we allocate resources in developing our offer. So, this is the look we will have going into 2024 to have higher focus in these very large markets. But we will continue to develop our offering and the markets we serve to grow the opportunity. Thank you, Miguel.

Operator: Thank you, Charlie. Our third question comes from Matías Pesqueira from Miranda Partners. Do you expect dividend payments to continue in coming years?

Carlos Rojas Aboumrad (CEO): We do. Maybe you want to answer more details, Mario, but it is something that we have been doing for the last 8 years or so. It's something that I think we can continue to offer with the dynamics that we have currently in the company. It is a practice that at the moment, can continue to happen considering the investments we're making and how we're allocating resources in Rotoplas. And so hopefully, we can expect this in the longer term. But for the foreseeable future, we do think that this can be expected. Mario?

Mario Romero (CFO): Yes, just to complement, dividend payments is part of our long-term plan. As we mentioned earlier in the presentation, we paid in the last eight years roughly around \$8 pesos in cash and in kind. So, it's about \$1 peso per year. Obviously, we have had years with \$0.50. The reimbursement has been ensured. It has been more. But at the end, it is part of our sustainable growth story to give back to our shareholders, a part of our results as in form of dividend. So, the short answer is yes.

Operator: Great. Thanks guys. Our next question comes from Martin Lara from Miranda Global Research. Thank you for the presentation. I have two questions actually. Could you please share with us your pricing strategy for 2024 and how do you see the raw material costs coming up in 2024 as well?

Carlos Rojas Aboumrad (CEO): Well, thank you very much for your question, Martin and for joining. We do not see raw materials prices coming down next year, that I can tell you. It is it has been very difficult to be accurate in having foresight for what will happen in the future with tremendous book environment. So, it's difficult to commit to a particular strategy. One of the things that we have developed at Rotoplas is agility, to be able to adapt to events that are beyond our capability to predict. And so, we do see prices being more stable in the coming year. But again, we have been surprised by different events, impossible to predict year after year for the last four years. So, what I can tell you is that we will continue to have a very dynamic and agile approach to facing any unforeseeable events. Mario, anything else that you'd like to add?

Mario Romero (CFO): Well, probably just right now the curve for energy prices and oil prices seems pretty much the same for 2024 as in for 2023. So, we expect, sorry, bottlenecks on the supply chains around the globe as are not there anymore. So, we expect a very similar year in terms of raw material costs going into 2024.

Operator: Great. Thank you. Our next question is for José Luis from Carmen Barroso at Miranda Partners. With the significant reduction in CO2 emissions and efficient use of water in the new Tinaco Plus+, how are you assessing and communicating the positive environmental and social impact to customers?

Carlos Rojas Aboumrad (CEO): So, let me just comment really quickly. Before passing the word to Jose Luis . Like I mentioned, we already have 5 manufacturing plants with this process out of 8. The 6th is coming online in just a couple of weeks. And so, since the transition has not been completed in all of our plants, we have been doing very local communication strategies. But we do expect to have a national, very strong communication strategy happening during next year. And that will be a great opportunity to communicate these ESG benefits from this new process. Jose Luis, would you like to comment, as well as you, Mario, on how we communicate this to other more specific groups of people that may be interested in this?

José Luis Mantecón (CSO): Sure, Charlie. This year, we first worked with manufacturing sites across Mexico to fully assess the positive impacts in terms of emissions and water consumption. Once we had certainty in terms of the data, we started communicating it through workshops with key people in the sales team, where we provided information about the environmental benefits of the Tinaco Plus+ that can be used during client meetings. We plan to set our communication efforts to our customers next year as we



will undergo the environmental product declaration methodology. We will be able to fully disclose the environmental footprint of this product. And once it is approved, we plan to use that information extensively, both in terms of labeling and in communication materials. Mario, I don't know if you want to add something else?

Mario Romero (CFO): Well, to all you guys from our investor community, we are continuously sharing with you how we're performing on our ESG goals. So, I would say it's a very holistic and comprehensive approach to communicate all the benefits of what we do to all of our stakeholders.

Operator: Great. Thank you. Our next question, or actually questions, there's three of them and we can take them in order are from Felipe Barragan from BTG. The first question is, following the Argentine elections, what can we expect from Rotoplas' operations in Argentina?

The second question is, what's the status of the programmatic M&A? Are you currently in negotiations to close the transactions or when can we expect to see some of the transactions close? And the third question is can you share with us the IRR of the recent HiTech acquisition, assuming it's above 18%? If you need any reminders on these, please do let me know.

Carlos Rojas Aboumrad (CEO): Thank you. Mario do you wanna go ahead.

Mario Romero (CFO): Sure, thank you very much, Felipe, and thanks for joining us this morning. If you don't mind, I would like to first go through the Argentinian question and tied up that one with the one from Sofia Martin from GBM, that she's also joining us this morning, that she has three questions around Argentina.

And to be frank, with all you guys today, while I was doing my early running, I was thinking about Argentina and yesterday's devaluation. So, I knew that it was coming this morning. So, I hope, you can understand, our position regarding Argentina. Well, first, I think it's fair to say that Rotoplas it will not be its first rodeo in Argentina. We've been there for more than 20 years. And as you all know, Argentina, it's a country that comes and goes and has this kind of volatility. So overall through time, we have always aimed to position the company and to focus on its long-term perspectives to focus on sustainability, to focus on operational efficiency and financial stability. Let me just give you some data points before jumping into the, answering your questions today, Argentina represents 30% of the total company revenues, 28% of the EBITDA and 12% of total assets. And the reason I'm mentioning assets, that's because that is where, it takes more time to offset the whole effect of the devaluation. And as you can see, revenues and EBITDA are way larger than assets. And that's the strategy behind we

always aim to have a light asset company in Argentina because we know when these volatility presents, it is what it takes longer to come back to its real value. So, in that I will explain first in terms of balance, it is going to be a neutral effect because we have as many assets and liabilities that offset, at the end and we don't have any local debt.

So, with that in mind, on the balance sheet, we will be reflecting a one-time effect, surely, in December. And that will be offset pretty much quite fast. In terms of revenue and EBITDA, as always in Argentina, it will be a price adjustment. Today, this morning, we receive a very comprehensive list from our team in Argentina. What were all the different, decisions being taken to offset this devaluation of yesterday. We anticipate that we will, we feel, comfortable to navigate the situation in Argentina in the short term, and for the long term, we feel more constructive with this new government coming in. Uh, we feel confident with our long-term strategy. And as, as mentioned, we will still be focusing on sustainability, operational efficiency and financial strength. So, all in all, it's going to be a short-term effect. And we'll come out very well positioned. Obviously, some opportunities will be presented. I would say mainly, probably competitors are not as well positioned as we are. So, we will be assessing those and taking advantage of probably gaining market share, on a more efficient way. So that's about Argentina in the short term, and in the long term, to connect with Sofia's question to 2025. Now I don't, we don't see that the 2025 guidance will be affected because of Argentina, given what I just explained about how fast revenues and EBITDA adjusted for inflation. So that's pretty much the answer around Argentina.

And then going back to Felipe's, questions around programmatic M&A. We do have a very active pipeline currently of M&A opportunities. When do we expect to close these transactions? You're going to be hearing a lot around closing transactions because as explained, to Andre, one of the things around programmatic M&A is to be smaller and more frequent transactions.

And finally, on your hitech question, we have an NDA, and we cannot disclose the amount of the transaction. So that's pretty much it.

Carlos Rojas Aboumrad (CEO): Mario, would you care or can we go to Michael Birkel's question. And you go to comment on that.

Operator: If you want, I can read it off as well.

Carlos Rojas Aboumrad (CEO): Please do.

Operator: Yes. From Michael Birkel from Zenon. There are quite a few best practice operators when it comes to a regular bolt on acquisition strategy. Do you have company benchmarks that you have studied to design your programmatic M&A? And can you explain a bit more how your integration process looks like for the acquisitions, assuming it too has some sort of common process for all?

Mario Romero (CFO): Well, hi Michael and I guess good afternoon for you. Thanks for joining us today. Well, I guess, when we put together this initiative, we got a very deep advisory from McKinsey. We run through different practices and what it's like the seven things that we need as a company to put together to be successful in a program such like this and that is what we've been building. It is not that we're starting programmatic M&A today, it is that we already started around 12 months ago. And we've been building internally all the processes and capabilities to be successful on the strategy. And as I've explained while I was running through my intervention, we have focused in three tracks, which is one of the best practices to observe, you don't want to chase everything. You have to be very specific on what tracks are you going to be chasing and that is why we were mentioning the rieggo opportunity. We are active on that space in Mexico. Then the second one goes around water treatment and recycling. That track we're looking after assets in Mexico and Brazil. And the third one is water filtration and purification to enhance bebbia and that we're looking into Mexico. So those are the 3 tracks that was one of the best practices to put in. And so that's where we are very active building the pipeline and assessing the assets and so on. And that's pretty much it. And in the sake of time, whenever you want, we can go offline, and I can explain to you in more detail all the different processes that we're putting together.

Carlos Rojas Aboumrad (CEO): And maybe just briefly explain on the capability we developed along with the McKinsey consulting approach of identifying synergies, developing initiatives

Mario Romero (CFO): Yes, do you want to go?

Carlos Rojas Aboumrad (CEO): Yes. So, as you know very well, we worked extensively with McKinsey on developing the Flow program. And it was about identifying opportunities and developing initiatives and executing on those initiatives. Originally, that methodology really came from acquisition strategies to identify synergies, putting those synergies, translating them into initiatives, having a whole practice of executing those initiatives with initiative owners and a complete methodology, because is a methodology that because of Flow, we became very good on. And so that is also the methodology that we'll be using and integrating these companies.

Mario Romero (CFO): Just to complement. And probably just in the sake of time, it's like we identified those strategic objectives that I just explained. Then we set the financial criteria, then we established operational criteria, and that is how we look at targets. We have these templates, and we filter through those criteria. And if it makes sense, then

we can get into the next step on a lot of new diligence evaluation. If they don't fit, we just discard them very fast.

Operator: Great. I'm just going to add a question on there that sort of tags on to the same line of thought from Miguel Medina. Any metrics you can disclose in terms of the M&A budget to acquire that 4% to 5% revenue growth?

Mario Romero (CFO): Yes. Well, this, we have defined as part of the strategy, we have a full document that we did when we decide to go after this approach. To achieve this, we think we will be investing around 6 billion Mexican pesos for the next 5 years. That should bring additional sales in the neighborhood of 4 billion Mexican pesos, which will represent an additional growth rate of 4% to 5% for the total company. So those are our high-level numbers that goes after this programmatic M&A initiative.

Operator: Great. Thank you. Our next question comes from an anonymous attendee and if you do want to share your name with us later on, we'd be happy to get that on our side. What are the various initiatives pursued to increase the percentage of women in the workforce at Rotoplas?

Carlos Rojas Aboumrad (CEO): José Luis, do you want to?

José Luis Mantecón (CSO): Sure. Well, first I'd like to comment that we have a dedicated Diversity and Inclusion Committee. Where key members across all areas participate to discuss and review this matter. We're also working in line with the NMX 025, which is a Mexican standard on labor equality and non-discrimination. Through this process, we are reassessing our policies, benefits packages and compensation, code of ethics, work-life balance, turnover rate among others. Together with human capital and our human resources business partners, we are working on improving our manufacturing facilities and have set local achievable targets while prioritizing the well-being of all of our female coworkers. Additionally, thanks to the implementation of blowmolding, we also expect to increase the percentage of women in the work in the workplace. I don't know if Charlie and Mario want to add something else.

Carlos Rojas Aboumrad (CEO): No. Thank you. Mario, do you have a comment?

Mario Romero (CFO): No, just also that we are adjusting some of our processes internally. To promote and accelerate that KPI in the coming months and years.

Carlos Rojas Aboumrad (CEO): And the only thing that I would add which is not very focused on women employment, it's also around diversity. So, we are big believers of diversity and so we really want to increase the population of women in Rotoplas but diversity including other segments, is of tremendous importance to improve the quality of our content. And in doing that, I can say that we also make big efforts and increasing the diversity at Rotoplas, which is, in my opinion, already very diverse community. And we already enjoy the benefits of having content in our process of evolving the company of very high quality. Thank you.

Operator: Thanks. Our next question comes from David Seaman from Alpha Cygni. As you roll out Tinaco Plus+, given the product enhancements, what is the comparable price versus the traditional product?

Carlos Rojas Aboumrad (CEO): Thank you for your question, David. It is a very similar price of it. There's tremendous benefits. There's also improvements in some of the costs. And with this, we can have a very high investment in evolving our very core legacy products. And we're having a very high investment, having a very healthy return on investment. So, for this, we keep prices at the same level. Mario, anything else that you'd like to add?

Mario Romero (CFO): Yes. And we are having a few cost savings, which is making our margins performance better. So, in all, it's like we're going to have , we're going to be , we brought to the market a much better product in all senses, sustainability-wise, performance-wise and so on. Plus, at the same price. So that should give us some advantage on market share in the coming years. On the other hand, because of the technology we're using, it is offering some cost advantages as well. So, margin expansion is happening. So, it's a very interesting blend to bring this new product with better cost profile to enhance the long-term perspective of these business segments.

Carlos Rojas Aboumrad (CEO): Just, by the way, it's something that will be very difficult for competitors to replicate, not that they wouldn't have access to technology like that. But since these machines produce so much out, you really have to have high demand to have high utilization of these machines, which are much higher in terms of investment compared to the rotation modeling investments. So, it's going to be a differentiator for Rotoplas. Just because of the output we have.

Operator: Our next questions, because there's 3 of them, come from Rodrigo Salazar at AM Investors, sorry, AM Advisors. Hello, thank you for all the info and congratulations on the exciting growth story. I have 3 questions. The first being, could you expand on the compound growth rate that you were expecting? So which ones can be achieved with current organic capabilities, and which will be driven more by the M&A mentioned? The second question.

Carlos Rojas Aboumrad (CEO): We can do one at a time.

Operator: Right. Go for it.

Carlos Rojas Aboumrad (CEO): Do you want to go ahead, Mario? The first one?

Mario Romero (CFO): Yes. I think a good way to see it this is obviously, all of you have different AGUA models. And when you see the growth to achieve our target for 2025, give or take, 3/4 or 75% of that growth will come around organic. And 1/4 will come from inorganic, mainly through this programmatic M&A, I think we've been discussing this morning very thoroughly. That programmatic approach is focused, as mentioned, in one rieggo, which we, this week, we released to the market that we acquired the first company. And the second one will be water treatment and recycling mainly focused on Mexico and Brazil. And the third component will be bebbia, which is doing bolt-ons. So those 3 businesses are going to be benefiting from inorganic growth as well. And the reason is to accelerate growth and take advantage of the opportunities. Most of the organic growth will come from the Products division. So that, those 2 things together, again, organic, 75%, inorganic, 25%, that will make it up to our 2025 revenue target.

Operator: Thank you. The second question is on services. What changed that you were expecting a much stronger growth than before? And what businesses would this growth be coming from? And in terms of profitability, he understands that this strong growth can come from investments, but what do you expect in terms of margins once that growth stabilizes?

Carlos Rojas Aboumrad (CEO): Thanks for your question, Rodrigo. So, one of the things that changed is really building the capabilities we need for this business. This is a business that requires different processes, different digital technologies and different talent. And so, it was fairly easy at the beginning to identify an opportunity that was very clear to us because of our experience in the space and the experience we have with our customers. But then to really be able to grow and take advantage of that opportunity, we have to develop the capabilities. So that's what has been changing very much in the past few years. And so, once that is happening, growth rate can continue to increase, or with much larger basis, also in the future, they can continue to remain. So, like we're saying, we don't expect growth to stabilize anytime soon. And so, regarding margins, where will they be at?, that's still going to be, some years down the line. Mario, anything else that you'd like to comment?

Mario Romero (CFO): What I was trying to convey and to complement Charlie, is that I think now the water, our thesis is starting to materialize. 80% of sewage water just

being dumped without any treatment now, it's like governments and companies are turning to become more aware of that. Agriculture, feeding, what, 10 million people, with all the different constraints that we have and all the water that is used in agriculture, that is also paying a lot of attention. The infrastructure is getting really old. So, water scarcity is playing a big role in the Products division. So, and what is becoming more evident is around climate change. Now here in Mexico City, we're getting like three days of rain in December after a big drought. And it's really changing a lot. So that is really affecting water supply while water demand is increasing. So, one of the reasons we see behind the water services having a stronger growth is that we really anticipate that all these macro trends will start to show up as revenue into our business. Thank you.

Operator: Great. And then our last question is, could you expand on the EBITDA margin expectation or EBITDA margin reduction expectation in the US? Is it driven by the septic business investment? And also going forward, what do you expect in that region in terms of profitability?

Carlos Rojas Aboumrad (CEO): So septic business investment, yeah. Thank you for your question, Rodrigo. So, part of it, part of the margin reduction was a higher investment in developing the septic business in the US. And then another part of it had to do with a market that in the core products that we were commercializing contracted in 2023 as a consequence of very high growth in the previous years because of drought and because of different dynamics that happened from the pandemic and the last season having had one of the wettest seasons in a very long time. And so that affected the market size in a very temporary term. And so, both of those effects septics and the precipitation of the last season really affected the margins on this business.

Operator: Great. Thank you. Our next question comes from Alejandro Lavin from Santander Asset Management, and it is regarding M&A. What is your firepower in U.S. dollars? It seems that you could be a bit more constrained in terms of size and accretive acquisition valuation, given that your leverage targets and thus leverage capacity and the valuation gap between yourselves and peers. Any thoughts on this? Thank you.

Mario Romero (CFO): Well, thank you, Alejandro, for joining us in AGUA's day. Yes, as I explained before, we have in our long-term financial model the firepower of deploying 6 billion Mexican pesos in the next five years. And that is without incurring any additional debt or crossing the 2x net debt to EBITDA ceiling that the company has. So, we feel on one hand, we are just coming out from a couple of years of investing heavily in the Products division with all this Tinaco Plus+. Going forward, the Products division will be more of a cash flow play. And the second one is services that we've been investing for the last 5 years very aggressively, as pointed out, we expect the whole division to break even by 2025. So those two things really create a lot of cash flow momentum. And obviously, enables Rotoplas to go after this programmatic M&A approach with

these 6 billion Mexican pesos and being still very conservative in terms of balance sheet management and debt leverage.

Carlos Rojas Aboumrad (CEO): Mario, you care to comment on valuation. I think, considering the size of the targets and the markets, we're pursuing that.

Mario Romero (CFO): Yes, that's a good point, Charlie. The assets we're pursuing they also are suffering of all these valuation gap. It is not a particular thing about Rotoplas. It's all Mexico that are affected by these valuation metrics. So obviously, we'll be, we will be very, very thoughtful about making an acquisition not accretive Rotoplas shareholders. But as what we have seen so far, the ones that we have in the pipeline and the ones that are close to, and the ones that are already closed, all of them are accretive at this point.

Operator: Great. Thank you. Our next question comes from David Seaman. It's a follow-up question. He's from Alpha Cygni. You mentioned that bebbia is one of the key focal points of the M&A strategy. He's curious as to what types of assets there are to buy in this segment, given that it is a new service in the market.

Mario Romero (CFO): Thanks, David, for your question. And that's one of the things, as you know, we've been a few years with bebbia, some small players are coming into place. Some of them in the B2C, some of them in the B2B. So, what we are looking at is just accelerating the speed of our users. As Charlie mentioned, we are hitting the 100,000 mark this year. And by screening these, some of them, they have 5,000, some of them have 2,000. So, we believe that like creating this momentum and putting into bebbia's platform can accelerate our long-term goal of 1 million users. So there are a few businesses, small all of them, but can be interesting as bolt-on bebbia's platform.

Operator: Thank you. Our next question comes from Carlos Alcaraz from Apalache Research. In your M&A plan from the Service segment, will you prioritize the development of any of the brands such as rieggio, for example, during 2024? Or which one do you consider could have the highest growth?

Carlos Rojas Aboumrad (CEO): Go ahead, Mario.

Mario Romero (CFO): Yes. Thanks, Carlos, for your question and for joining us in today's conference. Well, actually, we will be done in January with the Rieggio track because we have already explored all the different alternatives, and we will be concluding that track in terms of programmatic M&A. And we are considering, going into 2024, that water



treatment and recycling will be the highest growth opportunity to come from programmatic M&A.

Operator: Thank you. We have one last question. It is a follow-up question from Carmen Barroso at Miranda Partners. Regarding collaboration with Google Cloud and SAP, or S.A.P, how are you handling potential integration and training challenges for employees as they adapt to these new technologies? What benefits do you expect once this integration is completed?

Carlos Rojas Aboumrad (CEO): Thank you, Carmen, for your question. So that's one of the main reasons of doing this partnership with both Google Cloud and SAP is because we can increase the rate at which we are developing and training our talent, them having such large capabilities around the topic. Rotoplas naturally is not a subject matter expert in a lot of the topics that the alliance will cover. And so, the biggest thing in this alliance is that we'll be able to have access to both talent in these companies and talent in their ecosystems. And their ecosystems are very large. And so, it is very clear for us that as we believe that decentralized water solutions is the way, as a complement to centralized infrastructure, is a way to sustainability in terms of water and solving the water issues. We're very clear that this will only happen at scale with leveraging digital technologies. And so, we have been very focused on identifying what is the best way to develop a subject matter expertise within Rotoplas, as it's going to be so core in the decentralized water solutions. Mario?

Mario Romero (CFO): Yes. And then just to complement you, Charlie, I think the SAP and Google Cloud as a combo, I think it's a very good combination for any company. And not only for us. I don't know if you are aware, but back in, I think it was June, July. Actually, Google Cloud and SAP make a global partnership that can, that makes it easier to work with both of them together. And while we believe that really reduces the friction about employee training. Because before, you have to do a lot of interfaces between the different solutions. Today, you will have everything running smoothly. Second, Google Cloud and SAP, they both have what they call their stores, where there are multiple digital solutions to solve any type of business or function situations that run very easily within their platform. So instead of probably a project that will normally take you 4, 5 months, then you can accelerate and do it in 2 months. We believe that by having these 2 partnerships and as part of our technological and digital pillars will accelerate Rotoplas' digital initiatives and help our employees to thrive better on releasing our full potential on the digital space.

Operator: Thank you, Mario. That concludes our question-and-answer session. If we were unable to answer any of your questions today, please do reach out to our Investor Relations team, and they will be happy to help you. We would like to take this opportunity to thank all our speakers again for their contributions and to thank you all for joining us virtually today. As a thank you for your time and interest, we would like to offer everyone on the call today 12 months with 20% off discount when you subscribe

to bebbia, with the code AGUADAY23. Please visit [bebbia.com](http://bebbia.com) for more information. Please don't hesitate to reach out if you have any further questions. We appreciate your interest in Rotoplas and look forward to speaking with you again soon. That concludes today's event. You may now disconnect.

Carlos Rojas Aboumrad (CEO): Thank you very much.

Mario Romero (CFO): Thank you very much. Have a great weekend. Bye, bye.

José Luis Mantecón (CSO): Thank you. Goodbye.